

DINAS A SIR ABERTAWE

HYSBYSIAD O GYFARFOD

Fe'ch gwahoddir i gyfarfod

PWYLLGOR ARCHWILIO

Lleoliad: Ystafell Bwyllgor 6, Neuadd y Ddinas, Abertawe

Dyddiad: Dydd Mawrth, 14 Mehefin 2016

Amser: 2.00 pm

Aelodaeth:

Cynghorwyr: C Anderson, R A Clay, T J Hennegan, P R Hood-Williams, L James, J W Jones, P M Meara, D Phillips, R V Smith, C Thomas, L V Walton a/ac T M White

Aelodau Cyfetholedig: A M Thomas

AGENDA

Rhif y Dudalen.

- 1 Ethol Cadeirydd ar gyfer blwyddyn ddinesig 2016-2017.
- 2 Ethol Is-gadeirydd ar gyfer blwyddyn ddinesig 2016-2017.
- 3 Ymddiheuriadau am absenoldeb.
- 4 Datgeliadau o fuddiannau personol a rhagfarnol.
www.abertawe.gov.uk/DatgeliadauBuddiannau
- 5 Cofnodion.
Cymeradwyo a llofnodi cofnodion y cyfarfod(ydd) blaenorol fel cofnod cywir.
- 6 Hyfforddiant y Pwyllgor Archwilio.

Cyfarfod nesaf: Dydd Mawrth, 28 Mehefin 2016 ar 2.00 pm



Patrick Arran

Pennaeth Gwasanaethau Cyfreithiol a Democrataidd

Dydd Mawrth, 7 Mehefin 2016

Cyswllt: Gwasanaethau Democrataidd

Agenda Item 5

CITY AND COUNTY OF SWANSEA

MINUTES OF THE AUDIT COMMITTEE

HELD AT COMMITTEE ROOM 6, GUILDHALL, SWANSEA ON
TUESDAY, 19 APRIL 2016 AT 2.00 PM

PRESENT: Councillor J W Jones (Vice-Chair) Presided

Councillor(s)

C Anderson
L James
L V Walton

Councillor(s)

R A Clay
P M Meara
T M White

Councillor(s)

T J Hennegan
R V Smith

Officer(s)

Dean Taylor	- Director of Corporate Services
Paul Beynon	- Chief Auditor
Sharon Heys	- Solicitor
Jeff Fish	- Corporate Fraud Investigations Officer
Jeremy Parkhouse	- Democratic Services Officer

Also Present

John Herniman	- Wales Audit Office
Geraint Norman	- Wales Audit Office

Apologies for Absence

Councillor(s): P R Hood-Williams and Mr A M Thomas.

73 **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: -

Councillor C Anderson – Minute No.76 - Wales Audit Office - City and County of Swansea 2016 - Audit Plan – I am a member of the Port Health Authority – personal.

Councillor T M White – Minute No's. 76 and 77 - Wales Audit Office - City and County of Swansea 2016 - Audit Plan and Pension Fund – member of Port Health Authority and City and County of Swansea Pension Fund – personal.

Officers

P Beynon – Minute No.86 - Corporate Fraud Team Investigation Report – My wife was one of the members of staff interviewed as part of the investigation – personal.

74 **MINUTES.**

RESOLVED that the Minutes of the meetings of the Audit Committee held on 16 February and 22 March 2016, be approved as correct records.

Noted that the Chair / Chief Auditor will provide a report regarding the New Build for YGG Lon Las to the Audit Committee in June 2016.

75 **WLGA PEER REVIEW - PROGRESS UPDATE.**

The Director of Corporate Services provided a detailed and informative progress update presentation regarding the WLGA Peer Review.

He discussed the Peer Review - background; Peer Review – headlines and recommendations; Action Plan – progress; Summary of desired outcomes; Wales Audit Office Corporate Assessment Links; Next Steps.

The Committee asked a number of questions to the Director, which were responded to accordingly. Discussions centred around the following: -

- Council staff having a 'can do' attitude which was a recent recommendation of a Scrutiny review due to some Directorates not being on board as much as others;
- The Authority practicing consistent consultation with communities;
- Positive changes being made already made such as the Purple Room , Helping Hands and improving contact with Members;
- Progress regarding making the Council into a 'Member led' Authority;
- Progress of Corporate Governance report;
- Staff appraisals process.

The Committee expressed its thanks and best wishes to the Director of Corporate Services who would be shortly leaving the Authority.

