



City and County of Swansea

## Minutes of the **Audit Committee**

Remotely via Microsoft Teams

Tuesday, 9 March 2021 at 2.00 pm

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

**Councillor(s)**

C Anderson  
P R Hood-Williams  
M B Lewis  
T M White

**Councillor(s)**

P M Black  
P K Jones  
S Pritchard

**Councillor(s)**

D W Helliwell  
J W Jones  
L V Walton

**Lay Member**

Julie Davies

**Officer(s)**

Simon Cockings  
Adam Hill  
Tracey Meredith  
Jeremy Parkhouse  
Richard Rowlands  
Ben Smith

Chief Auditor  
Deputy Chief Executive / Director of Resources  
Chief Legal Officer / Monitoring Officer  
Democratic Services Officer  
Strategic Delivery & Performance Manager  
Chief Finance Officer / Section 151 Officer

**Also Present**

Jason Garcia                      Wales Audit Office

**Apologies for Absence:** Councillors T J Hennegan, E T Kirchner and A H Stevens

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**44 Disclosures of Personal and Prejudicial Interests.**

In accordance with the Code of Conduct adopted by the City and County of Swansea, no interests were declared.

**45 Minutes.**

**Resolved** that the Minutes of the previous meeting of the Audit Committee were approved as a correct record.

Noted that Councillor P K Jones was unable to attend the last meeting due to him receiving the Covid 19 vaccination.

**46 Service Centre – Disclosure & Barring Service (DBS) Follow Up Report. (Sian Williams / Emma Johnson)**

Sian Williams, Service Centre Manager and Emma Johnson, Service Centre Helpdesk & DBS/SCW Manager presented an update report on the Service Centre, Disclosure & Barring Service (DBS).

It was outlined that the action plan, which was drafted following a moderate audit opinion, had identified 12 recommendations, 10 of which had been fully implemented, 1 was partially implemented and 1 was not implemented.

The Committee were updated regarding the current position, progress to date, additional progress / changes and the continued challenges facing the service area. The improvement made since October 2020 were highlighted, including the issuing of monthly reports to Human Resources and schools, plus the introduction of the Risk Assessment Register to strengthen the compliance process, which had seen an improvement of 57% in returns.

The Committee recognised the progress made and discussed the following: -

- Addressing the 43% remaining in respect of returns, whilst recognising that no checks on returns were previously undertaken.

Simon Cockings, Chief Auditor stated that Internal Audit would revisit the Service Area during the new financial year.

The Chair recognised the work already undertaken and thanked the Officers for their efforts. She added that the aim was zero tolerance in this area.

**Resolved** that: -

- 1) Employees and Managers be further reminded of their responsibilities and role in the DBS process and this should be reinforced through the Directors and Heads of Service to ensure consistency and robustness of process;
- 2) Employees and Managers continue to report to Corporate Management Team on a quarterly basis as a further update on the position across the Authority.

**47 Internal Audit Annual Plan Methodology. (Simon Cockings)**

Simon Cockings, Chief Auditor provided a briefing to the Audit Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2021/22 being reported to the Committee for approval on 20 April 2021.

It was added that the Public Sector Internal Audit Standards (PSIAS) provided a framework for the delivery of a professional, independent and objective internal audit service and are mandatory for all internal audit providers in the public sector in the UK. One of the requirements of the PSIAS is that an annual risk-based Internal Audit plan must be prepared to determine the priorities of Internal Audit and to ensure consistency with the Council's goals. The Plan must allow sufficient audit coverage across the whole Council for the Chief Auditor to be able to provide an

annual opinion to Council via the Section 151 Officer and Audit Committee on the control environment covering corporate governance, risk management and internal control.

Details of the Internal Audit Plan Methodology were outlined and an extract of the PSIAS requirements regarding internal audit planning was provided at Appendix 1, details of Internal Audit Annual Planning Process were provided at Appendix 2, the Audit Plan Mapped Against Corporate Priorities at Appendix 3 and the City & County of Swansea Assurance Map at Appendix 4.

It was added that the Consultation Exercise for the 2021/22 Audit Plan commenced in October 2020 and had seen a number of new audits being added to the audit plan. Whilst the 2021/22 audit plan was currently being considered, it was envisaged that as in previous years, the planned audits would be grouped in the following broad categories: Council governance and control audits; fundamental audits; and service specific audits.

The risk assessment process and rolling programme, consultation exercise and review of the risk registers were considered to determine the audits required in the Audit Plan for 2021/22 which then had to be matched against the audit resources available. The audit resources available in 2021/22 were 9.1 full time equivalents, excluding the Chief Auditor, which was unchanged from 2020/21.

The Chair commented that it was difficult to see whether the individual audits covered all areas of risk as the objectives of each audit were not available within the plan and audit assurance would not be provided to the Committee until all the work had been completed.

**Resolved** that the methodology for preparing the Internal Audit Annual Plan 2021/22 be noted.

#### **48 Draft Internal Audit Annual Plan 2021/22. (Simon Cockings)**

The Chief Auditor presented the Draft Internal Audit Annual Plan for 2021/22 for consideration, prior to the final plan coming to Committee in April 2021 for approval.

