



## City and County of Swansea

### Notice of Meeting

You are invited to attend a Meeting of the

## Audit Committee

**At:** Council Chamber - Guildhall, Swansea  
**On:** Tuesday, 12 February 2019  
**Time:** 2.00 pm  
**Chair:** Paula O'Connor (Independent Chair)

#### Membership:

Councillors: C Anderson, P M Black, T J Hennegan, P R Hood-Williams, O G James, P K Jones, J W Jones, E T Kirchner, M B Lewis, S Pritchard, W G Thomas, L V Walton and T M White

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*Huw Evans*

**Huw Evans**  
**Head of Democratic Services**  
**Tuesday, 5 February 2019**  

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**Contact: Democratic Services: - 636923**

# Agenda Item 3



City and County of Swansea

## Minutes of the **Audit Committee**

Committee Room 5 - Guildhall, Swansea

Tuesday, 11 December 2018 at 2.00 pm

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

**Councillor(s)**

C Anderson  
P K Jones  
M B Lewis  
L V Walton

**Councillor(s)**

P M Black  
J W Jones  
S Pritchard  
T M White

**Councillor(s)**

P R Hood-Williams  
E T Kirchner  
W G Thomas

**Also Present:** Councillor R C Stewart – Leader of the Council

**Officer(s)**

Simon Cockings  
Jeffrey Dong

Jason Garcia  
Jo Harley  
Jeremy Parkhouse  
Richard Rowlands  
Ben Smith

Chief Auditor  
Interim Deputy Chief Finance Officer and Deputy S151 Officer.  
Wales Audit Office  
Head of Digital and Transformation Services (Interim)  
Democratic Services Officer  
Strategic Delivery & Performance Manager.  
Chief Finance Officer / Section 151 Officer

**Apologies for Absence**

Councillor(s): O G James

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## 55 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 M Black – Minute No.66 - Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 July 2018 to 30 September 2018 – Governor of Burlais School – personal.

Councillor P K Jones – Minute No.61 – Trusts & Charities and Minute No.66 - Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 July 2018 to 30 September 2018 – Governor of Bishop Gore Comprehensive School – personal.

Councillor M B Lewis - Minute No.61 – Trusts & Charities and Minute No.66 - Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 July 2018 to 30 September 2018 – Governor of Gwrosydd School and Member of the Trustees Panel – personal.

Councillor W G Thomas - Minute No.66 - Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 July 2018 to 30 September 2018 – Governor of Newton Primary School – personal.

Councillor L V Walton - Minute No.61 – Trusts & Charities and Minute No.66 - Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 July 2018 to 30 September 2018 – Governor of Dylan Thomas Community School and Member of the Trustees Panel – personal.

Councillor T M White - Minute No.66 - Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 July 2018 to 30 September 2018 – School Governor of School mentioned in report – personal.

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

**56 Minutes.**

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

**57 Urgent Item.**

Pursuant to paragraph 100B (4)(b) of the Local Government Act 1972, the Chair considered the following report as an urgent matter.

**Reason for Urgency:**

The Wales Audit Office Annual Audit Letter, whilst dated 29 November, was received on the 7 December, past the usual deadline for inclusion and publication as a normal item on this agenda.

The matters raised in the letter could have a material bearing on actions to address the current year budgetary performance, issues affecting the future year budgets proposed for 2019-20 and beyond, and the affordability of the future capital ambition, including the City Deal, which had itself now been subject to an independent review.

Delaying the report to the next Audit Committee cycle in the New Year would mean that wider decision takers on the budget and capital programme would not be fully cognizant of the commentary the Wales Audit Office had made, in a period of time when they are taking budgetary decisions.

The Chair had conferred with the Section 151 Officer who concurred the matter contained items of urgency to be considered.

It was considered in the public interest for the letter to be published immediately and considered by all decision takers and all those charged with scrutiny, oversight and audit.

## **Wales Audit Office Annual Audit Letter – City and County of Swansea, City and County of Swansea Group and City**

Jason Garcia, Wales Audit Office presented the Annual Audit Letter of the Auditor General for Wales for the City and County of Swansea, City & County of Swansea Group and City.

It was outlined that the Council had complied with its responsibilities relating to financial reporting. It was noted that on 25 September 2018 the Auditor General issued an unqualified audit opinion on the Financial Statement confirming that they presented a true and fair view of the financial position and transactions. On 6 November 2018, he issued an unqualified opinion on the financial statements of the Pension Fund confirming that they presented a true and fair view of the Pension Fund's financial position and transactions.

Overall, the financial statements and associated working papers provided for audit were of a good standard, Officers were helpful and supplied the auditors with the information requested. It was further noted that the financial statements were available for audit on 4 June 2018. The Council was therefore making good progress towards achieving the 31 May deadline in 2020-2021.

The Auditor General was satisfied that the Council and the Group had appropriate arrangements in place to secure economy, efficiency and effectiveness in their use of resources, but the Council continued to face significant financial challenges.

It was added that austerity remained the most significant challenge facing all local government bodies in Wales and these financial pressures were likely to continue for the medium term. The recent provisional local government funding settlement for 2019-20 would see no funding increase for the Council. The wide range of service and demographic pressures would therefore continue to impact on the finances of the Council.

It was noted that the revenue out-turn position reported that the Council's direct revenue expenditure was £4.7 million greater than the revised budget with the Council needing to utilise general fund reserves. For 2018-19, the quarter two budget position forecasted a revenue budget overspend of £8.5 million. After utilising funds from earmarked reserves, a predicted overspend of £2.8 million would occur. As a result, the Council needed to utilise £3.1 million of its general fund reserve in 2017-18 to manage overspends and at least another £2 million would be required to balance the predicted 2018-19 overspend. This would potentially mean that just over 40% of the Council's general fund balance would have been used to cover overspends and could leave a balance of £7 million by 31 March 2019. It was highlighted that it was not sustainable for the Council to continue to rely on reserves to support ongoing expenditure.

The difficulties the Council had in delivering its planned levels of efficiency savings were highlighted and the predicted shortfall in excess of £20 million in the 2019-20 financial budget. The risk assessments of current departmental efficiency plans were noted.

The Auditor General referred to the predictions in the Council's Medium Term Financial Strategy which identify a cumulative budget shortfall of £24 million in 2019-20, £48 million in 2020-21 and £69 million in 2021-22. In addition, he referred to the significant capital investment programme and that significant unsupported funding would be required to finance these developments. By 2025-26, this additional unsupported borrowing was estimated to cost the Council £14 million in additional finance costs.

The Auditor General stressed that the Council must continue to risk assess its efficiency savings plans, to review and update its medium term financial strategy and to carefully monitor its reserves.

The Auditor General stated that the work to date on certification of grant claims and returns had not identified significant issues that would affect the financial statements or key financial statements.

The Leader of the Council welcomed the letter of the Auditor General and stated that it was clear that the current process of austerity could not continue. He added that there were budgetary pressures across Local Government in Wales due to austerity and Welsh Government spending priorities being focussed upon health. He outlined that the Council had taken steps to restore its reserves, would report shortly on how it proposed to reduce capital pressures and would introduce a strategy to reduce borrowing.

The Committee discussed the following: -

- Concern regarding the cost of the capital programme, the level of reserves, the risk to the Authority and the need to scrutinise the risk;
- Possible additional capital funding from Welsh Government to support the capital programme;
- Providing a recovery plan to the Audit Committee highlighting how the Council plans to deal with the overspends.

The Chief Finance Officer / Section 151 Officer provided the Committee with an update regarding the budget setting process and the procedures required to undertake additional borrowing.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) The Committee be regularly updated regarding budget variations.

## **58 Implementation of Internal Audit Recommendations for Disaster Recovery Plan 2017/18.**

Jo Harley, Digital Services Manager presented a 'for information' update report on the Implementation of Internal Audit Recommendations for Disaster Recovery Plan 2017/18.

It was outlined that the final report for the Disaster Recovery audit was issued on the 26 June 2018, with a moderate level of assurance. There were 21 recommendations, 12 classified as medium risks. The medium risk recommendations were detailed in Appendix A and all the recommendations had been implemented. However, it was added that this audit merely focused on the Disaster Recovery Plan. It did not take account of resilience work already undertaken / underway and the strategy around Disaster Recovery. These focused on long-term cost effective solutions to provide full Disaster Recovery for the Council, taking advantage of new technological solutions that had recently become available.

Details of the resilience work undertaken / underway and the Disaster Recovery (DR) Strategy were provided.

The Committee discussed the following: -

- Accommodating all school data and potential future developments;
- IT user plans and procedures undertaken;
- Completion of all medium risks;
- Procedures linked to the internal Oracle system and transferring information into the Cloud;
- Testing the plan and timelines.

#### **59 Overview of the Overall Status of Risk - Quarter 2 2018/19.**

Richard Rowlands, Strategic Delivery & Performance Manager provided 'for information' the Overview of the Overall Status of Risk Quarter 2 2018/19. The report presented an overview of the status of risk in the Council during Quarter 2 2018/19 to provide assurance to the Committee on the operation of the risk management policy and framework within the Council.

Appendix A covered the Quarter 2 2018/19 period and compared to the position at Quarter 1 2018/19. The Corporate and Directorate Risk Registers (dated 16/11/18) were provided at Appendix B and Appendix C respectively.

The Chair commented that the report required more refinement, including more focus, clarity, mitigation of the risks and time lines linked to red risks.

The Committee discussed the following: -

- Potential red risk linked to the City Deal;
- Risks linked to Brexit;
- Financial risk.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) A Risk Report be provided to the every scheduled Audit Committee;
- 3) The content of the risk register required enhancement;

- 4) The Risk Report must include Budget / Sustainable Swansea, City Deal / City Centre and Brexit.

**60 Review of Revenue Reserves.**

The Section 151 Officer presented 'for information' the Review of Revenue Reserves report that had been previously reported to Council on 26 October 2018. Attached at Appendix 1 was the report presented to Council in October 2018.

**61 Trusts & Charities.**

The Deputy Section 151 Officer presented 'for information' the Trusts and Charities report to provide background information to the Committee on the range of trusts and charities of which the Council is the nominated trustee.

The Council's portfolio of Trusts and Charities was outlined at Appendix 1. It was added that the Council had historically supported these trusts and charities in the provision of professional services on a pro bono basis (Legal, Finance, Democratic Services, IT, Facilities and Education & Social Services) to enable the trust & charity to undertake its objectives. The costs / time associated with this provision has never been quantified and the degree of support and activity between Trusts and Charities varied widely.

Appendix 1 provided the summary of trusts and charities and Appendix 2 gave details of the Trustees Panel. Details of governance and the resources to support the Trusts & Charities were detailed. Reference was also made to the previous pilot scheme taken out with Community Foundation in Wales.

The Committee discussed the following: -

- Resources and cost of administering the trusts and charities;
- Dormant accounts and possibly utilising the funds into other charities / trusts;
- How widely the Council publicised the trusts and charities;
- The potential of other bodies managing the trusts and charities;
- Benchmarking against trusts and charities administered by other local authorities.

**Resolved** that a progress report be presented to a future Committee meeting.

**62 Treasury Management Annual Report 2017/18.**

The Deputy Section 151 Officer presented 'for information' the Treasury Management Annual Report 2017/18. The report provided details of the Council's Treasury Management activities during 2017/18 and compared actual performance against the strategy laid down at the start of the year.

The Committee discussed the following: -

- Prudential indicators;
- Capital borrowing;

- Access to corporate bond markets;
- Debt re-scheduling.

**Resolved** that regular updates be provided.

**63 Senior Management Assurance Statements.**

The Chief Legal Officer presented the report to update the Committee regarding the changes in the Senior Management Assurance Statement (SMAS).

The previous SMAS was provided at Appendix A and at Appendix B was the new proposed format SMAS. It was added that the SMAS remained a self-assessment document but contained an onus on Corporate Directors to ensure that they compiled a final SMAS for their Department, with input from all Heads of Service. All Corporate Directors then had to feedback to Corporate Management Team (CMT). The procedure for completion and feedback to CMT was set out in Guidance at Appendix C.

The Guidance document provided for 6 monthly reviews the new SMAS had been reported to and endorsed by CMT who were presently trialling the new template with a view to Corporate Directors reporting back to CMT in December 2018.

The Committee recognised the development as a significant progress, was transparent and linked to similar work being undertaken in other local authorities in Wales.

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

**64 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)**

**65 Internal Audit on Social Care Contracts - Update at December 2018.**

Peter Field, Principal Officer, Prevention, Wellbeing and Commissioning presented an update report on Adult Services Social Care compliance with Corporate CPR's and Public Contracts Regulations.

The Committee were provided with updates regarding progress to December 2018,. Also provided was details of the number of non-compliant Social Care Contracts at December 2018. An Action Plan Update providing a summary of progress against each of the action plan targets identified in December 2017 was provided at Appendix 1.

The Committee discussed the information contained in the report.

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

**(Open Session)**

**66 Fundamental Audits 2017/18 Recommendation Tracker.**

The Chief Auditor presented a report which provided a summary of the recommendations made following the fundamental audits in 2017/18 and identified whether the agreed recommendations had been implemented.

Appendix 1 provided for each fundamental audit, the number of recommendations made following the 2017/18 audits and whether they had been implemented, partly implemented, not implemented or were not yet due. A summary of the latest position on the 51 recommendations made was provided and the percentage of recommendations implemented by 30 September 2018 was 78%.

An analysis of the 10 recommendations, which had been partly or not implemented over the classification of audit recommendations used by the Internal Audit Section, was attached in Appendix 2. The Appendix shows that the three recommendations that had been partly implemented were all classed as medium risk and related to the Accounts Receivable audit. This audit continued to be completed on an annual basis and as a result, the implementation of the outstanding recommendations would be reviewed as part of the 2018/19 audit. The remaining 7 recommendations that had not been implemented were classed either low risk or good practice. The recommendations which had been partly or not implemented were provided at Appendix 3.

It was concluded that overall, the results of the Recommendations Tracker exercise to the end of September 2018, were positive with 35 (78%) of agreed recommendations due for implementation already implemented. A small number of recommendations still required work to implement or were due for implementation prior to the end of the financial year. Progress on the implementation of these recommendations would be reviewed during the fundamental audits for 2018/19.

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

**67 Internal and External Audit Recommendation Follow-Up Procedure.**

The Chief Auditor presented a 'for information' report which provided an overview of how internal and external audit recommendations were followed up.

Appendix 1 outlined that the current procedures identified two methods of following-up on the implementation of recommendations made as a result of internal audit reviews for the fundamental audits and non-fundamental audits. The procedures relating to both these types of audits were provided.

It was added that following discussions at the last Welsh Chief Auditors Group Meeting in October, it was decided that a new Performance Indicator (PI) should be introduced to record the number of recommendations that had been implemented as a percentage of those recommendations made. It was hoped that this would be introduced as an additional PI from 2019/20.

External Audit recommendation tracking would progress through the Scrutiny Programme Committee who would receive Wales Audit Office (WAO) reports and action plans to address recommendations and proposals. Scrutiny would also review progress against recommendations within 12 months of the receipt of the report and action plan.

Audit Committee would also receive reports and action plans for information and it may decide to prioritise and track specific proposals / recommendations in addition to the oversight undertaken by Scrutiny. This work does not include those WAO reports that would be intended specifically for Audit Committee.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) The Wales Audit Office reports received by Scrutiny Programme Committee also be reported to Audit Committee.

**68 Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 July 2018 to 30 September 2018.**

The Chief Auditor presented the report which provided the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 July to 30 September 2018.

A total of 29 audits were finalised during Quarter 2. The audits finalised were listed at Appendix 1, which also showed the level of assurance given at the end of the audit and the number of recommendations made and agreed. An analysis of the audits finalised during the 2<sup>nd</sup> Quarter was also provided.

A total of 203 audit recommendations were made and management agreed to implement all of the recommendations made. An analysis of the recommendations agreed during quarter 2 were also provided.

A list of the grants certified by Internal Audit were presented. It was confirmed that no moderate assurance audit reports were issued during the quarter and details of the two audits that had been finalised since the end of the quarter, Risk Management and Corporate Governance, were given.

The follow-ups completed between 1 July 2018 and 30 September 2018 were referenced, along with an update on the Recommendations from the PSIAS Peer Review.

The Chair expressed caution with the regards to the scope of both the completed audits into risk management and corporate governance as the assurance rating was not in harmony with the limited information that the Committee had been in receipt of until recently. She added that the current risk register required further enhancement and requested sight of the 29 completed audits during quarter 2.

**Resolved that:** -

- 1) The contents of the report be noted;
- 2) The Chair be provided with sight of the 29 completed audits during quarter 2.

**69 Audit Committee Action Tracker. (For Information)**

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

**70 Audit Committee Work Plan 2018/19. (For Information)**

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

The Chair provided a verbal update regarding the visit to Cardiff Council's Audit Committee meeting by her, the Vice Chair and Chief Auditor. She added that representatives from Cardiff had asked to attend the Committee later in the Municipal year (April 2019).

The Chair also stated that she had met with the Chief Executive / Deputy Chief Executive who had agreed to attend the Committee in February 2019 to provide an oversight of the governance and assurance arrangements operating across the Council and to provide an update regarding risk management.

The meeting ended at 4.03 pm

**Chair**



## Report of the Chief Transformation Officer

Audit Committee – 12 February 2019

### **Wales Audit Office Proposals for Improvement: Six-month Status Update July to December 2018**

Purpose:	The report presents an overview of the status of Swansea Council's response to earlier proposals for improvement made by WAO to provide assurance to the Committee on progress.
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Report Author:	Richard Rowlands
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Finance Officer:	Paul Roach
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Legal Officer:	Debbie Smith
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Access to Services Officer:	Catherine Window
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#### **For Information**

### **1. Background**

1.1 The Audit Committee requested a regular overview on the status of the Council's response to earlier WAO proposals for improvement.

### **2. Overview of progress**

2.1 This is the third six monthly report (July – Dec 2018), which reviews progress and describes next steps to meet the proposals for improvement previously made by WAO in reports concerning Swansea Council.

2.2 The detail is set out in Appendix A.

### **3. Future Reports**

3.1 All WAO local performance audit reports and relevant national WAO reports (i.e. those with recommendations for local government) and action plans to address WAO proposals for improvement are now scheduled as a matter of course into the Scrutiny work programme.

3.2 WAO local performance audit reports and relevant national WAO reports (i.e. those with recommendations for local government) will also go to Audit Committee **for information purposes only** once reported to Scrutiny. The Committee may decide to prioritise and track specific proposals / recommendations in addition to the oversight provided by Scrutiny; this process does not include the WAO reports that would ordinarily go to Audit Committee.

3.3 This arrangement should provide Scrutiny, Audit Committee, Members and WAO with assurance that there is a consistent, proportionate and sustainable system in place to ensure that the Council responds and puts in place action plans to address any WAO recommendations and that these are appropriately challenged and followed-up.