RESOLVED that the contents of the presentation be noted.

76 **WALES AUDIT OFFICE - CITY AND COUNTY OF SWANSEA 2016 - AUDIT PLAN.**

John Herniman, Wales Audit Office presented the Audit Plan for the Authority. It was explained that this work was delivered under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009, the Local Government Act 1999 and the Code of Audit Practice.

It was explained that the purpose of the plan was to set out the proposed work by the Wales Audit Office, when it will be undertaken, how much it will cost and who will undertake it. There had been no limitations imposed upon the Auditor General in planning the scope of this audit. The responsibilities of the Auditor General, along with those of management and those charged with governance were set out at Appendix 1.

It was added that it was the responsibility of the Auditor General to issue a certificate and report on the financial statements which included an opinion on their "truth and fairness". The Auditor General would also consider whether or not the City and County of Swansea had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual

Governance Statement did not comply with requirements. Appendix 1 set out the responsibilities of the Auditor General in full.

The audit work undertaken by the Auditor General to fulfil his responsibilities responds to his assessment of risks. This understanding allowed the Auditor General to develop an audit approach which focused on addressing specific risks while providing assurance for the financial statements as a whole. The audit approach consisted of three phases which were set out in Exhibit 1. The financial audit risks were provided at Exhibit 2. Exhibit 4 provided the components of the performance audit work. Exhibit 6 provided the estimated audit fee for the work and the timetable for the work for the Audit Plan was provided at Exhibit 8.

It was not possible to specify the performance audit work to be undertaken in 2016/17 at the present time due to an ongoing consultation with public sector bodies on how the Auditor General can discharge his duties. The 2016/17 programme of performance work will be confirmed as soon as practical.

The Committee asked questions of the Wales Audit Office representative who responded accordingly.

RESOLVED that the contents of the report be noted.

77 **WALES AUDIT OFFICE - CITY AND COUNTY OF SWANSEA PENSION FUND - 2016 AUDIT PLAN.**

John Herniman, Wales Audit Office presented the 2016 Audit Plan for the City and County of Swansea Pension Fund. It was explained that this work was delivered under the Code of Audit Practice to examine and certify whether the City and County of Swansea Pension Fund (the Pension Fund) accounting statements were 'true and fair'. There had been no limitations imposed upon the Auditor General in planning the scope of this audit. The responsibilities of the Auditor General, along with those of management and those charged with governance were set out at Appendix 1.

It was added that it was the responsibility of the Auditor General to issue a certificate and report on the financial statements which included an opinion on their "truth and fairness". The audit work the Auditor General undertakes to fulfil his responsibilities responded to my assessment of risks. This understanding allowed the Auditor General to develop an audit approach which focused on addressing specific risks, whilst providing assurance for the Pension Fund accounts as a whole. The audit approach consisted of three phases as set out in Exhibit 1. The financial audit risks were provided at Exhibit 2.

It was added that the levels at which the Auditor General judged misstatements to be material would be reported to the Pension Fund Committee and the Audit Committee and to those charged with governance (the Council) prior to completion of the audit.

In addition to including the Pension Fund financial statements in the main financial statements, administering authorities were required to publish a Pension Fund Annual Report which must include the Pension Fund accounts.

The Auditor General is required to read the Pension Fund Annual Report and consider whether the information it contained is consistent with the audited Pension Fund accounts included in the Council's main accounting statements.

The Auditor General also issues an audit statement confirming the consistency of the accounts included in the annual report with the audited Pension Fund accounts.

Exhibit 3 provided the estimated audit fee for the work and the timetable for the work for the Audit Plan was provided at Exhibit 5.

RESOLVED that the contents of the report be noted.

78 **WALES AUDIT OFFICE - CITY AND COUNTY OF SWANSEA AUDIT COMMITTEE UPDATE - APRIL 2016.**

Geraint Norman, Wales Audit Office presented the City and County of Swansea Audit Committee Update – April 2016. Details provided included the Financial Audit Work 2015-16 – City and County of Swansea Pension Fund; Financial Audit Work 2015-16 – City and County of Swansea; and Performance work 2015-16.

RESOLVED that the contents of the report be noted.

79 **INTERNAL AUDIT CHARTER 2016/17.**

The Chief Auditor presented a report which outlined the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1 April 2013 and presented an Internal Audit Charter for approval by the Committee.

The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The expected contents of the Internal Audit Charter as outlined in the CIPFA guidance on implementing the PSIAS were included in the report.