Appendix 1 provided the draft Internal Audit Annual Plan 2021/22 (Summary) and Appendix 2 provided the Draft Internal Audit Annual Plan 2021/22.

The Committee discussed the following: -

- The challenge of completing the audit of Achieving Better Together – Recovery in 10 days and the amount of contingency built into the annual plan, if it took longer than the allocated time;
- How the number of days allocated were just an indication of the likely time the audit would take and confirmation was subject to further discussions with officers;
- The review of Risk Management, under the Head of Communications and Marketing;
- Whether the inclusion of Accounts Receivable as a high risk fundamental audit was as a result of Covid 19, the sufficient number of days required to complete

the audit, the work already undertaken by Internal Audit and how Accounts Receivable was an annual audit.

The Chair stated that the Chief Auditor had confirmed that the draft Plan had been risk assessed using his cumulative audit knowledge and evaluation as the assurance framework and risk register were still under development. Assurance had been provided through the Audit Plan Methodology report, which was undertaken to inform the internal audit plan. She added that the depth and breadth of the Plan was very challenging for the Internal Audit Team and requested that the Chief Auditor ensured that the depth of the audit of high risks was sufficient enough, even at the expense of the width of the overall Plan.

The Chief Auditor stated that the priority of Internal Audit were Levels 1 and 2, even if it resulted in the deferral of Level 3 or other low risk areas.

**Resolved** that the contents of the Draft Internal Audit Annual Plan be noted.

**49 Value for Money and Benchmarking. (For Information) (Adam Hill)**

Adam Hill, Deputy Chief Executive presented a 'for information' report which provided an overview of how the Council sought to achieve Value for Money, including the role of benchmarking, and what information was required to enable the Audit Committee to discharge its duties.

The report outlined the legislative background, definition and history relating to 'value for money', 'best value' and benchmarking. It was added that the Local Government and Elections (Wales) Act 2021, which would replace the Local Government Measure 2009, required each council to keep under review the extent to which it was fulfilling the 'performance requirements' and also included the extent to which it was using its resources economically, efficiently and effectively.

It was further explained that the Well-being of Future Generations Act provided the context within which councils should be exercising their functions, using their resources and ensuring their governance was effective, with the aim of maximising their contribution to the well-being goals. Local authorities could apply the value for money criteria and incorporate benchmarking opportunities as part of that process.

In addition, explanations were provided regarding value for money – what good looks like; what Swansea looks like; what Audit Wales reported; and the role of the Audit Committee, which described the financial and governance arrangements that would need to be renewed and enhanced as part of the Council's implementation of the Achieving Better Together recovery and transformation plan.

The Committee discussed the following: -

- Background to benchmarking clubs and their function;
- Definition of value for money;
- Outlining the 4 E's – economy, effectiveness, efficiency, Equity (and sustainability);

- Defining and measuring how customers of the Authority achieve value for money and how this was achieved via focus groups, consultation and communication with residents;
- The action plan linked to targets, allowing the programme time to provide assurance and providing future updates regarding progress;
- The lessons learned from previous programmes, e.g. Sustainable Swansea, particularly having realistic timeframes and clearly defined proposals;
- How the Council communicated with the public regarding value for money through various questionnaires, surveys and group feedback, including Councillors and young people;
- How the Authority tracked relevant recommendations contained in Audit Wales reports.

Jason Garcia, Audit Wales stated that not all Audit Wales recommendations in their national / thematic reviews were relevant to the Authority. He added that with regards to reports that were relevant, he expected the Authority to act upon them as part of its work programme and to provide assurance.

The Deputy Chief Executive stated that all Audit Wales reports were reported to the Scrutiny Programme Committee and relevant reports had action plans which were monitored.

The Chair stated that she had not been aware of all the relevant recommendations linked to Audit Wales reports. She further commented that they should be tracked similarly to reports included in the Audit Committee Action Tracker Report as a number of the recommendations were worthy of consideration.

**Resolved** that action to track Audit Wales recommendations remains in the Audit Committee Action Tracker Report.

## **50 Counter Fraud. (For Information) (Adam Hill)**

The Deputy Chief Executive, supported by the Chief Auditor and Jeff Fish, Corporate Fraud Team Investigator presented a 'for information' report which provided an action plan from the findings of the Audit Wales report 'Raising Our Game' – Tackling Fraud in Wales and The Counter Fraud Phase 2 Question Hierarchy Responses which informed the development of the Raising Our Game report.

The report provided the background to the Audit Wales Raising Our Game –Tackling Fraud in Wales (ROG) report, Appendix 1 provided the full report and Appendix 2 outlined the question Hierarchy, which was used as fieldwork to answer the question “are arrangements for preventing fraud and detecting fraud in the Welsh public sector effective?”

The Chief Auditor commented that the Fraud Function in the Authority was very strong and this would be strengthened going forward. He recognised that the majority of the work was reactive and would prefer more proactive work to be undertaken. He thanked the Corporate Fraud Team Officers for their work with limited resources.

