



City and County of Swansea

## Minutes of the **Audit Committee**

Council Chamber - Guildhall, Swansea

Tuesday, 12 February 2019 at 2.00 pm

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

**Councillor(s)**

C Anderson  
P R Hood-Williams  
J W Jones  
S Pritchard

**Councillor(s)**

P M Black  
O G James  
E T Kirchner  
W G Thomas

**Councillor(s)**

T J Hennegan  
P K Jones  
M B Lewis  
T M White

**Officer(s)**

Simon Cockings  
Jeremy Parkhouse  
Richard Rowlands  
Debbie Smith

Chief Auditor  
Democratic Services Officer  
Strategic Delivery & Performance Manager.  
Deputy Chief Legal Officer

**Also Present:**

Anthony Veale  
David Williams

Wales Audit Office  
Wales Audit Office

**Apologies for Absence**

Councillor(s): None.

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**71 Phil Roberts - Chief Executive.**

The Chair, on behalf of the Committee, sent Phil Roberts Chief Executive, best wishes for a speedy recovery from his period of sickness.

**72 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 P K Jones – Minute No.76 – Internal Audit Monitoring Report Q3 2018/19 - Governor of Bishop Gore Comprehensive School – personal.

Councillor M B Lewis – Minute No.75 – Wales Audit Office – Audit Committee Update Report February 2019 – Member of the Pension Fund Committee - personal.

Councillor W G Thomas - Minute No.75 – Wales Audit Office – Audit Committee Update Report February 2019 – Member of the Pension Fund Committee - personal.

Councillor T M White - Minute No.75 – Wales Audit Office – Audit Committee Update Report February 2019 – Member of the Local Pension Board - personal.

Paula O'Connor – Agenda as a whole – Head of Internal Audit to Abertawe Bro Morgannwg University Health Board – Personal.

**73 Minutes.**

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

**74 Wales Audit Office Proposals for Improvement 6 Monthly Update Report. (For Information)**

The Strategic Delivery & Performance Manager provided a 'for information' report that presented an overview of the status of Swansea Council's response to earlier proposals for improvement made by the Wales Audit Office (WAO) to provide assurance to the Committee on progress.

Appendix A provided the third six monthly report (July – Dec 2018), which reviewed progress and described the next steps to meet the proposals for improvement previously made by WAO in reports concerning Swansea Council.

It was added that WAO local performance / national audit reports would be presented to Scrutiny Programme Committee and to Audit Committee for information only.

The Committee were informed that four of the nine proposals had been addressed and closed. The progress made in respect of the remaining proposals was also provided.

The Wales Audit Office representatives commented that the progress would be followed-up, along with the finances / risks to the Authority in the next financial year.

The Chair commented that the progress made had been very positive.

**Resolved** that Appendix A be circulated to the Committee.

**75 Overview of the Overall Status of Risk Report Q3 2018/19. (For Information)**

The Strategic Delivery & Performance Manager provided a 'for information' report which presented an overview of the status of risk in the Council during Quarter 3 2018/19 to provide assurance to the Committee on the operation of the Risk Management Policy and Framework within the Council.

Quarter 3 2018/19 was provided at Appendix A and compared an overview of the position to Quarter 2 2018/19. The Corporate and Risk Registers were provided at Appendix B and C.

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

- Ongoing work to enhance the format / structure of the Risk Register and how risk methodology determined the status of the risk;
- CR89 – New legislative and statutory requirements – specifically the Authority having sufficient resources to comply with the provisions of the Environment (Wales) Act 2016 / Council priority to maintain and enhance Swansea's Natural Resources and Biodiversity;
- Developing the Red Amber Green risk ratings and forthcoming improvements being introduced;
- Methodology surrounding risk status;
- Summary – changes to the Risk Registers and the reduction in the percentage of risks being reviewed, specifically regarding Education risks which were as a result of staff sickness;
- Percentage of staff who had completed Health and Safety training;
- Council budget variations being reported to the Committee;
- When the annual report on regional working identified in Corporate Risk CR101 would be reported to Council.

**Resolved that:** -

- 1) The Strategic Delivery & Performance Manager reports back on the percentage of staff who had completed Health and Safety training;
- 2) The Strategic Delivery & Performance Manager reports when the annual report on regional working identified in Corporate Risk CR101 would be reported to Council;
- 3) Council budget variations be reported to the Committee in future;
- 4) The Chair be regularly updated regarding progress.

## **76 Wales Audit Office - Audit Committee Update Report February 2019.**

Anthony Veale, Wales Audit Office presented Wales Audit Office Update Report – February 2019.

Details provided included Financial Audit Work and Pension Fund Audit Work 2018-19 and Performance Audit work.

The Chair queried when the assurance and risk assessment review would be available for the April Committee meeting. It was explained that WAO would be examining the key risks across the Authority and their findings would be reported to Corporate Management / Audit Committee.

**Resolved that:** -

- 1) The contents of the report be noted;
- 2) The WAO Assurance and Risk Assessment Review be reported to the next scheduled meeting.

## 77 Internal Audit Monitoring Report Q3 2018/19.

The Chief Auditor presented the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October 2018 to 31 December 2018.

A total of 36 audits were finalised during the quarter. The audits finalised were Listed in Appendix 1, which also showed the level of assurance given at the end of the audit and the number of recommendations made and agreed. A total of 324 audit recommendations were made and management agreed to implement 322, i.e. 99% of the recommendations made were accepted against a target of 95%.