#### **4. Equality and Engagement Implications**

4.1 There are no direct equality and engagement implications from this report.

#### **5. Legal Implications**

5.1 There are no direct legal implications.

#### **6. Financial Implications**

6.1 There are no direct financial implications.

**Background papers:** None.

**Appendices:** Appendix A - WAO Proposals for Improvement: Six-month status update report July to Dec 18.

Current Review Date: Dec-18

Status at 31/12/18	Area	Ref	Title of Audit	ACTION	LEAD Officer	KEY MILESTONES	INTENDED OUTCOMES	Achievements to date: Dec 18 Dec-18	Next Milestone
Open	Governance	1.3		<p><b>P2</b> Ensure records of delegated decisions made by officers are accurately recorded</p> <p><b>Improve transparency and create and publish a corporate record of executive decisions delegated to officers:</b></p> <ul style="list-style-type: none"> <li>Establish financial thresholds for recording decisions</li> <li>Ensure that relevant officers and Cabinet members are aware of and understand the approach to be adopted</li> <li>Implement the approach through populating the appropriate section of the Council's website.</li> </ul>	Head of Legal & Democratic Services	2017/18	Transparent decision making	Work has been undertaken in the Place Directorate to draft templates for recording officer decisions in relation to declarations of land surplus to requirements and contract awards. The Contract Procedure Rules have been redrafted and once approved by legal will continue progress through decision making process. a template has been developed to enable publication through mod.gov which will hopefully be trialled by end of January.	By end February to be fully functional in publishing some agreed officer delegated decisions ie declarations of land surplus to requirements and contract award reports. Also to consider amendment of Call-In procedure to include officer decisions.
Closed	Governance	1.6	WAO Annual Improvement Report 2015/16	<p><b>Proposal P2.</b> Improve external reporting of performance by:</p> <ul style="list-style-type: none"> <li>developing the Council's website; engaging user groups in determining the most effective and efficient ways of reporting performance, and then taking action to improve public reporting;</li> <li>maximising the impact of performance reports by assessing their readability and comprehension; and</li> <li>assessing the costs and benefits of any opportunities to communicate performance information using video, social media, and interactive media.</li> </ul>	Corporate Director (Resources)	2016/18		<p>The development of the reporting functionality of the DART performance management ICT system has been completed. The reporting functionality is now in use and has been used to produce the quarterly and annual performance monitoring reports in place of Excel since Quarter 1 2018/19.</p> <p><b>The work plan continues to develop and improve reporting however in terms of the original action this can now be closed.</b></p>	CLOSED
Closed	Governance	1.2	WAO Good Governance 2016/17	<p><b>P1</b> Improve public access to information about the Council's Commissioning Review activity and outcomes by linking together all the website information about the overall programme and signposting its availability.</p>	Corporate Director (Resources)			Strategic framework and annual programme has been reviewed and updated in line with the new budget and revised MTFP. New web pages written and updated and will be live by the end of January. The pages will continue to be updated however this action can now be closed.	CLOSED
Open	Governance	1.21	WAO Good Governance 2016/17	<p><b>P2</b> Whilst potential financial savings are consistently identified the Council should ensure that the process for concluding a review consistently identifies the intended impact for service users and the means by which that impact will be evaluated in the future.</p>	Corporate Director (Resources)			<p>New web pages documenting outcomes of CRs to be launched end of January 2019.</p> <p>Co-Production training underway and Co-production and the Consultation &amp; Engagement Strategies to be produced by March 2019.</p>	<p>1. Co-Production Strategy by end of March 2019</p> <p>2. Consultation &amp; Engagement Strategy by end of March 2019</p>
Open	Change	2.2	WAO Annual Improvement Report 2015/16	<p>Build relevant actions into the Innovation Programme, including:</p> <ul style="list-style-type: none"> <li>increasing employee empowerment</li> <li>problem solving and learning, and;</li> <li>ensure delivery across all Service Areas through the performance review process</li> </ul> <p>Proposal P4 Improve performance management by:</p> <ul style="list-style-type: none"> <li>Increasing the coverage, positive impact and frequency of formal staff appraisals.</li> </ul>	<p>Head of HR/OD</p> <p>Leadership Team</p> <p>Obtain updated from Rhys</p>	2017/18	<p>Innovation Programme</p> <p>Visible and open leadership.</p> <p>The changes to the role of Leadership Team.</p> <p>The role and expectations of senior managers (the "Swansea Manager").</p> <p>Specific personal contributions built into individual appraisals.</p>	<p>OD Implementation Plan under review to re-prioritise for 2019. Work ongoing to develop Managers toolkit, Employee Value proposition and Employee Benefits proposal, Leadership Development, Appraisals and elearning provision.</p> <p>A review of the role and development of Leadership Team has been undertaken and a new programme is being devised to support managers across the organisation, alongside a revised Leadership Team agenda for the year.</p>	Submission of revised OD Plan in February 2019 for senior management consideration and agreement of next steps.

Status at 31/12/18	Area	Ref	Title of Audit	ACTION	LEAD Officer	KEY MILESTONES	INTENDED OUTCOMES	Achievements to date: Dec 18 Dec-18	Next Milestone
Closed	Change	2.3	WAO Annual Improvement Report 2015/16	Develop a priority based approach to financial planning and delivery of whole Council change and savings, as part of <i>Sustainable Swansea</i> and the Medium Term Financial Plan  <b>Proposal P5</b> Ensure timescales for the delivery of specific savings proposals are realistic and act to drive delivery.  <b>Proposal P6</b> Ensure responsibility for delivery of planned savings is assigned to specific managers' services.	Corporate Director (Resources)	2016/18	A more strategic approach to budgeting was signalled as part of our Mid-term Budget Statement  We plan, through the Medium Term Financial process, to develop the links between what we spend and the outcomes and public value that we create	P5: Strategic review and annual review of the programme almost complete ready for the budget paper to Council in February. Timescales included as part of the budget and MTFP. New zero-based budget plan underway. Mechanisms and processes for P5 and 6 delivered with performance continually monitored by CMT and Cabinet therefore propose this action is now closed	CLOSED
Closed re 17-18 findings	Change	2.3	WAO Savings Planning 2017/18	<b>P1 Strengthen financial planning arrangements by:</b> <ul style="list-style-type: none"> <li>ensuring that savings plans are sufficiently well developed and risk assessed before inclusion in the budget;</li> <li>assigning responsibility for the delivery of all planned savings to specific managers' services.</li> </ul>	Chief Finance Officer	Annual budget setting. Quarterly budget monitoring ongoing each year reported to Cabinet. Monthly tracking through the agreed PFM process.	A balanced budget openly and transparently published. Similarly for the Medium Term Financial Plan, to ensure sufficient granularity and credibility can be attached to balancing the budget for the foreseeable medium term despite austerity. Ultimately to assure that Responsible Officers (Heads of Service/Chief Officers/Directors) can live within budgets set and no material budget overspends occur.	All savings plans for the next four years have been developed on the basis of sufficient granularity (albeit within reason for later years plans) for them to be fully allocated out to Responsible Officers with no unallocated cross cutting savings. All savings have been collectively risk assessed by Corporate Management Team and Cabinet as to their political acceptability and practical deliverability on a RAG rating basis. Notwithstanding this several of the savings proposals likely to be agreed will be challenging or very challenging to achieve in light of continued austerity. <b>The actions are considered complete in respect of findings re 17-18. The 18-19 budget having already been set these could not be fully implemented until developing the 19-20 budget proposals. Efficacy of improvements will be tested and reported on as part of routine budget monitoring and reporting to Cabinet in 2019-20.</b>	Approval of a balanced budget for 2019-20 by Council 28 February 2019. Similarly a balanced and sufficiently detailed plan for the medium term for 2021-23 with sufficient granularity to ensure individual responsible officer ownership for delivery and with each savings proposal risk assessed.
Open	Delivery	3.2	Corporate Assessment 2014/15	<b>P4</b> Ensure service business plans consistently incorporate workforce and asset management requirements as expected in corporate guidance  <b>Workforce</b> <ul style="list-style-type: none"> <li>Integrate workforce planning activities in all Business Plans.</li> <li>All Business Plans consistently follow corporate guidance</li> </ul>	Head of HR & OD  Leadership Team	2017/18	A strategic and whole Council approach to major change to deliver corporate priorities and <i>Sustainable Swansea</i> .  Service based actions embedded across the delivery strands.  Corporate workforce strategy 2016 update in September 2017.  Workforce planning is integrated into our Employee Performance Management policy and procedures (appraisal and development reviews).  WFP is integrated into the Service Planning process, and a Service Workforce Plan is required as part of the process  HR information systems to provide usable workforce related business intelligence, including the development of an online appraisal process.	Principals and HRBPs are engaging with respective Directorates to develop succession and workforce planning templates to inform resource planing in the future.  Workforce planning guidance and template issued with Service Plans for 2019/20.	Workforce and succession planning templates will be collated from across Directorates and services to produce a Strategic workforce planning report for CMT in 2019/20.
Closed	Delivery	3.2.1	WAO Annual Improvement Report 2015/16	<b>P4</b> Ensure service business plans consistently incorporate workforce and asset management requirements as expected in corporate guidance - <b>Assets</b> <ul style="list-style-type: none"> <li><b>Services to identify their asset requirements in Business Plans. Include:</b> <ul style="list-style-type: none"> <li>Key land and buildings details currently used by each service</li> <li>Future land and buildings. Requirements</li> </ul> </li> </ul>	Head of Property  Leadership Team	Apr-17		Asset template issued with Service Plans for 2019/20.  New Corporate Landlord Structure approved and implemented included Energy Team. Collation of all energy data ongoing. Service plans currently being drafted.	Subject to alignment of budgets, aiming to centralise Utility budgets June 2019  The actions are now complete but outputs etc will still need to be closely monitored via Service Planning cycles.  CLOSED.

# Agenda Item 5



## Report of the Chief Transformation Officer

Audit Committee – 12 February 2019

### Overview of the Overall Status of Risk Quarter 3 2018/19

**Purpose:** The report presents 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.

**Report Author:** Richard Rowlands

**Finance Officer:** Paul Roach

**Legal Officer:** Debbie Smith

**Access to Services Officer:** Rhian Millar

#### For Information

#### 1. Background

- 1.1 Audit Committee requested on the 11<sup>th</sup> July 2017 an overview each quarter on the overall status of risk in the Council to give assurance that the risk management process is being followed.
- 1.2 This report at Appendix A covers the Quarter 3 2018/19 period and compares an overview of the position to Quarter 2 2018/19.

#### 2. Corporate & Directorate Risk Registers

- 2.1 The Corporate & Directorate Risk Registers (dated 22/01/19) are attached at Appendix B and Appendix C respectively.

#### 2. Equality and Engagement Implications

- 2.1 There are no direct equality and engagement implications from this report.

**3. Legal Implications**

3.1 There are no legal implications.

**4. Financial Implications**

4.1 There are no financial implications.

**Background papers:** None.

**Appendices:**

Appendix A - Summary of the overall status of risk within the Council Quarter 3 2018/19.

Appendix B – Corporate Risk Register dated 22/01/19

Appendix C – Directorate Risk Register dated 22/01/19

**Audit Committee 12<sup>th</sup> February 2019**

**Summary of the overall status of risk within the Council – Quarter 3 2018/19**

The following report summarises the overall status of risk within Swansea Council.

**Overall Risk Status – Quarter 3 2018/19**

The table below illustrates overall risk status as at Quarter 2 and Quarter 3 2018/19.

	Low Risk	Medium Risk	High Risk
Quarter 2 18/19	21	135	29
Quarter 3 18/19	20	137	30
+ - change	-1	+2	+1

**Summary – changes to the Risk Registers**

- **79%** of the risks that were in place as at Quarter 2 2018/19 were recorded as having been reviewed in Quarter 3 2018/19; this compares to Quarter 2 2018/19 where 98% of risks had been reviewed since Quarter 1 2018/19.



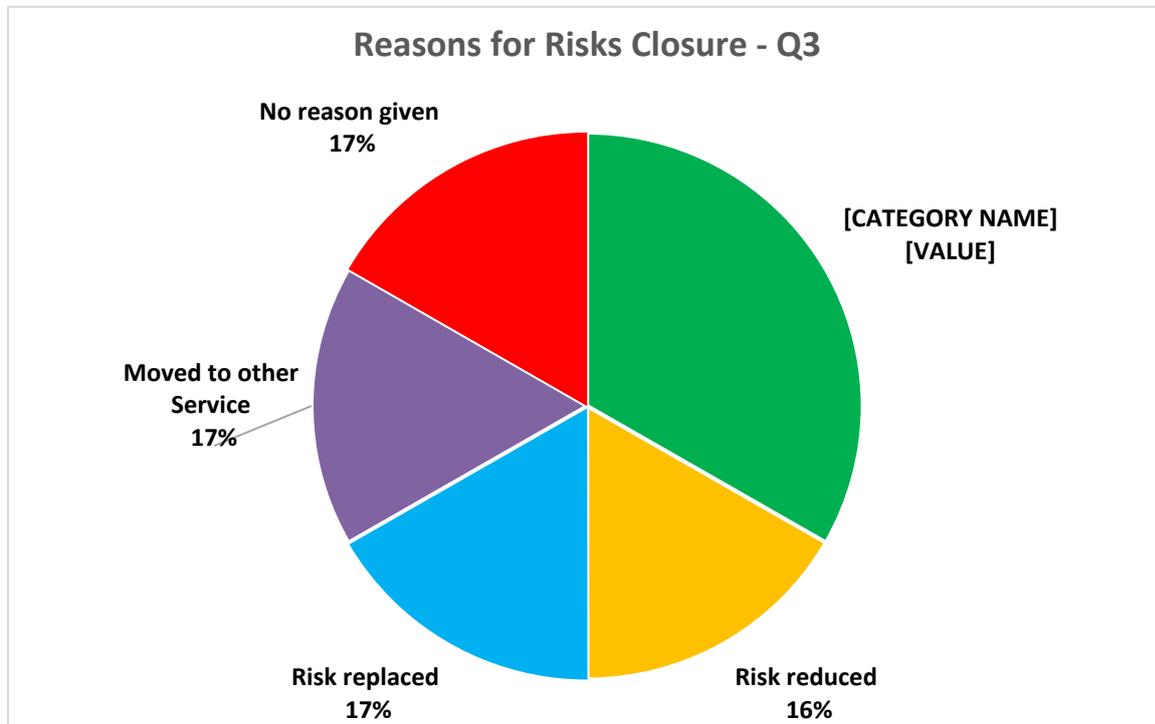
- 8 new risks were added to the registers.

Low Risk	Medium Risk	High Risk
0	6	2

- 6 risks were closed.

Low Risk	Medium Risk	High Risk
3	2	1

- 5 out of the 6 risks (**83%**) that were closed had reasons/comments for doing so recorded, compared to **100%** in Quarter 1 2018/19. Reasons for closure displayed in the chart below:



- No risks were escalated in Q3, whereas one risk was escalated in Quarter 2 2018/19.
- One risk was moved from Social Services into Education.
- The overall RAG status of 9 risks were changed. Of these 5 showed a reduction in risk level and 4 showed an increase.

### Other observations

- Controls and actions are in place for all risks on the registers.
- Cabinet and Corporate Management Team jointly reviewed the Corporate Risks on 11/12/18 in line with the new Risk Management Policy.

### Corporate & Directorate Risk Registers

- The Corporate & Directorate Risk Registers dated 22/01/19 are attached respectively at **Appendix B** and **Appendix C**.

## Appendix B

### Corporate Risk Register Report 22/01/19

Risk Id	Risk Title	Category	Responsible Officer	Date Last Updated	Overall RAG
CR 80	<b>Financial Control and Sustainable Swansea</b>	Corporate Finance	ben smith	14/11/2018	R
CR 81	<b>City Centre</b>	Corporate Plan Priorities	martin nicholls	16/01/2019	A
CR 82	<b>Safeguarding</b>	Corporate Plan Priorities	david howes	10/01/2019	A
CR 83	<b>Pupil attainment and achievement</b>	Corporate Plan Priorities	nick williams	30/09/2018	A
CR 84	<b>Tackling poverty</b>	Corporate Plan Priorities	david howes	18/01/2019	A
CR 85	<b>Workforce Strategy</b>	Corporate Governance	sarah caulkin	05/12/2018	A
CR 86	<b>Digital, data and cyber security</b>	Corporate Governance	sarah caulkin	05/12/2018	A
CR 87	<b>Emergency Planning, Resilience and Business Continuity</b>	Corporate Governance	phil roberts	14/12/2018	A
CR 88	<b>Health &amp; Safety</b>	Corporate Governance	phil roberts	14/12/2018	A
CR 89	<b>New legislative and statutory requirements</b>	Corporate Governance	tracey meredith	22/10/2018	A
CR 90	<b>Decision to leave the European Union (BREXIT)</b>	Corporate Finance	ben smith	16/12/2018	R
CR 91	<b>Tax evasion</b>	Corporate Finance	ben smith	12/12/2018	A
CR 101	<b>Regional Working</b>	Corporate Governance	phil roberts	15/01/2019	A

### Corporate Risk Register Report 22/01/19

#### CR 80: Financial Control and Sustainable Swansea

##### Risk Description:

If we fail to deliver Sustainable Swansea and maintain sufficient financial control, then we will not be able to respond appropriately to continuing austerity, demographic pressures, increasing demand and changing public expectations.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risks CR46 and CR47.

**Category:**

Corporate Finance

**Controls in Place:**

- An agreed plan and a process for corporate level monitoring in place.
- An agreed budget.
- Clear governance and reporting in place.
- Prevention Strategy.
- Regular monthly monitoring at P&FMs.
- Reporting, monitoring and review at FSTG.
- Audit Committee providing challenge, oversight and assurance.
- Collaborative officer and Member budget setting process in place.
- MTFP.
- Dedicated Scrutiny Service Improvement and Finance Performance Panel consider and scrutinise the budget on a quarterly basis

**Actions to be taken:**

- The budget position is tracked and reported to CMT, P&FMs and FSTG on a monthly basis to monitor progress and highlight risks to meeting savings early.
- Fewer generic savings.
- Cross-cutting Commissioning Reviews.
- Continue to embed the Sustainable Development Principle into the budget setting process forming part of Budget Week in September 2018.
- Involve the public in co-producing and setting the budget.
- Aspire to collaborate more with other local authorities
- Join-up information so outcomes and delivery are clear to the public
- Review of schools SLAs in response to underlying shortfall on delegated schools budget

BGS Update 26/6 - budget position is being tracked to try and early capture and warn on all delivery risks not just financials - financial pressures remain severe given draw from reserves 17-18 outturn, emerging pressures for 18-19

BGS 24/9 - position remains stable compared to first quarter for 19/20 but has not materially improved. Risks for the future have increased especially around ending of public sector pay cap, partial funding only of teacher pay award, pending substantial increases to teacher employer costs, ongoing social care pressures. LG settlement 9 October - and extent to which there will be recognition and funding - will be key

BGS 14/11 - provisional settlement like for like cash £18k - allocation not adequate to address pressures. Develop ongoing budget proposals in light of this provisional settlement. Await further announcements and final settlement around 20th December.

**Responsible Officer:** ben smith  
**Current Likelihood:** Very High  
**Current Impact:** Very High  
**Overall RAG Status:** Red  
*Report Date: 22/01/2019 11:29:09*

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## CR 81: City Centre

### **Risk Description:**

If we are unable to attract sufficient external investment and financial support and do not regenerate the city centre, then there will be a detrimental impact on the Swansea economy and reputational damage for the Council.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR58.

