



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit Committee self-assessment – **City and County of Swansea**

Audit year: 2018-19

Date issued: October 2019

Document reference:

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding

disclosure or re-use of this document should be sent to the Wales Audit Office at

infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

This document summarises the feedback provided by Audit Committee members to the self-assessment questionnaire discussed at the Audit Committee meeting on 16 September 2019.

Summary report

Introduction	4
Regularity and Length of Audit Committee meetings	4
Outstanding actions from the Audit Committee Performance Review 2017-18	5
Information provided to Audit Committee members	6

Appendices

Appendix 1 – Audit Committee Workshop - Group Session Questionnaire	9
---	---

Summary report

Introduction

- 1 On 16 September 2019, the Audit Committee of City and County of Swansea Council undertook their annual self-assessment process. This was facilitated by Wales Audit Office staff and involved the completion of a questionnaire which is attached at [Appendix 1](#) to this report.
- 2 This questionnaire covered the following 3 areas:
 - a. Regularity and Length of Audit Committee meetings;
 - b. Outstanding Actions from Audit Committee Performance Review 2017-18; and
 - c. Information Provided to Audit Committee members
- 3 Members completed the questionnaire in three groups of 3 to 4 people and this report will summarise the feedback provided in each of the above areas:

Regularity and Length of Audit Committee meetings

- 4 The questionnaire asked 5 questions relating to the regularity and length of Audit Committee meetings and the feedback provided is summarised below:

Question 1 – What are your views on the current regularity and length of audit committee meetings?

- 5 All three groups suggested that meetings should last for a maximum of 2 hours and that meetings should be held every 6 weeks to allow for members to receive the information needed to discharge their terms of reference. One group suggested that meetings should start at 10am rather than at 2pm.

Question 2 – Do you think the current meetings give you enough time to discharge your duties in regard to the Committee's terms of reference?

- 6 Feedback outlined that currently there were too many items on the agenda and that it was not possible to deal with all items in 2 hours. One group suggested that agendas should be prioritised so that the most important items are dealt with first.

Question 3 – What are your views on Audit Committee meetings on occasions overrunning to ensure an agenda is fully dealt with?

- 7 Two groups indicated that they had no issues with meetings overrunning up to a maximum of 30 minutes. The other group commented that agendas should be prioritised so that the most important items are dealt with first which would mean that the least important items are not dealt with if the meeting reaches its 2-hour limit.

Question 4 – If there were changes to the calendar of Audit Committee meetings would you prefer fewer longer length meetings or more regular shorter length meetings?

8 As per the answers to question 1 there was a consensus that meetings should last no longer than 2 hours and meetings should be held on a 6 weekly basis to allow the committee sufficient time to fully discharge its terms of reference.

Question 5 – Do you think that having a periodic meeting between external auditors and audit committee members without officers' present would be beneficial?

9 Two groups did not see a need for such a meeting to be held and were content that the Audit Committee chair met with auditors periodically. The other group did suggest that it would be beneficial for auditors to turn up half hour before the start of each meeting to be available for any member who wished to speak with them.

Conclusion

10 The Council's Audit Committee needs to review the answers given in this section of the self-assessment and decide what changes if any are needed to be made to the regularity and length of Audit Committee meetings.

11 If changes are made to the calendar of meetings it will also be necessary to amend the Committee's work programme so that there is clarity as to exactly what is on the agenda for each committee meeting.

Outstanding actions from the Audit Committee Performance Review 2017-18

12 In 2018 the Audit Committee's self-assessment process highlighted a series of actions that needed to be undertaken. As at September 2019, the following recommendations were to be completed:

- a. Benchmarking – The Corporate Management team will consider how best to use benchmarking information and provide an update to the committee
- b. Risk Management – It has been commented that more guidance and support should be given to audit committee members to allow them to discharge their duties in relation to risk management
- c. Partnerships – Review the mechanisms for assessing and scrutinising the risk associated with partnerships

13 As part of this year's self-assessment process members were asked to outline what actions were needed to be undertaken to fully satisfy these recommendations. The feedback received is summarised below:

Benchmarking

14 Members were not sure as to what should be done to satisfy this recommendation and could not see how it fell within their terms of reference.

Risk Management

- 15 Members recognised this was an area that more work was needed to be undertaken to fully discharge their terms of reference. Some members acknowledged that they did not fully understand the mechanisms the Council employed to mitigate and monitor their corporate risks.
- 16 One group recognised that processes were in place to have directors present to the committee the governance and risk management framework employed in their directorates. However, it was also recognised that the committee could undertake more detailed reviews of individual risks.

Partnerships

- 17 Generally, members commented that they did not fully understand the number of different partnerships the Council was involved in. They also were not clear as to the split of duties in relation to partnerships between scrutiny committees and the Audit Committee.
- 18 One group suggested that a presentation should be made to the committee outlining all the different partnerships the Council was involved in. This would allow the committee to establish the partnerships which require a more detailed review. It would also allow the committee to establish what processes relevant scrutiny committees were following in relation to partnerships and decide what additional work the Audit Committee needed to undertake.

