



City and County of Swansea

## Minutes of the **Audit Committee**

Remotely via Microsoft Teams

Tuesday, 8 September 2020 at 2.00 pm

**Present:** P O'Connor (Chair) Presided

**Councillor(s)**

C Anderson  
T J Hennegan  
P K Jones  
S Pritchard

**Councillor(s)**

P M Black  
P R Hood-Williams  
E T Kirchner  
L V Walton

**Councillor(s)**

D W Helliwell  
O G James  
M B Lewis  
T M White

**Officer(s)**

Simon Cockings  
Michelle Davies  
Nick Davies  
Jeremy Parkhouse  
Jonathon Rogers  
Kelly Small  
Ben Smith  
Debbie Smith  
Sian Williams

Chief Auditor  
Cash Management & Accounts Receivable Manager  
Principal Auditor  
Democratic Services Officer  
Corporate Fraud Team Investigator  
Head of Funding and Information Unit  
Chief Finance Officer / Section 151 Officer  
Deputy Chief Legal Officer  
Service Centre Manager

**Also Present**

Jason Garcia  
Daniel King

Wales Audit Office  
Wales Audit Office

**Apologies for Absence**

J W Jones

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### 128 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interests were declared: -

Councillors C Anderson, M B Lewis and T M White declared personal interests in Minute No. 132 - Draft Statement of Accounts 2019/20.

Councillor P R Hood-Williams and S Pritchard declared personal interests in Minute No. 133 – Annual Report of School Audits 2019/20.

**129 Minutes.**

**Resolved** that the Minutes of the Audit Committee held on the 21 July 2020 were approved and signed as a correct record.

**130 Cwm Glas Primary School Audit Report 2019/20. (Neil Craven-Lashley)**

Neil Craven-Lashley, Headteacher, supported by Rebecca Edwards, Deputy Head and Rachel Roberts, School Administrator of Cwm Glas Primary School presented a report that provided an update on the Cwm Glas Primary School Audit Report 2019/20.

It was outlined that as a result of an internal audit of the school in 2019, a moderate assurance level was given. Following this, an action plan, provided at Appendix 1, was developed to address the issues identified and appropriate implementation steps put in place.

The period tested during this review was April 2019 to January 2020. It was acknowledged that for the period April to the end of August the school were without a permanent Admin Officer, which had an impact on many of the processes and procedures that were reviewed as part of the audit. A full time Admin Officer had been in post since September 2019.

The work carried out and the findings arising from this audit and the audit opinion were provided in Appendix 1. Where the school had been able to place reliance on the responses to the Control Risk Assessment Questionnaire, no additional testing had been undertaken and therefore no findings had been reported for these areas.

The Action Plan highlighted all the high and medium risk items, progress to date / updated actions in the areas below as follows: -

- Management of delegated resources
- Bank reconciliations
- Banking procedures
- Lettings and clubs
- Unofficial funds
- School meal income and free school meals
- Expenditure

The Committee asked questions of the Headteacher in relation to the report and responses were provided accordingly.

Discussions centred around the following: -

- Highlighting issues to the School Finance Committee / School Governors;
- The excellent assistance provided by the Primary Support Officer;
- The lack of access to the school buildings during August 2020 resulting in a delay in actions required being completed;

- Concern regarding a bank account signatory no longer being a member of staff and the actions required to address the situation;
- The change of administration staff within the school which had an effect upon the audit.

The Chief Auditor confirmed that a follow up visit to the school would take place during quarter 3 and progress would be reported to the Committee.

The Chair thanked the Headteacher, Deputy Head and Admin Officer for attending the meeting and for providing assurance.

**Resolved** that the contents of the report be noted.

**131 Service Centre: Accounts Receivable - Update. (Sian Williams / Michelle Davies)**

Sian Williams, Service Centre Manager and Michelle Davies, Cash Management & Accounts Receivable Manager, provided an update to the Committee on the progress on actions since the Accounts Receivable Audit 2019/20.

The report provided a detailed summary of progress made against the high and medium risk issues identified, particularly the review process involving over 1,000 old invoices, the impact of Covid 19, the impact of senior staff being moved to work on the Oracle Fusion project and new methods of working being introduced within the Service Centre to allow staff to focus upon clearing the backlog.

Clarification was also provided regarding the Accounts Receivable debt recovery procedures and devolved responsibilities which were provided at Appendix B.

The responsibilities of Accounts Receivable, service departments and Legal were outlined, including the underlying issues that had resulted in invoice backlogs.

The Committee discussed the following: -

- Targets / priorities set for staff in focussing to clear the large backlog;
- The positive impact of Microsoft Teams which has allowed staff from different departments work and communicate closely;
- Assurance given by the progress made and the continued need to review the plan very closely;
- The need to robustly manage the plan and to report progress to the Corporate Management Team.

The Chair stated that she would be meeting with the Chief Executive later in September and would highlight the lack of resources available to allow the plan to be successful.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) Service Departments be reminded of their responsibilities and role in the invoice process, which should be reinforced through the Directors and Heads of Service to ensure consistency and robustness of process;
- 3) A progress report be provided to the Committee in February 2021.

**132 Report of Audit Wales - Audit of Accounts Report - City & County of Swansea. (Jason Garcia)**

Daniel King and Jason Garcia, presented the Audit Wales Audit of Accounts Report – City and County of Swansea.

The significant effect of the COVID-19 pandemic upon the process was underlined and the considerable effort of the Council's accounts team who succeeded in doing so this year in the face of the challenges posed, was highlighted. The Council were able to produce the draft statement of accounts by 18 May 2020, which was well ahead of both the 15 June 2020 statutory deadline for this year and the revised deadlines for 2020-21 of 31 May. Audit Wales were extremely grateful to the professionalism of the team in supporting them to complete their audit in such difficult circumstances.