### **Category:**

Corporate Plan Priorities

### **Controls in Place:**

- City Deal
- City Centre Strategic Framework and resources to deliver it.
- Political mandate, leadership and support.
- Corporate priority.
- Developer confidence reflected in their actions taking forward schemes.
- The BID and buy-in from city centre businesses.
- Financial control of the revenue budget providing financial headroom for capital schemes

### **Actions to be taken:**

- Cabinet approved funding via FPR 7 for next stage of projects on the 21st June
- Cabinet approved joint committee report on the 21st June with Council on the 26th July
- Contract award report for Phase 1 contractor appointment (stage 1) due to by end of July. Delayed due to be considered during august but under delegation so no effect on overall timescales
- City Deal Governance Structure now agreed and private sector board appointed (Sept 18)
- City Deal joint committee now constituted
- Business cases being finalised with UK and WG (further queries received)
- Further FPR report planned for cabinet in November
- Planning achieved 2nd October.
- Awaiting formal confirmation of City Deal terms
- Cabinet approved next stage of design of scheme in Dec Cabinet decision to proceed with full enabling works deferred until funding clarity obtained

and city deal terms approved. likely to be Feb/March Updated 16th Jan  
• RAG status on likelihood changed to RED to reflect delay in confirming City Deal monies and subsequent FPR report

**Responsible Officer:** martin nicholls

**Current Likelihood:** High

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

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## CR 82: Safeguarding

### **Risk Description:**

If our safeguarding arrangements are not sufficiently robust, then we will not be doing everything we possibly can to prevent the death, injury or neglect of a child or vulnerable adult and consequential reputational damage.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR45.

### **Category:**

Corporate Plan Priorities

### **Controls in Place:**

- Sufficient numbers of trained adult and children services staff.
- Corporate Safeguarding Policy and Group.
- Strong performance monitoring and reporting arrangements.
- Positive engagement and support from Cabinet and Council.
- Corporate safeguarding training in place for staff and Members.
- Commitment to invest in social care is strong.
- Corporate priority.
- Regional and multi-agency safeguarding partnerships.
- Safeguarding leads identified across all Council services, including schools.
- Separate safeguarding arrangements in place in schools.
- Two dedicated scrutiny panels in place to scrutinise social services work and performance.
- New and revised Safeguarding Policy following a review undertaken by the Safeguarding PDDC'

### **Actions to be taken:**

- Strengthen safeguarding arrangements in Adult Social Services through restructuring and development of a safeguarding team

Updated 12.09.18 - Ffion Larsen

Updated 02.10.18 - Ffion Larsen  
Updated 19.11.18 - Ffion Larsen  
Updated 12.12.18 - Ffion Larsen  
Updated 10.01.19 - Ffion Larsen

**Responsible Officer:** david howes  
**Current Likelihood:** Low  
**Current Impact:** Very High  
**Overall RAG Status:** Amber  
*Report Date: 22/01/2019 11:29:09*

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## CR 83: Pupil attainment and achievement

### **Risk Description:**

If we cannot get schools to improve pupil attainment and achievement at a time of reduced resources and increasing demand, then pupils will not get the qualifications and skills they need to succeed in life and there will be a detrimental impact on the future Swansea economy.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR59.

### **Category:**

Corporate Plan Priorities

### **Controls in Place:**

- Positive engagement and support from Cabinet and Council.
- Commitment to invest in Education.
- Corporate priority.
- Good school-to-school support.
- Effective partnership working.
- School Improvement Strategy and Partnership.
- New EOTAS Strategy & programme.
- Attendance Strategy.
- Renewed focus through the Child Protection Board on the educational achievement of LAC.
- Strong school building programme.
- Strong leadership commitment to influencing the ERW agenda.
- Commissioning Review on ALN.
- Dedicated scrutiny panel to scrutinise education work and performance.
- Education Skills Co-ordinator appointed.

**Actions to be taken:**

- Managing the review of ERW and strong KS4 outcomes in 2018.

**Responsible Officer:** nick williams

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

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**CR 84: Tackling poverty****Risk Description:**

If we do not implement a strategy that sufficiently impacts on poverty, then there will continue to be negative consequences for current and future generations, high demand for Council services and a continuing detrimental impact on the Swansea economy.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR44.

**Category:**

Corporate Plan Priorities

**Controls in Place:**

- Reviewed and revised Tackling Poverty Strategy agreed by Cabinet
- Cross Council Delivery Plan in place and performance framework being introduced
- Council Poverty Forum renewed, chaired by Chief Executive
- Partnership Poverty Forum in place, and action plan being delivered
- Explorations of social investment options for key services being undertaken
- Scrutiny Inquiry undertaken 2016 and report recommendations largely accepted
- Tackling Poverty a Corporate Priority

**Actions to be taken:**

- Implement revised Tackling Poverty Strategy.
- Poverty Forums meeting regularly
- Partnership Poverty Forum has action plan and strong involvement
- Poverty has been included in the PSB Wellbeing Plan
- Update RR 28/07/18 - Responsible Officer changed to Dave Howes following Chris Sivers leaving the Authority.
- Updated 03.10.18 - Rachel Moxey
- Updated 08.11.18 - Rachel Moxey
- Updated 13.12.18 - Rachel Moxey
- Updated 18.01.19- Rachel Moxey
- Updated 18.01.19- David Howes

**Responsible Officer:** david howes

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

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## CR 85: Workforce Strategy

### **Risk Description:**

If we do not have a robust workforce strategy in place, then we will not have staff with sufficient capacity and the right knowledge and skills to manage change, deliver transformed services and ensure statutory compliance.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR43.

### **Category:**

Corporate Governance

### **Controls in Place:**

- Workforce Planning
- Corporate Plan Sustainable Development principles embedded in the objectives
- Service Planning
- Gender pay gap and project plan
- Apprenticeship / traineeships strategy

### **Actions to be taken:**

Reviewed December 2018

- Organisational Development (OD) strategy and implementation plan in place
- OD Board meets monthly to monitor progress on delivery
- Tracking and monitoring of OD plan and delivery through new ICT systems and processes
- New reporting through revised CMT/Cabinet governance
- New reporting through Leadership Team
- HR Policy review underway
- Sustainable Swansea programme review underway including culture, change plan and workforce planning
- Gender pay gap analysis and plan part of Policy Development Committee work plan
- Corporate Plan refreshed - sustainable development principles embedded into objectives

**Responsible Officer:** sarah caulkin

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status: Amber**

Report Date: 22/01/2019 11:29:09

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## **CR 86: Digital, data and cyber security**

### **Risk Description:**

If we do not have robust digital, data and cyber security measures and systems and behaviours in place, embedded and working as best as they can be, then we will be vulnerable to cyber threats, disruption to service delivery, possible loss of information including confidential information and associated fines and reputational damage.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR66.

Risk revised 18/09/18 following attendance at a cyber-event with the police and receiving information from the WLGA regarding what Local Authorities should be demonstrating as basic measures.

### **Category:**

Corporate Governance

### **Controls in Place:**

- Public Services Network (PSN) compliance certificate (tested annually)
- Mandatory data protection and cyber security training for all staff and Councillors
- Communications and awareness raising to all staff and Councillors monthly on good practice
- SIRO identified
- Information Governance Unit (IGU) established
- Created a register of processing activities to identify what personal data we control and process
- Updated the data breach process to align with GDPR requirements
- Created a GDPR compliant privacy notice to be placed on our public website
- Created a Data Protection Impact assessment measuring the impact to individual rights to privacy
- Data Protection Officer required by GDPR regulations now appointed and in place.
- GDPR information for schools published on Staffnet
- Externally hosted email filtering service to prevent the sending and receiving of emails which contain known and suspected virus infections.
- Firewalls and filtering software as our first line of defense to monitor incoming and outgoing network traffic.
- Software patching to enable systems to stay updated and secure from weaknesses and unauthorised access.
- Encryption is used on mobile devices as a security measure that makes data unreadable if it's stolen.
- Up-to-date anti-virus software installed on all Council PC's and laptops to detect and remove malicious software.

- A variety of ICT policies and procedures to ensure staff are responsible for their actions when using technology.
- Staff only granted access to social media / networking for specific business reasons in a work-related professional capacity.
- Council data is backed up and taken off-site.
- Staff on Mobile working and remote access have the facilities to work outside their office and still have the same secure setup as if they were sitting at their desks.
- More use of secure cloud storage.

**Actions to be taken:**

Reviewed December 2018

- Revised ICT Security Policy, Cyber Strategy and Information Governance framework approved by CMT
- General Data Protection Regulation (GDPR) compliance monitoring and reporting through P&FMs and new CMT/Cabinet governance
- GDPR project complete
- Digital Services working with internal audit and emergency planning to further improve the ICT Disaster recovery plan.
- Members of Digital Services, Communications and emergency planning attended a cyber-security training event with the police which included senior officers from various local authorities interacting in an event of a real cyber incident.
- Cyber Security strategy created and ready for engagement with staff.
- Part of the Wales WARP (Warning Advice and Reporting Point) to share cyber threats and defenses with other public bodies.
- Member of the CISP (Cyber Security Information Sharing Partnership) which is a joint industry and government initiative set up to exchange cyber threat information.

**Responsible Officer:** sarah caulkin

**Current Likelihood:** Low

**Current Impact:** Very High

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

**CR 87: Emergency Planning, Resilience and Business Continuity**

**Risk Description:**

If we do not have sufficient emergency planning, resilience and business continuity arrangements in place, then we will not be able to respond effectively in an emergency, provide the necessary civic leadership or continue to run vital services and ensure compliance with the legal requirements of the Civic Contingencies Act 2004 as a Category 1 Responder.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR48.

**Category:**  
Corporate Governance

**Controls in Place:**

- Major Incident Plan
- Flood Management Plan
- Mass Fatality Plan
- Temporary Mortuary Arrangements
- Crisis Media Plan
- Rest Centre Plan & Arrangements
- Recovery Plan
- Offsite COMAH Plan & Exercising
- Risk Profiling
- Project Griffin Training
- Vehicle Mitigation & Protective Security Advice
- Multi Agency Exercising & Training
- Call Out & Activation Protocols/action Cards
- Continual Review of Plans & Protocols
- Service and Corporate Business Impact Assessments and Business Continuity Plans
- RAG alert system across H&S, emergency management

**Actions to be taken:**

- Continual review and update of policies
- Continual development of further toolkits to support managers and schools
- Emergency Planning exercise
- Commissioned Emergency Control Centre
- Monitoring and reporting of emergency management to P&FM, escalating to CMT where appropriate

Ensuring senior staff training and roles are clear

Greater responsibility allocated to Deputy CEO from 29 October 2018

**Responsible Officer:** phil roberts

**Current Likelihood:** Low

**Current Impact:** Very High

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

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**CR 88: Health & Safety**

**Risk Description:**

If we fail to have robust Health & Safety policies and arrangements in place, then there could be a health and safety breach identified as a corporate failing with associated legal, financial and reputational consequences.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and

subsequent review of Corporate Risks. Supersedes risk CR50.

**Category:**

Corporate Governance

**Controls in Place:**

- Health & Safety (H&S) Policies
- H&S Toolkits
- RIDDOR procedures for reportable incident to the HSE
- H&S audit plan
- Well-being Policies
- Member of British Association of Counsellors and Psychotherapists (BACP)
- SEQOSH accreditation by Faculty of Occupational Medicine
- Noise, Dust, Lighting, Humidity & Vibration sampling
- Directors H&S Committees & Sub safety Groups
- RAG alert system across H&S, emergency management and well-being

**Actions to be taken:**

- H&S e-learning
  - Continual review and update of policies
  - Continual development of further toolkits to support managers and schools
  - Swansea Council RAG Fire Risk Profiling for all Premises.
  - Improved online reporting
  - Monitoring and reporting of H&S and well-being to P&FM, escalating to CMT where appropriate
- Greater responsibility given to Deputy CE from 29 October 2018

**Responsible Officer:** phil roberts

**Current Likelihood:** Low

**Current Impact:** High

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

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**CR 89: New legislative and statutory requirements**

**Risk Description:**

IF the council cannot respond adequately to new legislative and regulatory requirements due to reduced resources, then it will be open to external challenge and may suffer reputational damage and fines.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR62.

**Category:**

Corporate Governance

**Controls in Place:**

- Corporate Plan: captures major change and meets duties under the Well-being of Future Generations Act 2015 to set well-being objectives and establish steps to meet them.
- Service Planning: use of the SWOT/PESTLE process to capture external legislative changes and threats, etc. and embed the Well-being of Future Generations Act 2015.
- Role of Directors/Heads of Service: duty to horizon scan and bring forward papers on new changes and to resource accordingly and act in accordance with the Sustainable Development Principle established by the Well-being of Future Generations Act 2015.
- Regular policy briefing developed and widely circulated.
- Regular Policy foresighting briefing - policy perspectives, new ideas and emerging ways of working - developed and widely circulated.
- Monitoring of new legislation by legal department and democratic services.
- Lawyers in Local Government Update on new legislation, consultation and constitutional matters circulated by Head of Legal to CMT on regular basis. Legal implications inserted into decision-making reports.

**Actions to be taken:**

- Strategic Delivery Unit: horizon scan and give advice on our response to new legislation and other major external change.
- Legislative duties and legal obligations incorporated into reports to committees and decision makers with all reports signed off by Legal and Access to Services.
- Embedding legislative duties at the earliest stages of decision-making

**Responsible Officer:** tracey meredith

**Current Likelihood:** Low

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

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**CR 90: Decision to leave the European Union (BREXIT)****Risk Description:**

If there continuing uncertainty from the decision to exit the European Union (BREXIT), then there may be a risk to investment in the region due to the loss of grants and decisions affecting strategic inward investment.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR64.

**Category:**

Corporate Finance

**Controls in Place:**

- A risk outside directly of Council control/influence.
- Maximise existing grant take ups/explore alternative sources of grant/investment
- Event horizon scanning of all media, parliamentary decisions, negotiations.
- Lobbying through WLGA, professional associations for UK/WG government grant/other decisions to attract inward investment via alternative means e.g. City Deal, Tidal Lagoon (despite UK government rejection of financial support re latter)

Arrangements we are putting place to manage them:

- **Corporate** - Work with the WLGA and welsh Government to ensure there is a collective and consistent approach across Welsh local government in responding to BREXIT; the Leader for the Council also leads for WLGA on Europe, which will be beneficial to the Council in identifying means to address risks. Lobby via WLGA, professional associations for locally retained business rates.
- **Economic development and regeneration** - Increase level of marketing and promotion of city centre projects and opportunities; increase awareness of Business support offer available to local companies and local supply chain opportunities; exploring alternative funding sources and methods of funding.
- **Information management:** We will follow ICO guidance with regard to Brexit.
- **Records management:** We will ensure any European project records are secured and up to date for the period stipulated by the EU regardless of Brexit but also expect there may be guidance from WEFO on this.
- **ICT/Digital:** We have been ensuring UK based data centres in our move to Cloud to mitigate any impact of Brexit as well as ensuring data security. Brexit may impact patching of software where we have large global suppliers such as Oracle. A fundamental global change to the system as a result of EU legislative changes may still need to be delivered by us (unless suppliers release a UK version, which is, yet unknown). We have seen ICT contract costs gradually rising over the past 18 months due to concern in the market on the impact of Brexit. We have been mitigating against contract inflation in the budget and MTFP wherever possible.
- **Social care** - Relevant staff are participating in briefings on the national schemes set up to mitigate that impact and communicating directly with local providers to better assess likely impact.
- **HR** - Joined the national teleconferences with the Home Office around EEA nationals and residency. Undertaken a risk assessment and identified potentially impacted employees and areas of work. Plans to communicate to managers information to help by providing useful and reassuring information to staff (FAQs, considering discussing in meetings i.e. one-to one's).  
Established a working group to prepare an action plan to ensure that we are able to manage a migrant workforce and making business decisions on how to potentially support employees to regularise their stay or apply to become British citizens. Attending Home Office seminars, in relation to plans to pilot their Settled Status Scheme systems with UK health and social care staff ahead of the systems becoming fully operational and open to all from 30 March 2019; this pilot will run from

29 November until 21 December this year. Ensuring that we remain updated in line with CIPD advice and legal guidance.

**Actions to be taken:**

- Lobby via WLGA, professional associations for locally retained business rates

BGS Update 26/6/18 - Personally fed into Welsh Assembly Finance Committee budget roadshow on matter, WLGA and professional bodies continue lobbying, still await material detail and devolution consequentials - remains difficult to assess the overall risk - especially the impact score - remains unchanged for now but impact score may increase as time progresses and detail becomes clearer.

- Work with the WLGA and Welsh Government to ensure there is a collective and consistent approach across Welsh local government in responding to BREXIT.
- Convene a group / committee tasked with mitigation of impacts in regards to BREXIT
- Undertake a BREXIT impact assessment.

BGS 24/9/18 - given lack of progress in the past 3 months pan UK - this has been increased to very high likelihood of uncertainty pervading and the risks and impact of the permutations of Brexit deals and no deals has also deteriorated

BGS 14/11

Key implications risks and opportunities:

- **Legal** – no immediate specific issues as all EU laws segue into or are already UK law
- **Contracted services** – EU nationals employed by your contractors. Probably have higher numbers of non-EU non-UK nationals especially in care sector.
- **Care sector** - increased fragility of the domiciliary and residential care market due to workforce impacts.
- **HR** – own workforce we have around 100 EU nationals. There is a proposed settlement fee of £554 per worker. Expectation is we as employer would pay fees even if no legal obligation.
- **Civil Contingency** - civil unrest locally unlikely but everything is still contingency planned for locally, regionally and nationally; can be escalated as needs be.
- **EU funds** – after 2022/23 structural funds and programmes dry up. Loss of EU Structural Funds currently £30m of schemes in progress particularly supporting economic development, capital and skills initiatives. There is no indication of how this funding would be replaced and very limited alternative funding from Welsh Government and other sources. Shared Prosperity Fund as replacement vague as to implications – policy vacuum.  
In economic development & poverty and prevention, we have around 45 of our staff funded by EU funds. Impact on wider work creation programmes. Wider Welsh issues are E.g. Welsh Development Bank part funded by ERDF.
- **State Aid Regime** – currently tied to EU rules – but in a “no deal” Brexit we would default to WTO rules, which are arguably even more onerous.
- **Agency and workforce** - need to actively engage with both for a post EU Brexit,

no discrimination policy etc. .

- **Risks** – are currently too finance focused and need to widen to procurement, staff, HR, civil contingency etc. and actions to mitigate.
- **Money** – zero grant losses from EU factored into MTFP post 2022-23. Unknown.
- **Port Health Authority** - becomes potentially hard border – implications for goods and food/waste transit etc.,
- **Swansea Airport** – we are landowner not operator but still a port of entry – albeit small scale
- **Data** – where will it be held - Microsoft e.g. only just opened British Data centres. What is the legal regime for services in cloud in future?
- **Health, Environment** – long-term risk re climate change, agriculture etc.
- **Public Health** – monitoring water, power - significant resource issues re certification of meat, food, livestock, vaccines etc. if EU certification schemes end.
- **Local economy risks:** Lower levels of inward investment due to the uncertainty of financial markets and changing regulations created by Brexit. Market uncertainty also affects ability to attract developers and investors to commit to city centre regeneration schemes. Potential effect on businesses ability to trade with EU companies impacting on employment levels.
- **Procurement** - cost inflation due to a no-deal. Current UK Gov position is to make a deal based on a 'customs union', so there may be some inflation on our contracts; but too early to tell as the detail is not yet apparent. If 'no deal' then likely higher inflation for a period as the supply base reacts to new tariffs etc. Loss of EU labour may cause cost increases too, but again given the settled status regime proposed by UK Gov, that may be a longer-term problem.

AH 14/12/18 - Welsh Audit Office call for Evidence was used to gather information on work undertaken to date to prepare and identify issues in relation Brexit. This information will be used to develop a more robust response through the Brexit Steering group.