The Corporate Fraud Team Investigator added that rigorous processes were in place which the Team followed and added that capacity issues affected the proactive work the Team were able to complete. He also outlined the work undertaken by the Team to assist the Authority's Covid 19 Pandemic response.

The Committee discussed the following: -

- Evaluating work to be undertaken since Officers have been working in other areas for the Authority and how a full analysis would be undertaken later in the year;
- Capacity issues relating the Team having only 2 staff members and the continuous review of the service;
- How the Covid 19 Pandemic would affect figures going forward;
- Instances of new areas of possible fraud as a result of the Pandemic;
- The challenging dates within the Action Plan.

Ben Smith, Chief Finance / Section 151 Officer commented regarding the increase in fraud referrals, particularly in new areas such as business grants and recognised the capacity issues of the Corporate Fraud Team. He also thanked the Officers for their efforts in providing valued assurance to the Authority.

The Chair commended the work being completed and requested that the Annual Report produced by the Corporate Fraud Team is brought forward to late Summer 2021, if possible.

**Resolved** that the Corporate Fraud Annual Report is presented to the Committee late Summer 2021, if possible.

## **51 Audit Wales Report – City & County of Swansea Annual Audit Summary 2020.**

Jason Garcia, Audit Wales presented the Audit Wales (AW) City & County of Swansea Annual Audit Summary 2020 which showed the work completed since the last Annual Improvement Report, which was issued in March 2020.

It was outlined that AW completed work each year to meet the following duties:

- Audit of Accounts
- Value for Money
- Continuous Improvement
- Sustainable Development Principle

Details of the findings of the Audit of the City & County of Swansea Council's 2019-20 Accounts were provided. The report also outlined the following work undertaken:

- Well-being of Future Generations Examination – Transfer of leisure facilities to the Council's new delivery partner;
- Continuous Improvement;
- Financial Stability (March 2020);
- National Fraud Initiative;
- Other Inspectorates;

- Local Government Studies;
- Planned work for 2020-2021.

The Committee discussed the effect of the Covid 19 Pandemic, which will particularly impact the 2020-21 Accounts.

The Chair commented upon the positive messages contained within the report.

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

**52 Local Government and Elections (Wales) Act 2021. (For Information) (Tracey Meredith)**

Tracey Meredith, Chief Legal Officer / Monitoring Officer presented a 'for information' update to the Committee around legislative changes to the terms of reference, membership and name of the Audit Committee.

It was outlined that the Local Government and Elections (Wales) Act 2021 became law in January 2021 and details were provided regarding those parts which would have the most impact on the authority, including Part 1 – Elections, Part 3 - Promoting Access to Local Government and Part 6 - Performance and Governance.

It was added that the name and remit of the Committee would change from 1 April 2021 and other changes around membership were due to come into effect from May 2022.

The amended terms of reference including the change to the name of the Committee were attached at Appendix 1. As these updates reflected legislative changes, the Monitoring Officer would make the necessary changes to the Constitution under her powers set out in Article 15 of the Constitution. The changes would be reported to Council for information.

The Monitoring Officer highlighted that further changes to the terms of reference would be needed and that she would discuss with the Deputy Chief Executive the need to bring a further report back to the Committee. The size of the Committee would need to be considered in light of the legislative requirement that one-third of the membership would need to be Lay Members from May 2022. Both the Monitoring Officer and Jason Garcia, Audit Wales felt that a smaller committee works better by focusing on issues but it would be a matter for both the Committee and Council.

The Monitoring Officer also highlighted that the terms of reference had not been reviewed for many years and she would discuss with the Deputy Chief Executive as she was of the opinion that a further report needed to be brought back to the Committee focussing on the CIPFA Guidance requirements.

The Committee discussed the following: -

- The timeline of introducing the changes;
- The membership of the Committee after 2022 and the political balance;

- The increased responsibility of the Committee and training responsibilities introduced by the new Act;
- Future training provision and CIPFA training.

The Chair commented on the additional training needs going forward and suggested that any comments or requests for training be forwarded to the Democratic Services Officer.

**Resolved** that: -

- 1) A report be brought back to the Committee in approximately 3 months regarding the amended Committee Terms of Reference in line with CIPFA guidance;
- 2) A report be brought back to the Committee regarding the future membership of the Committee in approximately 5 months.

**53 Revenue and Capital Budget Monitoring - 3rd Quarter. (For Information) (Ben Smith)**

Ben Smith, Chief Finance / Section 151 Officer presented the Revenue and Capital Budget Monitoring – 3<sup>rd</sup> Quarter report ‘for information’.

He made reference to the ongoing issues relating to the Covid 19 Pandemic and the recent improvement due to an additional £10 million Welsh Government funding.

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

The Audit Committee Action Tracker Report was presented ‘for information’.

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

The Audit Committee Work Plan was reported ‘for information’.

The meeting ended at 3.43 pm

**Chair**