Conclusion

- 19 The Council's Audit Committee needs to review the answers given in this section of the self-assessment and decide exactly what actions are needed to fully satisfy these previous recommendations. Officers need to be advised as to what members require from them to help them discharge their duties in relation to risk management and partnership work.

Information provided to Audit Committee members

- 20 We reviewed the committee's current terms of reference and identified a number of separate areas that members had duties to discharge. We asked members to assess whether the current information provided was too little, about right or too much to allow them to discharge their duties.
- 21 We also asked for any examples of information that satisfied one of the two criteria below:
 - a. Information that the Committee had received that members did not think was needed to discharge their terms of reference; and
 - b. Information that the Committee had not received that members believed was needed to discharge their terms of reference.

- 22 The specific areas that members were asked about are shown in **Exhibit 1** as well as the answers provided by members:

Exhibit 1: Assessment of current information provided

Term of reference area	Assessment of Current Information provided to Audit Committee		
	Too Little	About Right	Too Much
Council's Corporate Governance Arrangements	1	2	0
Annual Governance Statement	0	3	0
Council's arrangements to achieve value for money	2	1	0
Council's risk management arrangements	2	1	0
Council's arrangements to manage fraud	0	3	0
Internal Audit plans and reports	1	1	1
External Audit plans and reports	0	3	0
Statement of Accounts	0	1	2
Accounting Policies	0	3	0
External Auditor's report to those charged with governance	0	3	0
Audit Committee's compliance with their terms of reference	1	2	0

- 23 **Exhibit 1** highlights that generally members were of the view that they need more information to allow them to discharge their duties in relation to risk management and value for money but felt the amount of information they received on the statement of accounts was too much and generally overly complex.
- 24 Some of the other comments that were made in completing this area of the questionnaire are shown below:
- a. An executive report for the statement of accounts summarising key information would be more beneficial than a detailed presentation on the full document.
 - b. The report on the corporate governance framework provided by the Deputy Chief Executive was beneficial but it would be useful to have this knowledge developed by more detailed presentations on individual elements of the framework.
 - c. Including a representative of the Audit Committee onto the formal Governance group was a positive step and will allow the Audit Committee to better discharge its duties in relation to the Annual Governance Statement.

- d. More information needed on the mitigation procedures in place for individual corporate risks. This will allow members to challenge these processes and better discharge their duties in relation to risk management.
- e. Internal Audit should undertake more work on areas which consider the efficiency of Council services and the achievement of Value for Money. This would help the committee discharge their duties in relation to Value for Money.

Conclusion

- 25 The Council's Audit Committee needs to review the answers given in this section of self-assessment and decide exactly what actions are needed to allow members to fully discharge their duties under their individual terms of reference.
- 26 One these actions are agreed, officers need to be advised as to what members require from them to help them discharge their duties.

Appendix 1

Audit Committee Workshop - Group Session Questionnaire

Regularity and Length of Audit Committee meetings

Question 1 – What are your views on the current regularity and length of audit committee meetings

Question 2 – Do you think the current meetings give you enough time to discharge your duties in regard to the committee's terms of reference?

Question 3 – What are your views on Audit Committee meetings on occasions overrunning to ensure an agenda is fully dealt with?

Question 4 – If there were changes to the calendar of Audit Committee meetings would you prefer fewer longer length meetings or more regular shorter meetings?

Question 5 – Do you think that having a periodic meeting between external auditors and audit committee member without officers' present would be beneficial?

Outstanding Actions from Audit Committee Performance Review 2017-18

The following recommendations are to be completed from the above performance review:

- **Benchmarking** – The Corporate Management team will consider how best to use benchmarking information and provide an update to the committee
- **Risk Management** – It has been commented that more guidance and support should be given to audit committee members to allow them to discharge their duties in relation to risk management
- **Partnerships** – Review the mechanisms for assessing and scrutinising the risk associated with partnerships

Question – What actions do you think are needed to fully satisfy these recommendations?

Information Provided to Audit Committee members

The Committee’s term of reference covers the areas shown below: For each area can you please provide your views as to the level of information you currently receive.

Governance, Risk and Control

Area 1 - Council’s Corporate Governance Arrangements

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Area 2 – Annual Governance Statement

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Area 3 - Council's arrangements to achieve Value for Money

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Area 4 - Council's Risk Management Arrangements

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Area 5 - Council's arrangements to manage Fraud

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Internal Audit and External Audit

Area 6 – Internal Audits Plans and reports

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Area 7 – External Audits Plans and reports

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Financial Reporting

Area 8 – Statement of Accounts

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Area 9 – Accounting Policies

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Area 10 – External Auditor’s report to those charged with governance

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

Area 11 – Audit Committee’s compliance with their Terms of Reference

Information received is

Too Little		About Right		Too Much	
------------	--	-------------	--	----------	--

Can you please give some examples of?

What do you get that you do not believe you need?

What do you not receive that you think would be useful to allow you to discharge your duties?