RR 16/12/18 - updated. New controls:

- Review of Civil Contingency Plans;
- Duty Rota's for Strategic and Tactical Officers

**Responsible Officer:** ben smith

**Current Likelihood:** Very High

**Current Impact:** Medium

**Overall RAG Status:** Red

*Report Date: 22/01/2019 11:29:09*

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## CR 91: Tax evasion

### **Risk Description:**

If the Council fails to prevent those who act for or on its behalf from knowingly or unknowingly facilitating (including failing to prevent) tax evasion, then the Council will be criminally liable and will face an investigation by HMRC with potential prosecution and unlimited financial liability.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks.

**Category:**

Corporate Finance

**Controls in Place:**

- VAT Manual, Guidance Notes and Accounting Instructions.
- VAT advice available via Principal Finance Partner and external VAT advisors.
- Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs).
- IR35 guidance and procedure notes available.
- Procurement rules and procedures.
- Segregation of duties.

**Actions to be taken:**

- A briefing note discussed at CMT and circulated to senior management team, head teachers, finance managers and finance contacts to raise awareness.
- Head Teachers, finance managers / managers to establish policies, procedures and communication to follow financial rules, procedures and guidance and to prevent the risk.
- Audit/Corporate Fraud to incorporate this as part of their plans, investigations and audits.

BGS review 26/6/18 - no material identified cases - schools remain an operational boundary risk for Council given budget/operational delegation - but on basis of current isolated incidence of risk identified, likelihood down rated to low

BGS Reviewed 24/9/18 - no change to likelihood assessment, impact reduced

BGS Reviewed 12/12/18 - no change to assessment - mitigations adequate

**Responsible Officer:** ben smith

**Current Likelihood:** Low

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

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**CR 101: Regional Working**

**Risk Description:**

If the Council, along with its partners and Welsh Government, does not develop and improve regional working, then it will divert the Council and its resources from key priorities and will not benefit Swansea and its residents.

We need to (Recommendations from Scrutiny Inquiry):

- Continue to be ahead of the game by looking at positive ways forward for Swansea in Regional Working collaborations by being involved, where possible, in pilots/trials that may ease and prepare the way forward for us.
- Address or mitigate the barriers found in existing regional partnerships and use the lessons learnt to inform our new collaboration activities.
- Ensure that we learn particularly from previous large collaborations both positive and negative aspects to help ease our way into new partnership arrangements.
- Ensure all partnerships have an effective governance structure that has a suitable amount of elected member challenge built in, particularly scrutiny in those larger most impactful partnerships like Swansea Bay City Region, Western Bay and ERW.
- Ensure that each partnership has one clear structured lead that can facilitate communication between the partnership and scrutiny.
- Ensure that the current financial and resource implications for Swansea (including quantifying officer time) are clearly and continually understood.
- Review the regional bodies that we work with, to see if any can be rationalised or amalgamated. We must be SMART about the partnerships which we are involved in to ensure we are adding value for time spent.
- That modern technology is used for meetings to reduce travel time, including, for example skype, video conferencing. Ensuring the right facilities are available for Councillors and staff and that they are encouraged and trained to use them.
- Make more use of the third and private sector bodies in our collaboration activities.
- Make representations to Welsh Government through our different working partnerships about streamlining and simplifying the business case and grant application process.
- Partnerships regularly review their governance, membership and impact. This should include the publishing of an annual report.

**Category:**

Corporate Governance

**Controls in Place:**

- The senior management restructure approved by Council on 21st June strengthens the Council's management capacity to ensure that the regional collaboration agenda can be taken forward proactively by Swansea whilst also allowing the Council to manage its ambitious programmes based around the corporate priorities.
- The new senior management structure agreed at Council on 21st June 2018 has director leads in place for each partnership.
- The Council is playing a leading and proactive role in major regional collaborations.
- A mapping exercise has been undertaken that identified the key local, regional and national partnerships.
- ERW produces audited and published accounts and are inspected by Estyn and has produced a document called Democratic Accountability and Scrutiny, which recognises the role of scrutiny in, amongst other things, monitoring performance and budgets. The City Deal is in the development stages of practical formation and detailed agreement; it is envisaged that the governance structure will be similar to that of ERW.
- The Chief Executive takes the lead role for ERW and Western Bay as well as being an executive member of the City Deal Joint Committee.

- The Leader of the Council is the City Region Joint Committee Chair.
- The City Deal has a Joint Working Agreement in place, which was approved at Council on 26th July 2018.
- A review of progress has been undertaken by IPC on the Western Bay Health & Social Care collaboration.
- The Council meets up regionally with 5 other local authorities to discuss collaboration projects.
- The Council has a clear rationale in place when collaborating and it is clear on the anticipated benefits and costs.
- ERW has fully formed Governance Arrangements, which includes a Joint committee, an ERW Service Committee and a joint scrutiny mechanism. A Joint Committee Agreement and joint scrutiny arrangements were agreed for the City Deal at Council on 26th July 2018. Western Bay has a Joint Committee in place; there are scrutiny arrangements in place for all three partnerships
- The Council is playing a leading and proactive role in major regional collaborations.
- The Council has a clear rationale in place when collaborating and it is clear on the anticipated benefits and costs.
- The Council understands what it currently contributes directly to ERW, Western Bay and City Region and how much it contributes to all other partnerships.
- The Council is rolling out and promoting the use of Skype as part of the wider roll out of Office 365 resulting from the Council's Digital Strategy and modernisation agenda.
- The City Deal is being delivered with the involvement of the private sector. The Western Bay Programme supports collaborative working between four statutory partner organisations, together with the third and independent sectors. ERW has independent members involved in the Executive Board.
- Representations have been made to Welsh Government on reforming the grant regime; for example through the Council's response to the recent Green Paper on Local Government Reorganisation.

#### **Actions to be taken:**

- Continue to influence the collaboration agenda and decision-making at Welsh Government (*Responsible officer – Chief Executive*).
- Undertake a lessons learnt exercise (including learning points identified by the Scrutiny Inquiry Panel) across the three main regional collaborations and develop an action plan/s with resource implications to address any specific and remaining barriers (*Responsible officer - Director leads*).
- Review governance arrangements of the 3 main partnerships – ERW, Western bay and City Deal - to ensure they remain fit for purpose (*Responsible officer - Director leads & Monitoring Officer*).
- Continue to assess the value to the Council from being involved in existing or new partnerships, including an analysis of costs and benefits (*Responsible Officer - CMT*).
- Review how Skype could be used amongst partners to reduce travelling and officer and Councillor time and further encourage participation in partnership working (*Responsible officer – Chief Transformation Officer*).
- Continue to engage the third sector in existing partnerships (*Responsible officer - Director leads*).
- Continue to press Welsh Government for a more streamlined grant process (*Responsible officer – Chief Executive*).

- Produce an annual report to Council on the progress made across the main regional collaborations; ERW, Western Bay and City Deal (*Responsible officer – Chief Executive*).

**Responsible Officer:** phil roberts

**Current Likelihood:** Medium

**Current Impact:** High

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:29:09*

## Appendix C

### Corporate Services Risk Register Report 22/01/19

<b>Id</b>	<b>Risk Title</b>	<b>Owner</b>	<b>Date Last Updated</b>	<b>Overall RAG</b>
CS 41	<b>Outstanding Equal Pay Claims</b>	Sarah Caulkin	05/12/2018	<b>G</b>
CS 83	<b>ICT Disaster Recovery</b>	Sarah Caulkin	05/12/2018	<b>A</b>
CS 90	<b>2019 Pay Award</b>	Sarah Caulkin	05/12/2018	<b>A</b>
CS 91	<b>Corporate Governance</b>	Adam Hill	15/11/2018	<b>A</b>
CS 92	<b>Sustainable Swansea Programme Delivery</b>	sarah caulkin	05/12/2018	<b>R</b>
CS 93	<b>Snap Parliamentary Election/Referendum</b>	Huw Evans	07/01/2019	<b>A</b>

#### CS 41: Outstanding Equal Pay Claims

##### **Risk Description:**

If the Authority does not resolve the outstanding Equal Pay Claims THEN it will face a far greater cost in respect of these liabilities at the Employment Traibunal at a later date.

##### **Controls in Place:**

Small number of remaining Equal Pay Claims & Back Pay being processed.

- Responsible Officer amended to Sarah Caulkin by S Rees 21.12.17.

##### **Actions to be taken:**

Reviewed December 2018:

All outstanding pay claims are in the system. Keeping the risk open and reviewing until end of the financial year.

Cabinet decision 16th July 2015 to extend the MOU agreed in November 2014 to all new in scope claimants received since November 2015 and potential in scope non-claimants.

Number of live claims at Employment Tribunal continues to reduce as we make settlements and/or ask for them to be struck out.

Only 60 claims outstanding as at December 2017.

**Owner:** Sarah Caulkin  
**Responsible Officer:** sarah caulkin  
**Current Likelihood:** Low  
**Current Impact:** Low  
**Overall RAG Status:** Green  
*Report Date: 10/01/2019 13:43:31*

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## CS 83: ICT Disaster Recovery

### **Risk Description:**

If full DR arrangements are not in place then the Council will have no access to system in the event of a disaster which will have a significant business impact

### **Controls in Place:**

1. There are reliant aspects to a number of the core systems e.g. email.
2. UPS are on all servers to eliminate the risk of power spikes.
3. Backups are taken every day and disks stored off site
5. New approach to improve / increase resilience and DR in Digital Strategy approved by Cabinet in January 2016. Implementation underway.
6. New storage arrays installed
7. New hybrid cloud environment to improve resilience

### **Actions to be taken:**

Reviewed and updated December 2018:

- Audit undertaken in August 2018 with limited assurance. All actions from the recommendations now complete, Audit Committee updated
- Information asset register created, next phase underway with asset owners
- Plans are being developed to provide a full DR solution covering Schools and corporate services
- ICT resilience significantly improved with implementation of digital strategy, i.e. Office 365, new infrastructure and network configuration, new storage and back-up storage
- Project underway moving more services to cloud to improve resilience
- ICT working with resilience staff to support services with their business continuity arrangements
- New projects underway in 2018 as part of Digital Strategy review
- Oil change in transformer successfully completed with no down time in November 2017

**Owner:** Sarah Caulkin  
**Responsible Officer:** sarah caulkin  
**Current Likelihood:** Low  
**Current Impact:** Very High  
**Overall RAG Status:** Amber  
*Report Date: 10/01/2019 13:43:31*

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## CS 90: 2019 Pay Award

### **Risk Description:**

If the 2019 pay award is not modelled correctly there are potential implications regarding additional cost, equal pay issues and employee relations issues.

### **Controls in Place:**

- Pay modelling structures and processes
- Trade union consultation

### **Actions to be taken:**

Reviewed December 2018:

Extensive pay modelling has been undertaken and an external view taken. The preferred pay structure has been determined and will be EIA assessed. Pay model discussed at CMT, trade union consultation underway.

**Owner:** Sarah Caulkin

**Responsible Officer:** sarah caulkin

**Current Likelihood:** Medium

**Current Impact:** High

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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## CS 91: Corporate Governance

### **Risk Description:**

If there is not robust corporate governance then the Council is at risk of not meeting its statutory obligations

### **Controls in Place:**

- Code of Corporate Governance Framework
- Annual Governance Statement
- Council Constitution - procedural rules
- Corporate Plan
- Clear roles and decision making structures
- Risk management
- Financial reporting
- Audit Committee
- Scrutiny Committee
- Statutory Officers

**Actions to be taken:**

Reviewed November 2018

- Risk Owner and responsibility passed to Deputy Chief Executive
- Internal audit of governance assurance rating of substantial
- Updating and reviewing the governance / assurance framework
- Updating and reviewing the Constitution (continuous)
- New tracker around finance / MTFP delivery in place and scrutinised at CMT away days
- Contract Procedure Rules (CPR) in the process of being updated
- Reviewing governance around major projects so high risk projects are visible through CMT
- Updating and reviewing Financial Procedure Rules (FPR)

**Owner:** Adam Hill

**Responsible Officer:** adam hill

**Current Likelihood:** Low

**Current Impact:** High

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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**CS 92: Sustainable Swansea Programme Delivery****Risk Description:**

If the Sustainable Swansea Programme does not deliver at the pace and scale as planned, then the Council is at risk of not meeting its financial and strategic plans

**Controls in Place:**

- MTFP
- Programme plan
- Robust programme governance and reporting
- Robust programme management for risks, issues, changes
- Links with Corporate Governance risk around risk reporting for major projects
- Annual programme review reflecting lessons learned into revised programme

**Actions to be taken:**

Reviewed December 2018:

- New tracker monitored at CMT away days monthly
- Pace and scale of savings across the Council continues to be a challenge alongside growing service pressures. CMT taking remedial action to mitigate the risk
- Programme governance and reporting reviewed
- Tracker informs Qtrly finance reporting
- New budget and programme review underway - this year reviewing original strategic principles and framework
- Commissioning review progress being presented at Scrutiny in December

**Owner:** sarah caulkin  
**Responsible Officer:** sarah caulkin  
**Current Likelihood:** Medium  
**Current Impact:** Very High  
**Overall RAG Status:** Red  
*Report Date: 10/01/2019 13:43:31*

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## **CS 93: Snap Parliamentary Election/Referendum**

### **Risk Description:**

If a snap Parliamentary Election / Referendum is called due to Brexit or other reason Then this will have a risk impact on the Team ability to deliver it without additional support. It must be delivered therefore support must be provided.

Given the ongoing turmoil within Political Parties and the issues surrounding a Brexit deal, there is a likelihood that a snap Parliamentary Election or Referendum could be called at short notice. The minimum time that the Government need give is 25 working days. This could place the Authority in a difficult position when looking to deliver the election due to Officer planned leave, the need to book venues (Rooms within Guildhall, Polling Stations & Count Venue), appoint and train Postal Voting Staff, Polling Station Staff, and Counting Staff etc.

### **Controls in Place:**

- The HoDS and Electoral Services Team Leader manage Officer Leave and they ensure that there is adequate cover in place for the planned period; however this could get difficult if a snap election were called.
- All additions, deletions and amendments to the Register of Electors are carried out as quickly as possible so as to ensure that as many people as possible are able to vote.
- The Electoral Services Team Leader has informed the relevant Room Booking Officers within the Authority of the potential for a snap election and for them to be prepared to cancel bookings in order to accommodate the election.
- The Head of Democratic Services formally requests additional support from the Chief Executive (Returning Officer) during such periods in order to assist with making contact with all 145 Polling Station venues in order to ensure that they are booked for the day.
- Electoral Services Team Leader / HoDS attends Association of Electoral Administrator Meetings & works closely with the Electoral Commission.
- Continue with the online training of staff system currently in place. Whilst there is a cost to this, it frees up the Electoral Services Team with the aid of the DS Team to get on with the detailed work linked to an election.

### **Actions to be taken:**

- The HoDS to ask relevant Officers to consider cancelling their leave in the event of a snap election. Consideration needs to be given to recompense any critical Officer needed to run such an election.

- In the event of a snap election, the Chief Executive should instruct those responsible for Room Bookings within the Authority, that Elections take precedence and that all bookings will be cancelled. This becomes difficult when Weddings and other major events are being held in the Brangwyn Hall and surrounding rooms. Consideration in that event would be to utilise the LC or other Leisure Centres in Swansea.

Reviewed - The ongoing effect of Brexit and the Deal / No Deal debate continues to keep this as a very real risk. No update required on 26 November 2018

Reviewed 11/12/2018. The turmoil that is Brexit and the issue of a meaningful vote continues to rumble on. The PM delayed today's vote on the issue, potentially increasing the risk level of a Snap Parliamentary Election / Referendum.

RR 07/01/19 - Legal & Demo Service Risk LD33 escalated to Corporate Services Directorate Risk Register as per email dated 18/12/18 from Huw Evans Head of Democratic Services.

**Owner:** Huw Evans

**Responsible Officer:** tracey meredith

**Current Likelihood:** High

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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## People Risk Register Report 22/01/19

Risk Id	Risk Title	Owner	Date Last Updated	Overall RAG
PE 61	<b>Withdrawal or changes to grants at short notice</b>	Dave Howes	10/01/2019	A
PE 83	<b>Capacity to transform services and deliverability of budget proposals</b>	Nick Williams	13/11/2018	A
PE 84	<b>Increasing Demand for Specialist Services</b>	Dave Howes	17/01/2019	A
PE 85	<b>Workforce Planning</b>	Dave Howes	13/12/2018	A
PE 87	<b>Band B Programme funding envelope is reduced</b>	Nick Williams	20/09/2018	A
PE 89	<b>Data Breaches of Confidentiality</b>	Dave Howes	17/01/2019	G
PE 90	<b>Financial Stability of Social Care Market</b>	Dave Howes	17/01/2019	A

### PE 61: Withdrawal or changes to grants at short notice

#### Risk Description:

If grants are withdrawn or reduced at short notice, then there are additional costs to the Council as well as planning challenges for reduction in service delivery.

#### Controls in Place:

All services areas are profiling for loss of grants and developing a plan of action for this. HR process and consultation period arrangements are being negotiated with unions to enable managers to give contractual notice period only. Regular liaison with Welsh Government is taking place to identify potential loss of grants at an early stage. Existing overspends plans are in place, and will be reviewed at quarterly reporting stage. Some areas are already making reductions in anticipation of WG grant cut.

Schools are being made fully aware of grant terms and conditions and any restrictions. Exit strategies are being prepared once a grant has been awarded. Grant applications are considered carefully and rejected if the terms and conditions are too restrictive.

Continuing engagement is taking place with schools through the Education Strategy Group and Budget Forum.

Models of delivery are reviewed where grants are removed e.g. EMAU.

#### Actions to be taken:

Continued monitoring of grants - ongoing

Profiling of potential grant reduction - ongoing for different areas

Managers preparing for a future with no ring fencing of grants, in case these are included in the overall Revenue Support Grant.

Continue monitoring and continued pressures as a result of budget announcement

October 2018

Lobbying of WG regarding MEAG by Chief Executive and Cardiff, Newport

Three year budget strategies in place for all services

EMAU service being reviewed and remodelled

Updated 02.10.18 - Chris Davies

Updated 12.11.18 - Chris Davies

Updated 05.12.18 - Chris Davies

Updated 10.01.19 - Chris Davies

**Owner:** Dave Howes

**Responsible Officer:** david howes

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:45:35*

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## **PE 83: Capacity to transform services and deliverability of budget proposals**

### **Risk Description:**

IF we do not have sufficient capacity to transform services THEN we will not balance the budget by year end

### **Controls in Place:**

Requested regular reporting on budget proposal tracker to People PFM

Proposals developed in good time for agreement with Cabinet

Cabinet Members well briefed on the decisions that will need to be taken

Capacity for invest to save built into the budget in November in some areas

Improvement Plans in place for all service areas

quarterly budget monitoring in line with PFM cycle

National education grants are being rolled into a single Regional Consortium School

Improvement Grant and its value is being reduced. Continuing engagement with

stakeholders about funding prospects continues through Education Strategy Group

and Schools Forum.

### **Actions to be taken:**

Budget Tracker in development, should be complete and in PFM reporting by April 2018

recruitment of Invest to Save capacity by June 2018

13/11/18 - Colin Goddard Changed the responsible officer from Chris Sivers to Nick Williams (Director of Education) to fall in line with organisational restructure. Future Updates will be given by Nick Williams.