Appendix 2 showed that by the end of December 2018, 63% of the planned reviews had been completed to at least draft report stage, with an additional 26% of the planned audits in progress. As a result approximately 89% of the Audit Plan was either completed or in progress.

It was highlighted that the Internal Audit Section had seen a significant increase in the levels of sickness absence in quarter 2 and quarter 3 of 2018/19 with a cumulative total of 135 days sickness against an annual budget of 66 days. It was noted that the vast majority of this absence was in relation to three members of staff being off work long term as a result of non-work related issues / illness during the period.

The Committee were also provided with details of significant issues which led to the moderate ratings issued in the quarter.

Information regarding additional work and details of follow-ups completed between 1 October and 31 December 2018 were specified, including Fleet Maintenance and ICT Disaster Recovery audits.

The Committee asked questions of the Officer, which were responded to accordingly. Discussions included the following: -

- DBS Protocols, especially in schools / cleaning services, the onus being placed upon the employee and the need for the system to be centrally controlled;
- A review of DBS Protocols being included in the 2019/20 Audit Plan;
- The moderate report given for the audit of cleaning services and the need to follow-up the audit earlier than planned;
- Reason for Section 106 agreements audit being deferred to the 2019/20 Audit Plan;
- Reason for deferral of debt recovery to quarter 2 2019/20 due to the fact that the follow up audit had taken place in October 2018;
- Reason for deferral of budget review to quarter 1 2019/20;
- Monitoring school budgets / procurement;

The Chief Auditor stated that he did not have any concerns regarding completing the Audit Plan given the current progress being made but stated that any concerns would be raised with the Committee, if required.

The Chair expressed concern that DBS checks were seen as the responsibility of employees and stated that this was clearly a Council duty. This was supported by Members of the Committee.

**Resolved** that: -

- 1) The content of the report be noted;
- 2) The Chief Auditor investigates DBS protocols and procedures, particularly schools / cleaning services;
- 3) The Chief Auditor provides feedback regarding the audit of cleaning services.

**78 Internal Audit Annual Plan Methodology Report 2019/20.**

The Chief Auditor presented a report which provided a briefing on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2019/20 being reported to the Committee for approval on 9 April 2019.

Reference was made to the risk factor table which determined the frequency of the audit, the risk assessment sheet at Appendix 3, all fundamental systems used, the annual consultation with Heads of Service and assurance map and the proposed changes to the Plan format.

The Chair commented that the queries she had raised on the content and completeness of the audit assurance mapping had not been actioned. The Chief Auditor confirmed that he had forwarded the assurance map along with the Chair's comments to the Corporate Management Team and an update would be made available for the Audit Committee. The Chair also highlighted that the Audit Committee had not received any budgetary variation information so the control indicated in the assurance map was incorrect and needed amendment.

The Chair thanked the Chief Auditor for outlining the Plan and added that it gave breadth to the work of the Committee.

**Resolved** that the content of the report be noted and the Annual Plan 2019/20 be reported to the Committee for approval on 9 April 2019.

**79 Wales Audit Office - 'Overview and Scrutiny: Fit for the future? - City and County of Swansea Council' and Associated Action Plan. (For Information)**

Anthony Veale, Wales Audit Office (WAO) outlined that the report, which had been previously reported to Scrutiny Programme Committee, was 'for information' and provided assurance to the Committee.

The report concluded that scrutiny in Swansea: -

- Was well-placed to respond to future challenges;
- Regularly challenged decision-makers; and
- Had arrangements to review its own effectiveness.

The report also contained three proposals for improvement: -

- To develop a training & development programme for Scrutiny Members;
- To strengthen the evaluation of impact and outcomes of Scrutiny activities; and
- To further clarify the distinction between Scrutiny and Policy Development Committee activity in relation to policy development.

It was noted the authority was required to prepare an action plan in response to the report.

The Committee discussed the following: -

- WAO scrutiny of regional bodies proposed themes of interest;
- Scrutiny taking ownership of responses and actions not relating to recommendations;
- Establishing measurable outcomes at the start of inquiries;
- The apparent lack of the same level of scrutiny within the NHS compared to the scrutiny undertaken within the Council;
- WAO scrutinising third party organisations who are providing services for the Council;
- Cover reports being provided by Scrutiny for future reports referred to Audit Committee.

**Resolved that:** -

- 1) The contents of the report be noted;
- 2) Scrutiny be requested to provide cover reports for future reports referred to Audit Committee.

## **80 Audit Committee Action Tracker Report. (For Information)**

The Audit Committee Action Tracker report was provided 'for information'.

It was noted that amendments to Contract Procedure Rules would be reported to Council very shortly.

The Committee discussed the following: -

- Progress regarding the Procurement Team providing dedicated support to schools. It was noted that the updated catalogue for schools was scheduled to be reported to the Committee on 9 April 2019;
- Use of supply / agency staff by schools and establishing the spend against supply / agency costs.

**Resolved that:** -

- 1) An update be provided regarding progress of the Procurement Team providing dedicated support to schools;

- 2) An update be provided on the use of supply / agency staff by schools and establishing the spend against supply / agency costs.

**81 Audit Committee Work Plan. (For Information)**

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

The Chair requested that Trusts and Charities, Treasury Management and Budget Variations be added to the Work Plan.

**Resolved** that Trusts and Charities, Treasury Management and Budget Variations be added to the Work Plan.

The meeting ended at 3.39 pm

**Chair**