The Chief Auditor is required to review the Internal Audit Charter periodically and present it to the Executive Board and Audit Committee for approval. The PSIAS stated that final approval of the Internal Audit Charter resided with the Audit Committee.

The Internal Audit Charter for the City and County of Swansea's Internal Audit Section had been reviewed and the changes were highlighted in Appendix 1.

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

- Ensuring standards were complied with;
- Corporate Fraud Team;
- Loss of Housing Benefits Investigations Team to DWP.

RESOLVED that: -

- 1) The Internal Audit Charter 2016/17 be approved;
- 2) The Chief Auditor investigates the success rate of Housing Benefit prosecutions since the service was transferred to DWP.

80 **INTERNAL AUDIT ANNUAL PLAN 2016/17.**

The Chief Auditor provided a report which presented the Internal Audit Annual Plan 2016/17. The methodology used to prepare the Annual Plan was reported to the Committee at the meeting on 16 February 2016.

It was added that for 2016/17, the Internal Audit Section was made up of 10.5 staff excluding the Chief Auditor which was a reduction of 0.5 of an Auditor post compared to 2015/16. This 0.5 post was held vacant during 2015/16 and had now been permanently removed from the establishment.

A summary of the Internal Audit Plan 2016/17 was shown in Appendix 1 and a list of audits planned for the year was shown in Appendix 2 along with the number of days planned for each audit. There was a reduction in the total number of days available due to the reduction of 0.5 of a post but overall the number of productive days available had increased by 70 as outlined in Appendix 1.

The Internal Audit Plan 2016/17 accommodated the audits which were deferred from the 2015/16 of around 450 days and also included new audits with a total of 110 days. To accommodate the audits deferred from 2015/16 and the new audits and also to match the Audit Needs Assessment to the available resources, audits totalling 385 days which were due in 2016/17 had been deferred to 2017/18.

The number of audits deferred continued to reduce compared to previous years and allowed for new audits to be included in the Plan. This was due to the full year impact of changes introduced during 2015/16 such as the increased use of self-assessment questionnaires and the Corporate Fraud Team.

As in previous years, progress made by the Internal Audit Section in achieving the Audit Plan would be reported to the Audit Committee on a quarterly basis. It was the view of the Chief Auditor that the proposed Internal Audit Plan 2016/17 would provide sufficient audit coverage for the annual opinion on internal control to be delivered to the Council via the Section 151 Officer and Audit Committee.

The Committee asked a number of questions of the Officer who responded accordingly.

RESOLVED that the Internal Audit Annual Plan 2016/17.

81 **DRAFT AUDIT COMMITTEE ANNUAL REPORT 2015/16.**

The Chair provided the draft Audit Committee Annual Report for the 2015/16 Municipal Year. The report was presented to allow the Audit Committee to discuss,

review and contribute to the Annual Report 2015/16, prior to the report being presented to Council.

The final Audit Committee Annual Report 2015/16 will be presented to Audit Committee in June, prior to being presented to Council in July / August 2016.

RESOLVED that the contents of the report be noted.

82 **SCRUTINY WORK PROGRAMME 2015/16. (FOR INFORMATION)**

The Scrutiny Work Programme 2015/16 was provided 'for information'.

83 **LETTERS OF THE CHAIR. (FOR INFORMATION)**

The letters of the Chair were provided 'for information'.

84 **AUDIT COMMITTEE WORK PLAN**

The Audit Committee Work Plan was presented 'for information'.

Noted that a training session would be held in June 2016.

85 **EXCLUSION OF THE PUBLIC.**

The Committee was requested to exclude the public from the meeting during consideration of the item(s) of business identified in its recommendation(s) to the report on the grounds that it/they involve(s) the disclosure of exempt information as set out in the exclusion paragraph of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, relevant to the item(s) of business set out in the report.

The Committee considered the Public Interest Test in deciding whether to exclude the public from the meeting for the items of business where the Public Interest Test was relevant as set out in the report.

RESOLVED that the public be excluded for the following items of business.

(CLOSED SESSION)

86 **CORPORATE FRAUD TEAM INVESTIGATION REPORT.**

The Corporate Fraud Investigations Officer presented a report which provided details of an investigation by the Corporate Fraud Team into the attempted encashment of counterfeit cheques against the Council and a primary school.

RESOLVED that the contents of the report be noted.

The meeting ended at 3.50 pm

CHAIR