**Owner:** Nick Williams  
**Responsible Officer:** nick williams  
**Current Likelihood:** Medium  
**Current Impact:** High  
**Overall RAG Status:** Amber  
*Report Date: 22/01/2019 11:45:35*

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## **PE 84: Increasing Demand for Specialist Services**

### **Risk Description:**

IF we cannot predict and reduce demand effectively THEN specialist services will struggle to cope and there will be insufficient resources to meet that demand

### **Controls in Place:**

Predictive modelling taking place for some services  
Prevention Strategy agreed  
Budget savings tracker in preparation for reporting to PFMs

### **Actions to be taken:**

Implementation of commissioning strategies to ensure supply matches demand.  
Completion of commissioning reviews for LD,MH and YAPD services to ensure adequate sustainable services

Updated 09.10.18 - Peter Field  
Updated 08.11.18 - Peter Field  
Updated 05.12.18 - Peter Field  
Updated 17.01.19 - Peter Field

**Owner:** Dave Howes  
**Responsible Officer:** david howes  
**Current Likelihood:** Medium  
**Current Impact:** High  
**Overall RAG Status:** Amber  
*Report Date: 22/01/2019 11:45:35*

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## **PE 85: Workforce Planning**

### **Risk Description:**

IF we do not predict the needs of the workforce of the future THEN we will have experience skills and resourcing gaps that will lead to additional demand and overspending on budgets.

**Controls in Place:**

- Transformation Plan in place, outlining what will be required to achieve change.
- Interim Training needs analysis and work force plan is in place.
- Agreed practice frameworks for both Child and Family and Adult Services

**Actions to be taken:**

- Swansea Social Services Training Needs Analysis Templates completed by the end of January 2018.
- Overall Social Services Workforce Development Plan due to be completed. February 2019
- Identify reporting mechanisms, which must include and incorporate a performance framework.
- Conclude a performance framework and ensure it is embedded within services.
- The development of marketing opportunities in social care
- Work force structure and data cleanse linked to the work force development plan.
- Communication strategy specific to workforce planning to be developed.

Updated 09.10.18 - Teresa Mylan-Rees

Updated 15.11.18 - Teresa Mylan-Rees

Updated 13.12.18 - Teresa Mylan-Rees

**Owner:** Dave Howes

**Responsible Officer:** david howes

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:45:35*

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**PE 87: Band B Programme funding envelope is reduced****Risk Description:**

IF we are unable to gain approval to detailed business cases and timely access to the full funding envelope approved in principle by WG THEN the investment in schools capital will not address all the identified priority needs.

**Controls in Place:**

- Robust governance arrangements for Band B
- Coherent and consistent County-wide strategy and detailed plans for early investment priority areas
- Continuing constructive engagement with WG officials
- CMT is ensuring oversight of the programme

**Actions to be taken:**

- Sufficient capacity and resourcing to inform business cases and then deliver

approved schemes

- Detailed business cases submitted and approved by WG in line with indicative delivery timescales
- Contingency 'plan B' in respect of specific investment areas where WG funding support is potentially wavering (e.g. Special Schools)

06-09/18: Risk amended to reflect progress on Band B since the original risk was identified. No changes to RAG status.

**Owner:** Nick Williams

**Responsible Officer:** nick williams

**Current Likelihood:** Low

**Current Impact:** High

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:45:35*

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## PE 89: Data Breaches of Confidentiality

### **Risk Description:**

Data breaches.

### **Controls in Place:**

Adult Services Action Plan and Child and Family Services Action Plan to counteract breaches and to prevent them taking place.

A Data Protection Impact Assessment (DPIA) to be completed.

### **Actions to be taken:**

DPIA has been completed along with a process for sending mail. Next steps are to roll out communication/training workshops.

Communication Strategy to be completed ready for roll out by mid-January 2018.

Working Group to be formed to plan formal training

Updated 03.09.18 - Deborah Reed

Updated 02.10.18 - Deborah Reed

Updated 12.11.18 - Sonia Miles

Updated 05.12.18 - Sonia Miles

Updated 5.12.18 - Responsible Officer changed from Deb Reed to Sonia Miles following notification from

Social Services of changes to officer roles. Updated by Colin Goddard

Updated 17.01.19 - Sonia Miles

**Owner:** Dave Howes  
**Responsible Officer:** Sonia Miles  
**Current Likelihood:** Very Low  
**Current Impact:** Very Low  
**Overall RAG Status:** Green  
*Report Date: 22/01/2019 11:45:35*

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## **PE 90: Financial Stability of Social Care Market**

### **Risk Description:**

If there is financial instability within the care home and domiciliary care provider market, then there will be a serious threat to the capacity, choice and quality of services available to citizens and to vulnerable adults to help them to remain at home or in a home of their choice.

### **Controls in Place:**

Discussions/meetings held with service providers at risk.

Liaison with Corporate Procurement/Legal/Finance teams.

Packages of care reallocated to alternative service providers, when risks identified relating to the stability of Domiciliary Care providers.

Monitoring visit with all service providers covering regulations/contract specification standards/business plans/financial risk/financial systems.

### **Actions to be taken:**

To develop Swansea's market position through Western Bay Regional Health and Social Care programme, and through the work of a Category Hub, as part of Sustainable Swansea - Fit For The Future programme.

Termination of contracts with named providers where quality standards are not consistently met or financial due diligence is not found. In some cases this includes reallocation of some packages of care, rather than complete termination of the contract to help stabilise the provider.

Under Sustainable Swansea-Commissioning reviews of Domiciliary Care, Residential Care, and Day Services in Swansea. A re-commissioning process is underway. This involves creating zones across the county to encourage a more even distribution of services and an optimal number of Providers. This will help to build stability in the sector.

Undertaking review of fee rates of care homes to ensure that rates paid can sustain services and cover costs. A standard approach to annual costs review is being developed to ensure services are sustainable across adult services.

Adult Services Improvement Plan - longer term plan to develop around process

going forward.

Updated - 09.10.18 - Peter Field

Updated - 15.11.18 - Peter Field

Updated - 05.12.18 - Peter Field

Updated - 17.01.19 - Peter Field

**Owner:** Dave Howes

**Responsible Officer:** david howes

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 22/01/2019 11:45:35*

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## Place (Finance) Risk Register Report 22/01/19

Risk Id	Risk Title	Owner	Date Last Updated	Overall RAG
PL FIN 2	<b>Building Maintenance</b>	andrew shaw	07/12/2018	A
PL FIN 12	<b>Welfare reform</b>	Jane Harries	09/01/2019	A
PL FIN 16	<b>Disabled Facilities Grant - Performance and Budget Spend</b>	Mark Wade	09/01/2019	A
PL FIN 17	<b>Loss of expertise due to reduction in Capital Funding</b>	Stuart Davies	08/01/2019	A

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### PL FIN 2: Building Maintenance

#### **Risk Description:**

Given the current condition of our building assets and the available revenue maintenance budget, there is significant risk that the demand will outstrip available budget. As we move forward the ability for us to add to the budget will not exist with other measures to reduce by the required 20%. As part of 'Sustainable Swansea' it is recognised that should the CCoS reduce its asset register, savings could be realised from the revenue maintenance budget. This has been factored within future CB&PS savings.

To ensure we manage within the available budget there needs to be a reduction within the asset portfolio.

#### **Controls in Place:**

Maintain prioritisation of annual budget to facilitate statutory compliance programme. Programme identified within service priorities with progress reviewed on a quarterly basis. To ensure that the Authority is fully compliant, as we (CCoS) have a legal

obligation under British and European law.

That appropriate measures are adopted to ensure the safety of all staff and visitors within any assets owned by the CCoS. Specific procedures to ensure compliance to include: Electrical testing programme, Asbestos revisit programme, servicing of mechanical and electrical systems, glass filming programme etc.

A statutory compliance Strategy had been developed and implemented to ensure the Authorities position is protected.

Capital maintenance budget identified for priority matters.

Additional one off capital budget made available for school's AMP, which will target areas of high risk. This will support issues of business continuity etc.

Review overall asset base as part of asset management plan.

Maintain existing budget. Work within agreed criteria as agreed by Exec Board.

Close liaison with relevant HoS to maintain communication of potential risk.

Continue with risk based approach with prioritisation of budget i.e. target 'D' rated building elements.

Maintain SLA's in respect to condition data and regime of building inspections.

[Updated Aug 2016]

(No further update 18th October 2016 - RL)

(No further update 14th Nov 2016 - RL)

(No further update 12th December 2016 - RL)

(No further update 23rd Jan 17 - RL)

(No further update 28th Feb- RL)

(No further update April 10th - RL)

(No further update 18th May - RL)

(No further update 19th June - RL)

(No further update 24th July - RL)

(No further update 22nd August - RL)

(No further update 17.9.17 - RL)

(No further update 11.10.17 - AS)

(No further update 17.1.18 - AS)

(No further update 28.2.18 - RL)

(No further update 20.3.18 - RL)

(No further update 23.5.18) RL

(No further update 18.6.18) RL

Removal of Leisure Centres and Plantasia will help but as the budget has already been taken in previous years there is still a risk. 25.7.18

As above - Transfer of ownership 1.10.18 16.8.18

(No further update 19.9.18) AS

No further update 14.11.18 RL

### **Actions to be taken:**

**Owner:** andrew shaw

**Responsible Officer:** andrew shaw

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status: Amber**

Report Date: 10/01/2019 13:43:31

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## **PL FIN 12: Welfare reform**

### **Risk Description:**

Reduction in the amount of rent being collected as consequence of Welfare Reform changes, impacting on income to the Housing Revenue Account.

Welfare Reform changes introduced in recent years, including the removal of the single room subsidy (bedroom tax), Universal Credit (UC) and the Benefit Cap are all having an impact on the collection of income resulting in increasing arrears.

In December 2017 the DWP will migrate Swansea to a full digital service area. One of the biggest impacts of this will be an increase in the number of UC claimants, meaning they will receive their housing costs direct once a month and their rent will no longer be paid to the Council weekly through housing benefit. In addition in December 2017 18-21 year olds will no longer be automatically entitled to receive housing costs unless they fall into and are exempted category. Collectively all the changes highlighted along with the financial pressures generally being experienced by Council tenants will make income collection extremely challenging in the years ahead.

### **Controls in Place:**

Rent arrears procedures in place and robustly followed.

Officers are set weekly arrears collection targets.

Early intervention and support is provided to tenants. The Rents Team's dedicated Financial Inclusion Officer and New Tenancy Officers help tenants with the support and advice they need in relation to Welfare Reform and more generally in managing their arrears.

Tenants are encouraged to join the Credit Union and open accounts to help ensure bills and rent are paid on time and that tenants are able to manage their money and avoid getting into financial difficulties.

### **Actions to be taken:**

A working group is in place to assess the impact of Welfare Reform and this meets on a quarterly basis. Universal Credit has now been introduced and the rent accounts of those being affected are being closely monitored every week.

In relation to arrears, these are being robustly monitored and appropriate action is being taken.

November Update - No new issues, arrears continue to be monitored. The next Welfare Reform Working Group Meeting is on January 26th.

December Update - no further updates.

January Update - Welfare Reform Working Group meeting is now scheduled for Jan 28th , further information regarding the impact of Welfare Reform will be reported to the group.

December Update - No further updates required

January - meeting of the Welfare Reform Officer impact group planned in February

February Update - Welfare Reform Officer Working Group met and discussed the latest impact statistics for the Authority.

March - No further updates required.

April - No further updates required.

May - no further updates

June/July - Officer working group continues to meet on a regular basis to review the current situation

August - no further updates

September - An officer group has been set up involving senior managers, to look at the options open to address specifically the changes being introduced which will affect the under 35s via the introduction of shared room rates.

October - no new updates available

Nov/Dec - no further updates

January - Corporate research project into the likely effects of Welfare Reform in Swansea to be commissioned.

Feb - no further updates

March - no new updates

April - no new updates

May - no new updates

June - no new updates

July - no new updates

August - no new updates

September - no new updates

October - results from the Universal Credit pilot Authorities in Wales being analysed

November - no new updates

December - Universal Credit introduced in Swansea on December 13th with its impact to be analysed.

January - 121 tenants now affected by Universal Credit, impact to be closely monitored

February - further increase in tenants receiving Universal credit

March - no further updates

April - no further updates

May - the impact of UC is increasing at a significant rate, there are over 1200 tenants now claiming UC credit and this is impacting on rent arrears. Analysis of the impact is on-going.

June - numbers of people on UC steadily increasing

July - Arrears have increased 595K in last 7 months and much of this can be attributed to Universal Credit

August - impact still being monitored

September - report taken to Housing Futures Programme Board outlining possible impact of Universal Credit on the HRA in future.

October -Arrears have increased by 678k in the last 10 months. Current working practices within the Rents Team are in the process of being reviewed in order to ensure that collection and recovery processes are robust and effective.

November - Impact continues to be monitored

December - no new updates

January - no new updates

**Owner:** Jane Harries

**Responsible Officer:** jane harries

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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## **PL FIN 16: Disabled Facilities Grant - Performance and Budget Spend**

### **Risk Description:**

Failure to meet Disabled Facilities Grant (DFG) performance and capital budget spend targets for 2018/19

### **Controls in Place:**

Various monitoring systems in place to measure performance and spend within Housing. Regular meetings held at operational level to monitor Occupational Therapy performance within Social Services.

### **Actions to be taken:**

A Batch of DFG referrals are to be issued to an OT staffing agency due to resource issues in the OT team. Direct recru of OT staff employed by Housing will follow thereafter in an attempt to maximise long term performance and reduce DFG waiting times for the medium to the long term. Regualr updates to P&FM to be given.

November Update - work has now been issued to an O.T agency and 1.5 new OT staff have been recruited by the Council. The agency work will help insure capital DFG spend by the end of the year and the recruitment will help build commitment for 2016/17 spend.

December Update - no new updates required.

January Update - new OTs now in post

February Update - underspend for 2015/16 now projected and P&FM have been informed however the appointments of the new OTs will ensure greater spend in 2016/17.

March - no further issues.

April - no further issues

May - no further issues

June/July - performance improving however further improvements required with regard to the speed of the process. A meeting with Social Services has been arranged to look at the issues.

August - no further updates

September - further changes/plans to increase available OT resources to be taken to CMT in the Autumn.

October - no further updates.

November - changes to procedures being discussed with Social Services

December - further OTs being recruited as part of the on-going structural changes to the OT service.

January - No further update available

Feb - no further updates

March - no new updates

April - no new updates

May - The OT service are exploring procedural changes to the way they operate which could be beneficial to the DFG process.

June - no new updates

July - no new updates

August - no new updates

September - no new updates

October - no new updates

November - New monitoring system in place with social services to ensure numbers of assessments required each month are maintained

December - No further updates

January - no further updates

February - no further updates

March - no further updates

April - no further updates

May - no new updates

June - no further updates

July - no new updates

August - no further updates

September - no further updates

October - no further updates

November - no further updates

December - no new updates

January - no new updates

**Owner:** Mark Wade

**Responsible Officer:** mark wade

**Current Likelihood:** Low

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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### **PL FIN 17: Loss of expertise due to reduction in Capital Funding**

**Risk Description:**

All technical staff are fee earning. Therefore, with loss of income there is insufficient funding to pay salaries and staff (knowledge and experience) will be lost. These staff play an integral part in supporting the regeneration of the city centre.

**Controls in Place:**

Advanced forecasting of future workload, plus diversification of skills to meet peaks in workload. Opportunity to engage with TFW

**Actions to be taken:**

Actions to be taken: Collaboration with Regeneration to develop successful grant bids to support future workloads. Contingency plan to be put in place to retain key staff members should external grant funding streams cease.

No further update 26/03/18

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 24/08/18

No further update 01/10/18

No further update 08/01/19

**Owner:** Stuart Davies

**Responsible Officer:** mark thomas

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

## Place (General) Risk Register Report 22/01/19

Risk Id	Risk Title	Owner	Date Last Updated	Overall RAG
PL GEN 5	<b>Housing Risk S: Inadequate supply of housing to meet needs</b>	Mark Wade	09/01/2019	R
PL GEN 6	<b>Housing Risk W: Failure to meet the Welsh Housing Quality Standard</b>	Mark Wade	09/01/2019	A
PL GEN 45	<b>Highways-Failure to adequately maintain structural integrity of Highway Assets</b>	Stuart Davies	08/01/2019	A
PL GEN 81	<b>Failure to deliver the infrastructure to support the City Bay Region's Economic Regeneration Strategy</b>	Stuart Davies	08/01/2019	A
PL GEN 91	<b>Major Transport Provider Ceases Trading</b>	Stuart Davies	08/01/2019	A
PL GEN 95	<b>Service Failure of Vehicle Fleet</b>	Stuart Davies	08/01/2019	A
PL GEN 97	<b>Services in the community</b>	Geoff Bacon	14/11/2018	A
PL GEN 98	<b>Community cleaning</b>	Geoff Bacon	14/11/2018	G

### PL GEN 5: Housing Risk S: Inadequate supply of housing to meet needs

#### Risk Description:

An inadequate supply of housing to meet needs.

#### Controls in Place:

A Housing Market Assessment has identified the gap between the supply and demand for affordable Housing. The Authority has been successful in ensuring full spend of the funding in the Programme Delivery Plan and has been successful in the past at applying for additional funds made available by the Welsh Government, to deliver more Affordable Housing and it will continue to apply for such additional funding as and when it is made available.

The Council's More Homes Strategy sets out the Council's plans to increase the supply of affordable housing in Swansea, including direct build council schemes on HRA land.

The More Homes Team is focussed on maximising delivery, including exploring Innovative and alternative models for delivery.

The Council works closely with WG and local RSLs to ensure there is a co-ordinated

and strategic approach.

**Actions to be taken:**

Additional funding has been secured via the two Welsh Government initiatives listed above.

The Cabinet Member for Wellbeing accepted a number of recommendations made by the Affordable Housing Scrutiny Inquiry that would contribute to increasing the supply of affordable housing. In December 2014 the Panel met again and confirmed that they were happy with progress being made in implementing the recommendations.

The Authority recently successfully bid for funding of £1.76m from the Welsh Government's Smaller Properties Initiative to help RSLs build more smaller affordable units which are now more in demand due to Welfare Reform.

A Strategy for using additional HRA funds to build more Council homes is currently being developed and will be considered by Cabinet early in the New Year.

November Update - A 'More Homes' Development Manager has now been appointed to take forward the Authority's new Council House Building Programme.

December Update - No further update required

January Update - environmental issues have been identified on one of the More Homes pilot sites, another potential pilot site is being identified.

January Update - Social Housing Grant allocated to Swansea is forecast to be fully spent by RSL's this financial year

February Update - Extra £1.4m to be allocated to the Authority by WG to help RSL schemes. Work to be undertaken to determine which schemes should benefit, this needs to be done by the end of March.

March - all extra resources allocated to RSL schemes.

April - Full Social Housing Grant expenditure programme for 2016/17 developed and approved by the Cabinet Member for Next Generation Services.

May - No further updates

June - no further updates

July - Planning permission being sought for the 2 Council Housing new build schemes.

August - Welsh Government have decided to offer RSLs the opportunity to bid for further Housing Finance Grant to help them build more affordable homes.

September - a new system of financing affordable housing is being introduced by the WG with immediate effect . It blends both Social Housing Grant and Housing Finance Grant and should result in more affordable housing being grant funded over time.

October - A Meeting WG officials was attended by key officers to discuss new grant funding arrangements.

November - 'More Council Homes' - long term strategy is being reported to Council in November

December - no new updates

January - RSLs have been asked to bid for blended SHG/HFG funding for 2017/18

Feb - funding bids received from the RSLs and approved by the Cabinet Member.

march - no new updates

April - no new updates

May - The Authority has received an increased allocation of Social Housing Grant for this financial year.

June - no new updates

July - no new updates

August - the possibility of utilising the WG Innovative Housing Grant is being explored.

September - Innovative Housing Grant has been applied for and first batch of new Council houses have now been completed.