It was added that the pandemic had unsurprisingly affected the audit and Exhibit 1 outlined the main impacts and was provided for information. Audit Wales intended issuing an unqualified audit opinion on this year's accounts once the Authority had provided the Letter of Representation based on Appendix 1. The proposed Audit Report was provided at Appendix 2.

One misstatement was identified in the accounts that was above the trivial level which had been discussed with management but remained uncorrected. After discussions with Council officers, Audit Wales agreed that the value of the misstatement was not material and therefore the Council had not amended the financial statements. The misstatement related to capital grant funding received during 2019/20, totalling £1.4 million. This had been disclosed incorrectly as a receipt in advance in the 2019-20 financial statements and the terms of the grant prohibited any carry forward of funding into the 2020-21 financial year.

Appendix 3 provided the corrected misstatements, other significant issues were presented at Exhibit 2 and the recommendations arising from the audit were at Appendix 4.

It was added that the report would be presented to Council on Thursday, 10 September 2020.

The Chair congratulated the Chief Finance Officer and his staff for their excellent work in difficult circumstances and thanked the Audit Wales representatives for presenting their report.

**133 Draft Statement of Accounts 2019/20. (For Information) (Ben Smith)**

Ben Smith, Chief Finance Officer presented the Draft Statement of Accounts for 2019/20 'for information' and review.

The Draft Accounts for 2019/20 were prepared and signed by the Section 151 Officer on 18 May 2020. A copy was appended at Appendix 'A' to the report. The Accounts had been formally presented to Audit Wales, who had completed the audit of the Accounts.

As part of the audit process, the Accounts were made available for inspection by the public for a four week period from 3 August 2020 to 28 August 2020.

The Committee asked questions of the Chief Finance Officer, which were responded to accordingly / the Officer would respond to following the meeting.

**134 Annual Report of School Audits 2019/20. (Nick Davies / Kelly Small)**

Nick Davies, Principal Auditor presented a report which provided a summary of the school audits undertaken by the Internal Audit Section during 2019/20 and identified some common issues found during the audits. Kelly Small, Head of Funding and Information Unit provided responses on behalf of the Director of Education.

It was outlined that an audit of each primary, secondary and special school in Swansea was undertaken every 3 years. A standard audit programme existed for each school sector.

For a number of years, a report summarising the school audits undertaken each year had been prepared for the Director of Education and Audit Committee. The report also identified the common themes which had been found during the audits.

The School Audits Annual Report 2019/20 was attached at Appendix A.

The Committee asked a number of questions of the Principal Auditor and Head of Funding and Information Unit, who responded accordingly. Discussions centred around the following: -

- School funds and procurement, particularly communications with schools and getting information to governing bodies;
- Issues surrounding procurement appearing annually and increasing testing regarding school funds over the last few years;
- How the Education Department circulated the Council's Contract Procedure Rules (CPR) to schools annually and how recent changes to the Councils CPR's saw contract band requirements for 3 quotations for the procurement of goods and services increase from £5,000 to £10,000. The Education Department confirmed that they were going to work on a schools specific procurement guide for schools to work with which should make life easier for schools going forward;
- Provision of training for schools;

- The reasons why schools opted out of the procurement Service Level Agreement (SLA).

The Chief Auditor commented highlighted the increased testing being undertaken with regards to school funds and how these were considered to be high risk areas for schools. He stressed the need for new / refresher training to be provided for schools due to a lack of knowledge in certain areas particularly in relation to procurement.

**Resolved** that the contents of the report be noted.

### **135 Fraud Function Annual Report 2019/20. (Jeff Fish / Jonathan Rogers)**

Jonathan Rogers, Corporate Fraud Team Investigator presented a summary of the work completed by the Fraud Function of Internal Audit in 2019/20.

The report provided a summary of the activities of the Fraud Function for 2019/2020, the value of the function and reviewed achievements compared to target outcomes contained in the Fraud Function Anti-Fraud Plan 2019/20. The key activities in 2019/20 covered the following areas of work: -

- Joint work with Department of Work & Pensions' (DWP) Counter Fraud, Compliance and Debt Service;
- National Fraud Initiative 2018;
- Fraud Awareness;
- Inter-Agency work and Data Exchange.

The Review of outcomes against Fraud Function Plan for 2019/20 reported that out of the 9 planned activities, 6 were fully achieved. Appendix 3 of the report provided details of these activities. It was added that for those activities not achieved, due to the teams' limited resources and the requirements of reactive work, particularly employee investigations, had continued to demonstrably restrict the opportunities for proactive work to be undertaken against the plan.

The Committee asked questions of the Officer, who responded accordingly. Discussions centred around the following: -

- The success of joint working with DWP;
- Corporate Fraud models / methods used by other organisations / local authorities;
- The lack of pro-active work due to lack of resources;
- Potential future funding options available;
- Recent Audit Wales report relating to the Fraud Function.

The Chair thanked the Fraud Function Team for the report and thanked them for the amount of work they had completed with limited resources. She added that she would raise the issue during discussions with the Chief Executive.

**Resolved** that the contents of the report be noted.

**136 Audit Committee Action Tracker Report. (For Information) (Jeremy Parkhouse)**

The Audit Committee Action Tracker Report was provided for information.

The Chair stated that a number of items remained outstanding and she hoped that the actions would be completed by the next scheduled meeting.

**137 Audit Committee Work Plan. (For Information) (Jeremy Parkhouse)**

The Audit Committee Work Plan was reported for information.

The meeting ended at 3.30 pm

**Chair**