October - no new updates

November - awaiting the result of the Innovative Housing Grant application

December - The quantity of Innovative Housing Grant awarded to the Authority by the WG in relation to the Colliers Way development was less than anticipated.

January - awaiting details from WG regarding the possibility of increased borrowing to be permitted to fund more Council Housing.

February - awaiting WG guidance on changes to borrowing cap

March - information on borrowing cap changes received from the WG

April - The Authority has reported to WG that 132 affordable homes have been delivered by RSLs in 2017/18 by grant subsidised schemes such as SHG.

May - no new updates

June - audit of affordable housing delivery underway

July - Innovative Housing bid submitted to the Welsh Government

August - the Authority is participating in the Welsh Governments review of affordable housing provision

September - Response sent to WG's Affordable Housing Review

October - The Authority has been successful in its bid for IHP2, to enable 2 new council schemes of 34 homes to be built as Swansea Standard plus Homes As Power stations. The Authority is also bidding for additional borrowing to enable the full allocation of AHG, and to fund more developments post 2020.

November - WG have announced plans to lift the HRA borrowing cap for Welsh stock retaining Local Authorities. Legal advice is being sought on the implications of this. Awaiting recommendations from the Affordable Housing Supply Review.

December - no new updates

January - no new updates

**Owner:** Mark Wade

**Responsible Officer:** mark wade

**Current Likelihood:** High

**Current Impact:** High

**Overall RAG Status:** Red

*Report Date: 10/01/2019 13:43:31*

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## **PL GEN 6: Housing Risk W: Failure to meet the Welsh Housing Quality Standard**

### **Risk Description:**

Failure to meet the Welsh Housing Quality Standard.

### **Controls in Place:**

The Welsh Government has accepted the Council's HRA Business Plan for funding the improvements needed to the stock to meet the requirements of the Welsh Housing Quality Standard by 2020. The Business Plan is based on a number of key assumptions, some of which are outside the direct control of the Council such as rent setting policies which are controlled by the Welsh Government. Progress in delivering the capital programme is monitored monthly via the Joint Housing Programmes Forum and the Housing Futures Programme Board to ensure expenditure is

maximised and that any slippage is minimised.

**Actions to be taken:**

The submission of further reports to Programme Board will be made, should any change in terms of the Council's financial position or WG policy occurs.

November Update - A WHQS Compliance Policy has been developed and will be submitted to Council for consideration on February 25th. In addition, WG officials recently visited the Authority and the issue of risks in relation to the WHQS was discussed.

December Update - No further updates required

January Update - The Welsh Housing Quality Standard is being considered by a Scrutiny Working Group on Feb 3rd.

February Update - A WHQS Compliance Policy has been approved by Council and submitted to the WG. A Scrutiny working group have met to consider progress towards WHQS and have put forward a number of recommendations to be considered. A response will be sent to the chair of the group by the end of March highlighting how these recommendations will be addressed.

March - Response sent to the chair of the WHQS Scrutiny Group

April - All local ward Members informed in writing of WHQS capital works in their area

May - No further updates

June - No further updates

July - Welsh Government Officers visited the Authority to discuss progress with meeting the WHQS. Positive feedback was received and it was indicated that the Authority would continue to receive Major Repairs Allowance funding.

August - Current WHQS compliance statistics sent to the WG to meet their requirements.

September - some potential 'reputational' issues are being experienced with the kitchen and bathroom element of the WHQS. The situation is being closely monitored by both Housing & CBS and remedial action is being taken.

October - no new updates

November/December - adjustments to the HRA Business Plan are being explored which might have an impact on future Capital Programmes.

January - Capital programme for 2017/18 going to Council in Feb

Feb - Capital Programme approved by Council

March - WHQS verification process to commence shortly.

April - no new updates

May - - no new updates

June - no new updates

July - no new updates

August - WHQS compliance return submitted to the Welsh Government.

September - no new updates

October - no new updates

November - overall RAG status reduced to Medium (Amber) after a review of the risk by Housing Futures Programme Board

December - the Welsh Audit Office have arranged to visit the Authority in February to assess progress in relation to achieving the WHQS. An initial planning meeting with the WAO took place in December.

January - no further details regarding WAO audit of WHQS

February - WAO to visit week commencing April 16th, stock condition survey to commence Feb 19th

March - stock condition survey underway

April - WAO currently visiting the Authority to look at WHQS delivery. Stock condition fieldwork now complete

May - provisional results of WAO review now made available to the Authority.

June - The Authority has supplied responses to initial questions raised by the WAO

July - no new updates

August - latest compliance stats being sent to the Welsh Government

September - technical strategy Commissioning Review underway

October - WAO report received. The report was generally positive.

Novemeber - Authority's comments regarding the WAO report have been sent back to them.

December - Capital programme for 2019/2020 being developed

January - Capital programme for 2019/20 being developed and will go to Council in February.

**Owner:** Mark Wade

**Responsible Officer:** mark wade

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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## **PL GEN 45: Highways-Failure to adequately maintain structural integrity of Highway Assets**

### **Risk Description:**

That some of the highway infrastructure is in a poor condition due to a lack of investment over many years. Current backlog in carriageways alone is calculated to be £54m.

Current funding levels mean that the number of roads in poor condition will double within 10 years. An increase of traffic, local HGV movements and prevailing weather conditions are also major contributory factors.

An increase in assets due to reassignment between services without budget transfer also puts increasing pressures on what can be achieved.

Risk of further deterioration and highway becoming unfit for purpose.

Risk of increasing claims due to failure to meet statutory duty.

Risk to continued operation of multi storey car parks may have a significant impact on revenue and City Centre economy.

### **Controls in Place:**

Policy framework developed and approved by Council 2009.

2009 Inspection regime meets code of practice for maintenance management.

Asset Management Plan 2010-15 published autumn 2010.

2010-15 - New 5 year programme for maintenance.

2011 Agreement across all Wales on intervention levels.

Local Road Capital Grant from WAG diminishing and stopped 2011/12.

2012-15 LGBI investment from WG. A total of £10.45m for the Authority to invest in its highways asset of which around £1m per years was directed to this asset.

2013 All Wales Asset Mgmt Project links with SCOTTS project for best practice.

2013-16. £1m extra capital funding each year from the Authority's insurance reserve was allocated to reduce the deficit in funding. With this funding the total budget remains at around 55% of that required to maintain a steady state condition of the highway.

2015-20 - New 5 year programme for maintenance for carriageways, footways, street lighting, structures and drainage published.

Asset Management Plan 2016-25 under review.

2016-17 Asset Management Annual Status Options Report(ASOR).  
2017 Review of Safety Inspection Policy in accordance with new draft code of practice.

Significant progress being made through CSS wales and WLGA with additional £1.8m of funding from WG for 18/19 and a commitment to look at future funding levels.

**Actions to be taken:**

Actions to be taken:

Finalise the 2016-25 Asset Management plan in accordance with latest CCS Wales guidance. Code of Practice Updated 2017.

Bid on further funding to reach steady state levels.

CSS Wales working with WLGA to present case for further funding from WG

Review of non-adopted highway and recently transferred assets to value risk, cost implications and to establish the increase in shortfall in budget due to condition.

Review of safety inspection to new Code of Practice 2019.

Updated 08/01/19

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 01/10/18

**Owner:** Stuart Davies

**Responsible Officer:** bob fenwick

**Current Likelihood:** Medium

**Current Impact:** High

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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**PL GEN 81: Failure to deliver the infrastructure to support the City Bay Region's Economic Regeneration Strategy**

**Risk Description:**

To provide Strategic Transport links to main centres of employment. Infrastructure projects are partially reliant on grant funding from Europe or via Welsh Government, the uncertainty of future grant funding streams is a risk to the continued regeneration of the city centre and improving connectivity with other regional centres and key transport corridors / interchanges.

**Controls in Place:**

Annual bid for grant funding takes place and is successful to date. Transport has now been raised as a key element in the City Deal with proposals to develop a Metro solution being supported by WG

The proposal to develop a SW Wales Metro in collaboration with the Regional Authorities will contribute to the aim of improving connectivity.

**Actions to be taken:**

A review of our bid submissions are regularly undertaken and advice sought from Welsh Government on quality of bids. Collaborative working across the authority to maximise benefit from various funding sources.

Awaiting announcement regarding Metro funding for 18/19

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 24/08/18

No further update 01/10/18

Updated 08/01/19

**Owner:** Stuart Davies

**Responsible Officer:** mark thomas

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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**PL GEN 91: Major Transport Provider Ceases Trading**

**Risk Description:**

The Council has contracts in place with transport operators to provide subsidised socially necessary local bus services and also statutory home to school transport services.

The majority of local bus services in the Swansea area are operated by First Cymru and over 80% of these are provided commercially.

**Controls in Place:**

Transport Officers carry out pre qualifying checks on all transport providers as part of the procurement process for transport services.

A Corporate Taxi Framework Agreement is in place so that replacement or new taxi services can be arranged quickly.

Transport officers monitor the licensing and fleet makeup of the main providers in the area so that the appropriate suppliers could be contacted and alternative arrangements made quickly should the need arise.

Swansea Council works closely with other local authorities in S W Wales and shares intelligence on transport providers/ issues with them.

**Actions to be taken:**

Continuing to monitor industry and work with WG.

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 24/08/18

No further update 01/10/18

No further update 08/01/19

**Owner:** Stuart Davies

**Responsible Officer:** cath swain

**Current Likelihood:** Low

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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**PL GEN 95: Service Failure of Vehicle Fleet****Risk Description:**

The delayed vehicle replacement programme has resulted in a vehicle fleet age profile that is older than required. Resultant large increase in vehicle maintenance costs and non-availability as occurring as a result. Approximately 66% of vehicles have passed their planned replacement dates. There may be a subsequent large increase in vehicle (end of contract) costs within year when vehicles are replaced.

Majority of minibuses owned and used by schools do not use the corporate vehicle maintenance facility (CTU) and the extent of compliance with subsequent H&S and legal obligations is unknown. Vehicles are insured by CCoS. Lack of corporate governance in this regard.

June 2017 - Social Services fleet transferred to ITU under Directorate of Place. 65% existing fleet is overdue for renewal with some vehicles operating beyond their economic life.

**Controls in Place:**

Tenders for medium commercial, light commercial and refuse collection vehicles. Vehicles are being withdrawn from service and replaced with short term hire where repairs are deemed uneconomic to continue use.

Tenders for electric vans, public lighting towers, social services welfare buses and some heavier commercials being prepared.

Some schools use CTU

Fleet Manager presented to primary and secondary business managers on risk (Feb 2015)

Investment in RCV fleet completed. Client Services fleet - 20 vehicles to be procured

this year. RCCO approved for £300k 2019/2020 and 2020/21. Robust vehicle replacement programme is being developed and minimum vehicle requirement and specification identified.

Fleet transporting Social Service users - current funding being reviewed.

350 new vehicles procured 2017/18.

**Actions to be taken:**

Jan 2017 - 38 medium commercial vehicles ordered, deliveries expected to commence June 2017

Jan 2017 light commercial tender for 300 advertised, closes Feb 2017

Jan 2017 refuse collection tender for 36 advertised, closed Feb 2017

Jan 2017 instruction issued to workshop staff for prior authorising of repairs to older vehicles

Feb 2017 potential for end of contract cost increases discussed with Finance

August 2017 Tenders completed. 85 vehicles ordered with expectation of full delivery by Feb 2018. Light Commercial tender requirements being agreed with users (300 vehicles). Significant levels of demand on CTU workshops due to age, maintenance costs anticipated to exceed budget by @ £300k for 17/18 if current trend continues.

Jan 2017 Fleet Manager to arrange to present to headteachers' forum. Corporate H&S manager to assist.

August 2017 Initial meet with Education. Fleet Manager to provide guide in readiness for new term

No further update 19/04/18

No further update 14/06/18

No further update 05/07/18

No further update 24/08/18

No further update 01/10/18

Updated 08/01/19

**Owner:** Stuart Davies

**Responsible Officer:** mark barrow

**Current Likelihood:** Medium

**Current Impact:** Medium

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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**PL GEN 97: Services in the community**

**Risk Description:**

If there's insufficient buy in from services, then full operational and financial benefits will not be achieved

**Controls in Place:**

Significant engagement at team and board level. Pathfinder project in Clydach to test the principles

Pilot due to launch Oct 18 (RL) 25.7.18

On target for launch w/c 15th October, Gorseinon project team held first meeting this month too. (RL 24.9.18)

Launch delayed until 5th Nov due to IT issues and Councillors leave. (22.10.18)

**Actions to be taken:**

Pilot launch date on track, with next pilot area - Gorseinon - identified

risk of underachievement of savings still likely

Pilot launched on 6th Nov at Clydach Library. Work commencing on Hub strategy across county. RL 14.11.18

**Owner:** Geoff Bacon

**Responsible Officer:** geoff bacon

**Current Likelihood:** Medium

**Current Impact:** Low

**Overall RAG Status:** Amber

*Report Date: 10/01/2019 13:43:31*

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**PL GEN 98: Community cleaning****Risk Description:**

If the community cleaning proposal isn't given sufficient support and resource then it will fail

**Controls in Place:**

Pathfinder project to commence in Clydach alongside SITC

Work progressing 25.7.18 (RL)

Work progressing 24.9.18 (RL)

Work progressing 22.10.18 (RL)

Work progressing 14.11.18 (RL)

**Actions to be taken:**

Ongoing activity, no further risks identified

**Owner:** Geoff Bacon

**Responsible Officer:** geoff bacon

**Current Likelihood:** Low

**Current Impact:** Low  
**Overall RAG Status:** Green  
*Report Date: 10/01/2019 13:43:31*

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## City & County of Swansea Audit Committee Update – January 2019

### Financial audit work 2018-19 – City & County of Swansea Pension Fund

Activity	Scope	Status
<b>Audit Plan</b>	Plan of financial audit work for 2018-19	Audit Committee February 2019.
<b>Financial Statements/Annual Audit Letter</b>	Audit of the Pension Fund's 2018-19 financial statements and Annual Audit Letter.	Audit Committee September 2019.

### Financial audit work 2018-19 – City & County of Swansea

Activity	Scope	Status
<b>Audit Plan</b>	Plan of financial audit work for 2018-19.	Audit Committee February 2019
<b>Financial Statements 2018-19</b>	Audit of the Council's 2018-19 financial statements.	Audit Committee and Council September 2019.
<b>Certification of Grants and Returns 2018-19</b>	Summary of grants and returns certification work 2018-19.	Audit Committee February 2020.
<b>Annual Audit Letter</b>	Report summarising our 2018-19 financial audit work.	Audit Committee December 2019.

Performance Audit work - City & County of Swansea

2017-18 Improvement Assessment	Scope	Status
<b>Annual Improvement Report (AIR)</b>	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'.	Reported, Audit Committee October 2018.
<b>Overview and Scrutiny – Fit for the Future</b>	This review will examine the impact of the WFG Act on the work of scrutiny committees including PSB scrutiny, facilitating improvement and sharing of good practice.	Reported.
<b>Service User Review</b>	To gather evidence and insight into the extent to which services respond to the needs and expectations of service users both in their design and delivery.	Reported.
<b>Housing/WHQS Local Project</b>	To determine whether the Council has effective arrangements in place to enable it to engage with residents in meeting the WHQS by 2022.	Reported.
<b>Digital Risk</b>	Diagnostic.	Reported.

2018-19 Improvement Assessment	Scope	Status
<b>Corporate Improvement Plan Audit</b>	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to set improvement objectives.	Certificate issued September 2018.
<b>Corporate Reporting/Assessment of Performance Audit</b>	Checks Council compliance with Local Government Measure (Wales) 2009 requirement to publish a self-assessment of performance in the previous year by 31 October.	Certificate issued November 2018.
<b>Annual Improvement Report (AIR)</b>	Annual report summarising the audit work undertaken in the last year which also includes a summary of the key findings from reports issued by 'relevant regulators'.	Reporting in June 2019
<b>Sustainable Swansea</b>	Ongoing review and monitoring of the Council's change programme, providing real time challenge during the year.	Scoping project in consultation with Council Officers
<b>WFG Examinations</b>	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet the following wellbeing objective: <b>Tackling Poverty</b> - Support individuals into employment via person centred projects eg. LIFT & Communities for Work & launch a new employability programme with a social recruitment model	Fieldwork in progress
<b>Assurance and Risk Assessment Review</b>	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.	Drawing conclusions
<b>Corporate Safeguarding Arrangements</b>	Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.	TBA with Council
<b>Leisure Services</b>	Review of the arrangements the council has put in place to deliver leisure services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.	TBA with Council

2017-18 Local Government Studies	Scope	Status
<b>Services to rural communities</b>	The study will focus on whether local government uses its resources to deliver services that meet the needs of rural communities today and in the longer term.	<p>Reports published in November 2018.</p> <p><a href="#">Local Government services to rural communities</a></p> <p><a href="#">Provision of Local Government Services to Rural Communities: Community Asset Transfer</a></p>
<b>Using data effectively</b>	This study will seek to identify whether councils' corporate management arrangements for managing and using data are leading to better decision making in the use of resources. The study will collect information from all councils in Wales.	<p>National and Local Reports published in December 2018 and January 2019 respectively:</p> <p><a href="http://www.audit.wales/publication/maturity-local-government-use-data">http://www.audit.wales/publication/maturity-local-government-use-data</a></p> <p><a href="http://www.audit.wales/publication/city-and-county-swansea-use-local-government-data">http://www.audit.wales/publication/city-and-county-swansea-use-local-government-data</a></p>

2018-19 Local Government Studies	Scope	Status
<p><b>First point of contact assessments under the Social Services and Well-being (Wales) Act 2014</b></p>	<p>The Welsh Government introduced the Social Services and Well-being (Wales) Act 2014 (the 2014 Act) which focuses on reforming and simplifying the law relating to social services. The 2014 Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review first point of contact and assessments for adult social care.</p> <p>Detailed fieldwork in five local authorities. We are planning to undertake fieldwork in Cardiff City Council, Denbighshire County Council, Merthyr Tydfil County Borough Council, Pembrokeshire County Council and Carmarthenshire County Council.</p>	<p>Fieldwork complete, drawing conclusions. No detailed fieldwork took place at City &amp; County of Swansea</p>
<p><b>Tackling violence against women, domestic abuse and sexual violence</b></p>	<p>In 2015 the Welsh Government passed the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act (the 2015 Act). The overarching objective of the 2015 Act is to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventative, protective and supportive mechanisms in the delivery of services. The review will focus on determining whether local authorities and their partners are effectively working together to prevent gender-based violence and domestic abuse, and protecting all of the people involved.</p> <p>Our fieldwork sites are the City &amp; County of Swansea, Conwy County Borough Council, Flintshire County Council, Rhondda Cynon Taff County Borough Council, South Wales Police and South Wales Fire and Rescue Authority.</p>	<p>Fieldwork complete, drawing conclusions.</p>

2018-19 Local Government Studies (continued)	Scope	Status
<p><b>Planning Services: Improving the wellbeing of Wales</b></p>	<p>Planning services are an important part of the democratic jigsaw that allows the detailed consideration of proposals to improve the economic prospects of the nation. Good planning decisions can have a positive impact on the wellbeing of people and places. Poor planning decisions can have a detrimental impact on people’s wellbeing and can stifle economic development. This study will provide independent assurance that planning authorities are supporting sustainable development and delivering for the future long-term wellbeing of their communities and for Wales.</p> <p>We are planning to undertake fieldwork in Bridgend County Borough Council, Gwynedd County Council, Newport City Council, Torfaen County Borough Council and Ceredigion County Council.</p>	<p>Project set up and fieldwork progressing. No detailed fieldwork taking place at City &amp; County of Swansea .</p> <p>Report scheduled for Summer 2019.</p>

National Studies	Update and link to report
Waste management	Published in November 2018. <a href="#">Waste Management in Wales: Municipal Recycling.</a>
Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities	Published in May 2018. <a href="#">Strategic Commissioning of Accommodation Services for Adults with Learning Disabilities</a>
Primary Care Out of Hours Services	Published July 2018. <a href="#">Primary Care Out of Hours Services</a>
Early intervention and public behaviour change	Drafting.
Welsh Government business finance	Published July 2018 <a href="#">Guide to Welsh Public Finances</a>
Youth services	Published January 2019. <a href="#">The Welsh Government’s youth discounted bus fare scheme – ‘MyTravelPass’</a>
Rural Development Programme 2014-2020	Published in November 2018. <a href="#">Managing the impact of Brexit on the Rural Development Programme in Wales</a>
European Structural Funds Programme 2014-2020	Published August 2018 <a href="#">Managing the Impact of EU Structural Funds</a>
Integrated Care Fund	Drafting
Care experienced children and young people – audit work to support ongoing Public Accounts Committee inquiry	Scoping.



# Agenda Item 7



## Report of the Chief Auditor

Audit Committee – 12 February 2019

### Internal Audit Annual Plan 2018/19 Monitoring Report for the Period 1 October 2018 to 31 December 2018

<b>Purpose:</b>	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October 2018 to 31 December 2018.
<b>Policy Framework:</b>	None.
<b>Reason for Decision:</b>	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2018/19.
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that Committee review and discuss the work of the Internal Audit Section and note the contents of the report.
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Simon Cockings
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Introduction

- 1.1 The Internal Audit Annual Plan 2018/19 was approved by the Audit Committee on 10<sup>th</sup> April 2018. This is the third quarterly monitoring report to be presented to Committee. Further reports will be presented

throughout the year to allow Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.

- 1.2 This report shows the audits which were finalised in the period 1<sup>st</sup> October 2018 to 31<sup>st</sup> December 2018.

**2. Audits Finalised 1 October 2018 to 31 December 2018**

- 2.1 A total of 36 audits were finalised during the quarter. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed.

- 2.2 An analysis of the assurance levels of the audits finalised is shown in the following table.

Assurance Level	High	Substantial	Moderate	Limited
Number	11	22	3	0

- 2.3 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%.

- 2.4 All recommendations made are classified as high risk, medium risk, low risk or good practice. An analysis of the recommendations agreed during the quarter is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
0	22	140	41	203

- 2.5 In addition, the Internal Audit Section also certified the following grants in the quarter as required by the terms and conditions of the grant issued by the Welsh Government.

Grant	Amount £
Education Improvement Grant 2017/18	9,771,837.00
Pupil Deprivation Grant 2017/18	7,300,230.00
School Uniform Grant 2018/19	52,832.00

- 2.6 The Audit Plan is a 'living' document which is likely to change during the course of the year due to e.g. emerging risks or new priorities. However it is important that the Audit Committee can monitor progress against the Plan approved at the start of the year. To achieve this, Appendix 2 shows each audit included in the Plan approved by Committee in April 2018 and identifies the position of each audit as at 31<sup>st</sup> December 2018.

- 2.7 An analysis of the details in Appendix 2 shows 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.
- 2.8 The Internal Audit Section has 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 should be 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.
- 2.9 The Internal Audit Section was also involved in the following work during quarter 2:
- Preparation work for the National Fraud Initiative 2018/19.
  - Annual Consultation Exercise to inform the 2019/20 Plan.
- 2.10 Three moderate reports were issued in the quarter. The following tables provide brief details of the significant issues which led to the moderate rating that were issued during the period.

2.11

Audit	Bishop Gore Comprehensive School
<b>Objectives</b>	Standard Comprehensive School Audit Programme. The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risks and are operating in practice.
<b>Assurance Level</b>	Moderate
Summary of Key Points	
<ul style="list-style-type: none"> <li>• Purchasing of goods and services – Official orders were not being raised on the Schools FMS System (SIMS) in advance of purchases being made. Orders were being entered on the system retrospectively after the receipt of the invoice. (Repeated recommendation)</li> <li>• Cheque Stock Records – the record had not been signed by an authorised signatory and no record was kept of a spoiled cheque that was selected in our sample.</li> <li>• Lloyds Bank Multi Pay Card – monthly reconciliations are required between the card transactions as stated on the statement and the supporting receipts. Evidence of the review of the statements and the reconciliation by the Headteacher is recorded on a monthly pro forma to ensure adequate segregation of duties are in place. Sample testing revealed that some pro forma records had not been completed, and one had been signed by the card holder only with no evidence of review by the Headteacher.</li> </ul>	

- Bank Reconciliations – it was noted that the Finance Manager was responsible for the collection and banking of income, cheque runs, and the completion of the bank reconciliations. There was no evidence of the bank statements being reviewed by anyone independent to the process, and there was no evidence of any segregation of duties between the collection and banking of income and the completion and review of the bank reconciliations. (Repeated recommendation).
- Inventory – No inventory records were being maintained for non-IT items and Annual Inventory Check Certificates were not being completed. (Repeated recommendation)
- School Fund – regular reconciliations of the school fund were being undertaken but there was no evidence of the reconciliations being reviewed independently.
- Three additional recommendations made (2 Low Risk, 1 Good Practice) were also repeated from the previous review in 2015/16.

2.12

<b>Audit</b>	<b>Portmead Primary School</b>
<b>Objectives</b>	Standard Primary School Audit Programme. The objectives of the audit were to ensure that material business risks have been identified and that the controls in place are adequate for the purpose of minimising business risks and are operating in practice.
<b>Assurance Level</b>	Moderate
<b>Summary of Key Points</b>	
<ul style="list-style-type: none"> <li>• School Fund – Enquiries revealed that the School Fund had not been audited since May 2015. (Repeated recommendation)</li> <li>• School Fund – Monthly reconciliations were being completed but the reconciliations were not being reviewed by an independent person.</li> <li>• Official orders were not being raised on the Schools FMS System (SIMS) in advance of purchased being made. Orders were being entered on the system retrospectively after the receipt of the invoice. (Repeated recommendation)</li> <li>• Lloyds Bank Multi Pay Card – One transaction was noted that related to a staff training event that should not have been paid from the School Budget.</li> <li>• Inventory – No inventory records were being maintained for non-IT items and Annual Inventory Check Certificates were not being completed. (Repeated recommendation)</li> <li>• Two additional recommendations made (both Low Risk) were also repeated from the previous review in 2015/16.</li> </ul>	

## 2.13

<b>Audit</b>	<b>Cleaning Services</b>
<b>Objectives</b>	The audit programme aimed to ensure that controls in place are adequate for the purpose of minimising business risk and are operating in practice. The audit covered the following areas: Income, Inventory/Stock, Vehicle Journey Logs, Expenditure, P-Cards, Travel Expenses, Timesheets and DBS.
<b>Assurance Level</b>	Moderate
<b>Summary of Key Points</b>	
<ul style="list-style-type: none"> <li>• Income – Comprehensive schools are invoiced for services provided by the Cleaning Service. At the time of the audit, £168k relating to unpaid invoices was noted, made up of 5 invoices which were over 6 months old.</li> <li>• Vehicle Journeys – the service has one minibus used to transport staff. As per the ‘entitlement to drive a minibus policy’ all drivers must undertake MIDAS training. At the time of the review, the minibus driver had not completed this training.</li> <li>• Travel Expenses – One instance was noted where an Officer submitted a claim covering several months. For claims being made in excess of 3 months, Head of Service approval must be obtained, but this had not been sought.</li> <li>• Timesheets – one instance was noted where an Officer had signed off their own timesheet which had been processed, with no other countersignature.</li> <li>• DBS – At the time of the review, it was noted that 23 employees had expired DBS’s (repeated recommendation) and one member of staff had started with the Service while waiting for the DBS check to clear. (Note that during the audit, arrangements were put in place to ensure all DBS records would be brought up to date).</li> <li>• Four additional recommendations made (3 Low Risk, 1 Good Practice) were also repeated from the previous review in 2014/15.</li> </ul>	

### 3. Follow Ups Completed 1 October 2018 to 31 December 2018

- 3.1 The follow up procedures operated by the Internal Audit Section include visits to any non-fundamental audits which received a moderate or limited level of assurance to confirm and test that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 months of the final report being issued and includes testing to ensure that any high or medium risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Chief Finance Officer (Section 151 Officer).

- 3.3 Two follow-up reviews were completed during the quarter relating to the Fleet Maintenance and ICT Disaster Recovery audits.
- 3.4 The follow up review of the Fleet Maintenance audit confirmed that significant progress had been made in implementing the recommendations made, with all but one of the accepted recommendations being fully implemented. One recommendation in relation to procurement was noted as being partly implemented as the implementation of this recommendation is ongoing and compliance in this area will be checked at the time of the next audit.
- 3.5 As per the verbal update provided at the last committee meeting, the follow up review of ICT Disaster Recovery audit also confirmed that significant progress had been made in implementing the recommendations made, with all of the recommendations being fully implemented.

#### **4 Equality and Engagement Implications**

- 4.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 4.2 There are no equality and engagement implications associated with this report.

#### **5. Financial Implications**

- 5.1 There are no financial implications associated with this report.

#### **6. Legal Implications**

- 6.1 There are no legal implications associated with this report.

**Background Papers:** Internal Audit Plan 2017/18

**Appendices:** Appendix 1 Internal Audit – Monitoring Report Quarter 3 2018/19  
Appendix 2 Internal Audit Plan 2018/19 – Progress to 31/12/18

## INTERNAL AUDIT - MONITORING REPORT QUARTER 3 2018/19

Head of Service	Audit	Date	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
Education Planning & Resources	St Helen's Primary School	23/10/18	High	4	4	0
Waste Management & Parks	Domestic Refuse Collection	05/11/18	High	7	7	0
Education Planning & Resources	Cila Primary School	08/11/18	High	9	9	0
Financial Services & Service Centre	Bank Reconciliations	09/11/18	High	0	0	0
Financial Services & Service Centre	Leasing	09/11/18	High	3	3	0
Housing & Public Protection	Affordable Housing	16/11/18	High	0	0	0
Financial Services & Service Centre	Blue Badges	28/11/18	High	2	2	0
Education Planning & Resources	Talycopa Primary School	28/11/18	High	6	6	0
Adult Services	Private Residential Care Charges	07/12/18	High	9	9	0
Education Planning & Resources	Trallwyn Primary School	14/12/18	High	1	1	0
Housing & Public Protection	Housing Loans and Grants	21/12/18	High	5	5	0
Education Planning & Resources	Burlais Primary School	02/10/18	Substantial	7	7	0
Financial Services & Service Centre	Flexicard Service and Security	04/10/18	Substantial	13	13	0
Financial Services & Service Centre	Risk Management	05/10/18	Substantial	3	3	0
Education Planning & Resources	Dunvant Primary School	10/10/18	Substantial	14	14	0
Education Planning & Resources	Knelston Primary School	15/10/18	Substantial	17	17	0
Communications & Marketing	House	15/10/18	Substantial	14	14	0
Education Planning & Resources	Gors Community Primary School	18/10/18	Substantial	13	13	0
Highways & Transportation	Fleet Hire - Spot Hire	23/10/18	Substantial	7	7	0
Cultural Services	Outdoor Leisure	23/10/18	Substantial	7	7	0
Cultural Services	Plantastia	24/10/18	Substantial	10	10	0
Education Planning & Resources	Y.G.G. Bryniago	30/10/18	Substantial	18	18	0
Cross Cutting Audits	Corporate Governance Review	12/11/18	Substantial	6	6	0
Highways & Transportation	Clydach Plant	13/11/18	Substantial	6	5	1
Highways & Transportation	Concessionary Bus Fares	20/11/18	Substantial	2	2	0
Housing & Public Protection	Building Regulations	20/11/18	Substantial	6	6	0
Cross Cutting Audits	General Data Protection Regulations	23/11/18	Substantial	17	17	0
Education Planning & Resources	Gowerton Primary School	26/11/18	Substantial	16	16	0
Cross Cutting Audits	Department Gift & Hospitality Registers	26/11/18	Substantial	4	4	0
Cultural Services	Record Management	29/11/18	Substantial	18	18	0
Education Planning & Resources	Y.G.G. Bryn-y-Mor	10/12/18	Substantial	8	8	0
Waste Management & Parks	Grounds Maintenance	11/12/18	Substantial	7	6	1
Poverty & Prevention	Early Intervention Services	13/12/18	Substantial	9	9	0

## INTERNAL AUDIT - MONITORING REPORT QUARTER 3 2018/19

Education Planning & Resources	Bishop Gore Comprehensive School	11/10/18	Moderate	19	19	0
Education Planning & Resources	Portmead Primary School	04/11/18	Moderate	17	17	0
Vulnerable Learner Service	Cleaing Service - Education	04/12/18	Moderate	20	20	0
<b>Total</b>				<b>324</b>	<b>322</b>	<b>2</b>

## INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 31/12/18
<b>Education Planning &amp; Resources</b>		
Danygraig Primary	Med/High	Final Issued
Mayals Primary	Medium	Final Issued
Y.G.G. Bryn-y-Mor	Low	Final Issued
Christchurch Ch.in Wales	Medium	Draft Issued
Bwrlais Primary	Medium	Final Issued
Dunvant Primary	Medium	Final Issued
Brynhyfryd Primary	Medium	Final Issued
Pontlliw Primary	Medium	Final Issued
Talycopa Primary	Medium	Final Issued
Gowerton Primary	Medium	Final Issued
Sketty Primary	Medium	Final Issued
Terrace Road Primary	Medium	In Progress
Cila Primary	Low	Final Issued
Townhill Community Primary	Medium	Final Issued
Hendrefoilan Primary	Medium	Final Issued
Penclawdd Primary	Medium	In Progress
Gors Community Primary	Medium	Final Issued
Knelston Primary	Low	Final Issued
Y.G.G. Y Login Fach	Medium	Final Issued
Y.G.G. Bryniago	Medium	Final Issued
Newton Primary	Medium	Final Issued
St. Helen's Primary	Low/Med	Final Issued
Trallwn Primary	Medium	Final Issued
Portmead Primary	Medium	Final Issued
Gowerton Comprehensive	Medium	Final Issued
Birchgrove Comprehensive	Low	In Progress
Bishop Gore Comprehensive	Low	Final Issued
Dylan Thomas Comprehensive	Medium	Final Issued
Arts in Education	Low/Med	Final Issued
<b>Achievement &amp; Partnership Service</b>		
Welsh Service	New	Deferred
<b>Vulnerable Learner Service</b>		
Education Welfare Service	Medium	Final Issued
Catering Service – Civic Centre	Low/Med	Final Issued
Cleaning Service	Medium	Final Issued
<b>Education – Other</b>		
School Uniform Grant	N/A	Final Issued
Education Improvement Grant	N/A	Final Issued
Pupil Deprivation Grant	N/A	Final Issued
Schools Annual Report	N/A	Final Issued
<b>Child &amp; Family Services</b>		
Grants & Contracts	Med/High	Final Issued

## INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 31/12/18
<b>Adult Services</b>		
Community Alarm Service	Medium	Final Issued
Integrated Community Equipment & Suresprung	High	Final Issued
Service Users Assessment of Care	Medium	In Progress
Supporting People Grant	N/A	Final Issued
Suresprung - Work Choice Program	N/A	In Progress
Self Assessment Checklists	Med/High	In Progress
<b>Social Services – Directorate Services</b>		
No audits planned		
<b>Poverty &amp; Prevention</b>		
Swansea Children's Centre & Mayhill Centre	Medium	Final Issued
Early Intervention Services	New	Final Issued
<b>Corporate Building Services</b>		
Admin & Finance	Low/Med	In Progress
<b>Corporate Property Services</b>		
No audits planned		
<b>Waste Management &amp; Parks</b>		
Domestic Refuse Collection	Medium	Final Issued
Grounds Maintenance	Medium	Final Issued
<b>Highways &amp; Transportation</b>		
Concessionary Bus Fares	N/A	Final Issued
Car Parks	Med/High	Final Issued
Clydach Depot – Fuel & Plant	Medium	Final Issued
Streetworks	Medium	Final Issued
CTU Fleet Hire / Spot Hire	Medium	Final Issued
Traffic Orders	New	In Progress
Taxi Framework Contract – Adult Services	Medium	Final Issued
Live Kilometre Support Grant	N/A	Final Issued
<b>Housing &amp; Public Protection</b>		
Housing Options	Medium	Final Issued
Eastside District Housing Office	Medium	Final Issued
Morrison & Clase District Housing Offices	Medium	Final Issued
Neighbourhood Support Unit	Medium	Final Issued
Housing Loans and Grants	Medium	Final Issued
Affordable Housing	New	Final Issued
Building Regulations	Low/Med	Final Issued
Trading Standards Division	Low/Med	Final Issued
Rechargeable Works	Medium	Final Issued
<b>Cultural Services</b>		
Outdoor Leisure	Medium	Final Issued
St Helens Ground	Low/Med	Final Issued
Plantasia	Medium	Final Issued
Grand Theatre	Med/High	Final Issued

## INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 31/12/18
Central Library	Medium	Final Issued
Record Management	<i>New</i>	Final Issued
<b>Planning &amp; City Regeneration</b>		
Section 106 Agreements	High	Deferred
Landscape	<i>New</i>	In Progress
Nature Conservation	<i>New</i>	In Progress
<b>Communications &amp; Marketing</b>		
Civic Admin, Mayoral Services & Mansion House	Low/Med	Final Issued
<b>Financial Services &amp; Service Centre</b>		
Cashiers Office	Med/High	In Progress
Write Off Requests by Departments	N/A	In Progress
Cashiers Write Offs	N/A	In Progress
Bank Reconciliations	Medium	Final Issued
School Bank Reconciliations	Medium	Draft Issued
Petty Cash Accounts	Low	Final Issued
Grants Receivable	Med/High	In Progress
Leasing	Medium	Final Issued
Income Tax – Self Employed	Medium	In Progress
Construction Industry Tax Scheme	Medium	Final Issued
Risk Management	High	Final Issued
Blue Badges	Medium	Final Issued
Budget Strategy & Management	<i>New</i>	Deferred
Performance Indicators	<i>New</i>	Final Issued
Residential Contributions – Assessments	Medium	In Progress
Debt Recovery	High	Deferred
Fairer Charging	Medium	In Progress
Adult Family Placements	<i>New</i>	In Progress
Flexicard Machines and Security	Med/High	Final Issued
<b>Legal, Democratic Services &amp; Business Intel</b>		
Land Charges	Low	In Progress
Electoral Services	Medium	Final Issued
<b>Human Resources</b>		
Employment of Agency Staff	Med/High	In Progress
Health & Safety	<i>New</i>	In Progress
Business Continuity	<i>New</i>	Final Issued
<b>Digital &amp; Transformation</b>		
ICT Administration	Med/High	Draft Issued
Oracle Authorisation Limits	Med/High	Final Issued
IT Assets	Medium	Final Issued
Network Controls – Corporate Network	Medium	In Progress
Firewall Controls - Corporate	Medium	Final Issued
Virtual Server Environment	Medium	In Progress
Internet Controls – Corporate Network	Low/Med	Final Issued

## INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 31/12/18
Payment Card Industry – Data Security	Medium	Draft Issued
E-Commerce Controls	Medium	In Progress
Business Continuity - IT	New	Planned
Data Protection – Software Licences	Medium	Final Issued
Application Controls – Flare System	Medium	Final Issued
Application Controls – Fostercare System	Medium	Final Issued
Change Control	Medium	Deferred
Digital Strategy	High	In Progress
Telephones (Civic & Guildhall)	Low/Med	Final Issued
IDEA – Extraction of Data	N/A	Planned
IDEA - Data Matching Exercise – NFI	N/A	Final Issued
<b>Commercial Services</b>		
Supplier Contracts Review	New	In Progress
<b>Fundamental Systems</b>		
Payroll	High	In Progress
Pensions Administration	High	In Progress
Accounts Receivable	High	In Progress
Treasury Man Borrowing & Investments	Medium	In Progress
Accounts Payable	Medium	In Progress
Cash	Medium/High	In Progress
Council Tax	Medium	In Progress
Main Accounting System	Medium	In Progress
<b>Contract Audits Systems</b>		
<b>Corporate Building &amp; Property Services</b>		
Construction Period Control of Contracts	Medium	In Progress
<b>Other Departments</b>		
Tendering, Letting and Monitoring	New	Planned
<b>Contract Audits</b>		
Final Accounts	N/A	Planned
Financial Appraisals of Contractors	N/A	Planned
<b>Cross Cutting Audits</b>		
Gift & Hospitality Registers	Low/Med	Final Issued
Workforce Planning	New	In Progress
General Data Protection Regulations	New	Final Issued
Corporate Governance Review	New	Final Issued
Ethics & Values	New	In Progress
<b>Miscellaneous Audits</b>		
No planned audits		
<b>Projects &amp; Special Investigations</b>		
Unpresented Cheques >£2,000	N/A	Planned
Development of Audit Programmes	N/A	Planned
Galileo Audit Management System	N/A	Planned
Annual Plan & Annual Report	N/A	Planned
Health & Safety Group	N/A	Planned

## INTERNAL AUDIT ANNUAL PLAN 2018/19

Head of Service	Risk Rating	Progress as at 31/12/18
Recommendations Tracker	N/A	Final Issued
Follow Ups	N/A	Planned
P Card Review of Purchases	N/A	Planned



## Report of the Chief Auditor

Audit Committee – 12 February 2019

### Internal Audit Annual Plan Methodology Report 2019/20

<b>Purpose:</b>	This report provides a briefing to the Audit Committee 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 <sup>th</sup> April 2019.
<b>Policy Framework:</b>	None
<b>Reason for Decision:</b>	To brief the Audit Committee of the process of preparing the Internal Audit Annual Plan.
<b>Consultation:</b>	Legal, Finance, Access to Services
<b>Recommendation(s):</b>	It is recommended that: the Committee note the methodology for preparing the Internal Audit Annual Plan 2019/20.
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Simon Cockings
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) provide 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.
- 1.2 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 they are consistent 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.

- 1.3 The Audit Plan should ensure that resources are targeted at the areas of the Council's work where it can provide most benefit by providing assurance over key risks and controls.
- 1.4 The Standards state that the Internal Audit Annual Plan must be discussed with senior management which in the Internal Audit Charter is defined as the Corporate Management Team before being reported to the Audit Committee for approval.
- 1.5 This report provides a briefing on the methodology used to prepare the Annual Plan in advance of the Plan for 2019/20 being reported to the Committee for approval at the next meeting.

## **2. Internal Audit Plan Methodology**

- 2.1 The requirement to produce an Internal Audit Annual Plan is included in the Public Sector Internal Audit Standards (PSIAS) which are mandatory for all internal audit providers in the UK public sector.
- 2.2 An extract of the PSIAS requirements regarding internal audit planning is attached in Appendix 1.
- 2.3 The starting point for a risk-based audit approach is gaining an understanding of the Council's objectives and goals as well as the current key risks faced by the Council as recorded in the Risk Registers.
- 2.4 Information is gathered from a number of sources prior to the preparation of the detailed Audit Plan including:
  - The Corporate Plan, One Swansea Plan and the Well-Being Statement.
  - Reports to Cabinet, Council and Scrutiny.
  - Risk Registers.
  - Areas of concern or request for audit coverage from management or the Audit Committee.
  - The Assurance Map which details other sources of assurance available both from internal and external sources.
  - Any recent or proposed significant changes to the Council's systems or operations.
  - Previous audit results and Internal Audit's cumulative knowledge of systems and procedures across the Council.
- 2.5 A diagram that illustrates the internal audit annual planning process can be found in Appendix 2.
- 2.6 Following the gathering of relevant information, an Audit Needs Assessment is completed utilising the risk assessment undertaken for each audit. The risk assessment takes account of a wide range of factors which are grouped into the following categories:
  - Materiality e.g. income, expenditure.
  - Control Environment/Vulnerability e.g. previous frauds, staff turnover.
  - Management Concerns e.g. direct request for help, potential for embarrassment.
  - Sensitivity e.g. impact on service, effect on Council's welfare.
- 2.7 A copy of the Risk Assessment form used is attached in Appendix 3.

2.8 The outcome of the risk assessment is a risk index which is then used to determine the frequency of audit visits as shown in the following table. The frequency of audit visit for medium/low and low risk audits was increased in 2015/16 as one of the changes reported to the Audit Committee at the time which were designed to free up audit resources which could then be used on higher risk audits and added value work.

Risk Index	Risk Factor	Frequency of Visit
0 – 19	Low	5 years
20 – 25	Medium/Low	4/5 years
26 – 40	Medium	3 years
41 – 49	Medium/High	2/3 years
50 +	High	1/2 years

2.9 In addition to the risk assessment process, a number of systems have traditionally been identified, in consultation with our external auditors as fundamental e.g. Employee Services, Accounts Receivable, Main Accounting, Council Tax. All fundamental systems are audited either annually or every 2 years which recognises the significance of the system to the achievement of the Council's objectives.

2.10 A number of audits are undertaken on an annual basis rather than by the determination of risk e.g. grant certification audits where the work is required under the terms and conditions of the grant, the review of debts written off prior to authorisation, services where significant amounts of cash are handled, etc.

2.11 The use of the risk assessment process provides every audit in the Council's audit universe with a year when the next audit visit is due which is used to develop the Audit Plan.

2.12 Each year, a Consultation Exercise is held with all Heads of Service giving them the opportunity to comment on the audit coverage in their area and to ensure that all risks within their services have been identified. Heads of Service may also request specific reviews or pieces of work by the Internal Audit Section which will add value to their service. All requests are considered in light of the total Internal Audit resources available.

2.13 The Consultation Exercise for the 2019/20 Audit Plan commenced in November 2018.

2.14 In order to demonstrate the linkage between the annual plan for 2019/20 and the Council's Corporate Priorities, this year the Consultation Exercise also included discussions with Heads of Service to determine which of the Corporate Priorities they felt the services in their areas most closely mapped to. Whilst it is acknowledged that some service areas could map to a number of different Corporate Priorities, for simplicity, we have attempted to map each Service Area to the most relevant Corporate Priority.

2.15 As requested by Committee, the 2019/20 Audit Plan will reflect this mapping so that Members are able to recognise the clear link between the Plan and the Objectives of the Council. The links between the Corporate Priorities, Service Areas, the Audit Plan and the Annual Governance Statement are demonstrated in the illustration in Appendix 4.

- 2.16 Further to this, it is proposed that additional changes will be made to the format of the Plan for 2019/20 in relation to the grouping of the audits. Whilst this is currently being considered, it is envisaged that the broad grouping will be as follows:
- **Council Governance & Control Audits** – cross-cutting reviews to provide Corporate Governance Assurance. This will include the audit of Risk Management, Corporate Governance, Information Governance, Ethics & Values and Performance Management.
  - **Fundamental Audits** – aimed at providing Section 151 Officer Assurance.
  - **Service Specific Audits** – aimed at providing other assurance, linked to the Corporate Priorities and as a result of the audit planning process.
- 2.17 Historically, a review of the Corporate and Directorate Risk Registers has also taken place as part of the audit planning process to ensure that where necessary, Internal Audit resources are targeted at the areas considered to be the highest risk. This has also been the case for the 2019/20 Audit Plan.
- 2.18 In addition to this, it was recommended as part of the PSIAS Peer Review that an Assurance Mapping Exercise should be carried out to inform the audit planning process and identify other sources of assurance. This exercise has been completed, in consultation with the Corporate Management Team as the Risk Owners.
- 2.19 The results of the Assurance Mapping Exercise can be found in Appendix 5, together with a brief narrative which explains the process. The results of this exercise will also be taken into consideration when compiling the 2019/20 Audit Plan.
- 2.20 The ongoing review of the current year's Annual Plan also informs the planning process e.g. by identifying any emerging risks, new systems, developments or special investigations which may have a wider impact.
- 2.21 The Audit Needs Assessment i.e. the risk assessment process, consultation exercise and review of the risk registers will provide the total number of audit days required in the Audit Plan for 2019/20 which then has to be matched against the audit resources available.
- 2.22 The audit resources available in 2019/20 is 9.1 full time equivalents excluding the Chief Auditor.
- 2.23 The audit resources available have to allow for things such as annual leave, public holidays, training, administration, planning, sickness and a contingency to allow for unplanned work. This provides the productive audit days available to deliver the required audit coverage obtained from the Audit Needs Assessment.
- 2.24 Inevitably, the required audit coverage will exceed the available audit resources leading to a further review of the required audit coverage. This review will again be risk based to ensure that the areas of greatest perceived risk are prioritised. The audits which are deferred to reconcile the audit days required to the available audit resources will be low risk or medium/low risk or will have received a high level of assurance at the last audit which indicates good systems and controls are in place.

2.25 The Internal Audit Annual Plan is reported to the Corporate Management Team and Audit Committee at the start of each year for approval. However, the Annual Plan must remain a flexible document that reacts to changing risks and priorities over the course of the year.

### **3. Equality and Engagement Implications**

3.1 There are no equality and engagement implications associated with this report.

### **4. Financial Implications**

4.1 There are no financial implications associated with this report.

### **5. Legal Implications**

5.1 There are no legal implications associated with this report

**Background Papers:** None

**Appendices:** Appendix 1 – Extract from Public Sector Internal Audit Standards  
Appendix 2 – Internal Audit Annual Planning Process  
Appendix 3 – Risk Assessment Sheet  
Appendix 4 – Audit Plan Against Corporate Priorities  
Appendix 5 – City & County of Swansea Assurance Map

## Extract from Public Sector Internal Audit Standards

### 2010 Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

#### *Interpretation:*

To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.

#### **Public sector requirement**

The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.

### 2010.A1

The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

### 2010.A2

The chief audit executive must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.

### 2010.C1

The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.

### 2020 Communication and Approval

The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

### 2030 Resource Management

The chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

#### *Interpretation:*

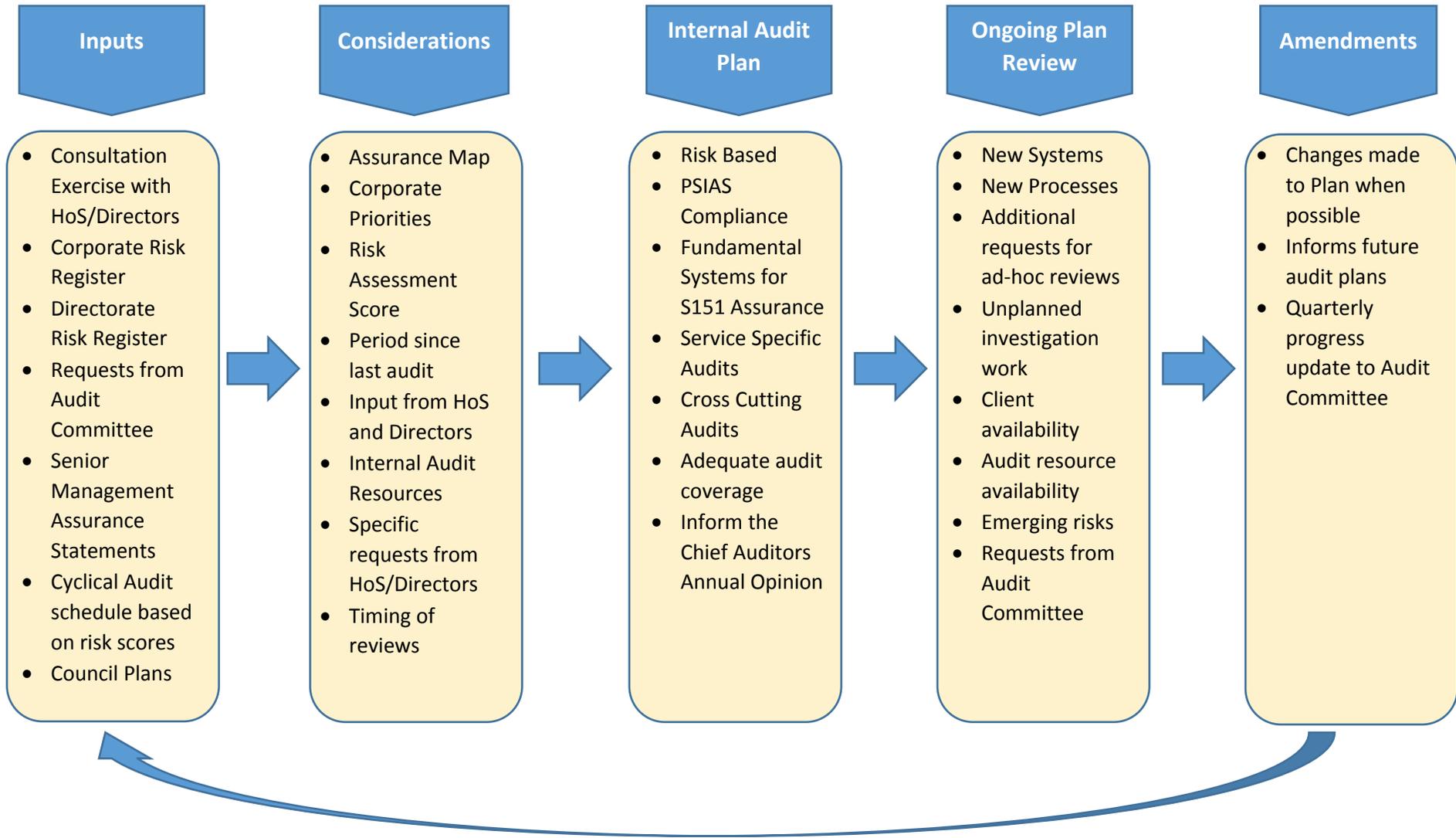
Appropriate refers to the mix of knowledge, skills and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.

#### **Public sector requirement**

The risk-based plan must explain how internal audit's resource requirements have been assessed.

Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.

**Internal Audit Annual Planning Process**



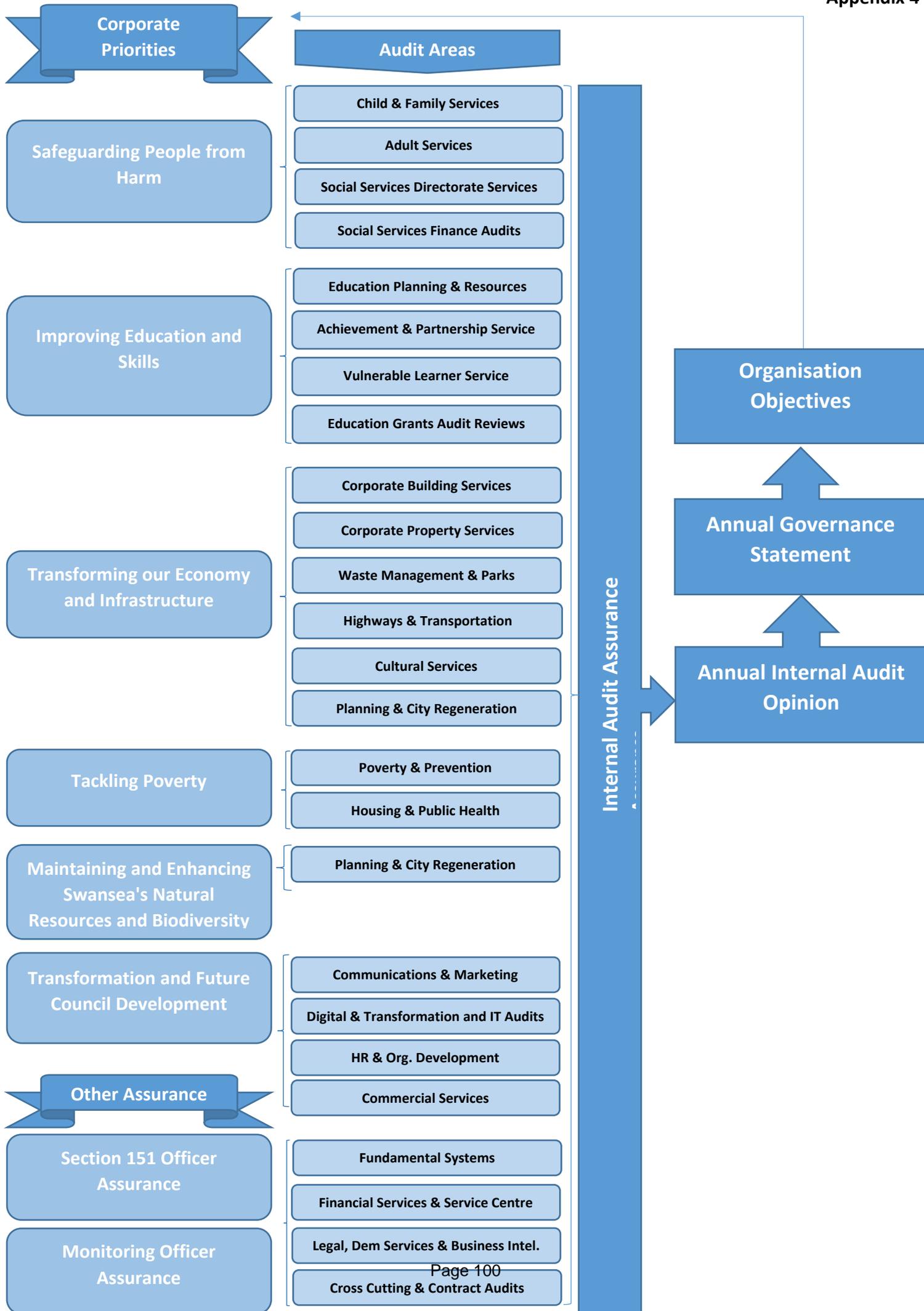
# City and County of Swansea - Risk Assessment Sheet - Internal Audit Section

Estab./Site/System: \_\_\_\_\_ File Ref: \_\_\_\_\_

Completed By: \_\_\_\_\_ Date: \_\_\_\_\_ Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

**Tick each factor that applies and score 1 point (except A) - maximum 5 points per category**

A. Materiality		B. Control Environment / Vulnerability	C. Management Concerns	D Sensitivity
Value of funds that pass through the system and/or direct expenditure <u>plus</u> income = £ _____		<ul style="list-style-type: none"> <li>• Previous frauds if &lt; 5 years</li> <li>• Current opinion rating less than 'Substantial'</li> <li>• Last audit review &gt; 3 years ago (date _____)</li> <li>• High staff turnover</li> <li>• New system(s) operating</li> <li>• High degree of devolution</li> <li>• Complex system(s) operating</li> <li>• Critical reports from outside bodies etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Direct requests for help</li> <li>• Potential for embarrassment</li> <li>• Specific problem areas</li> <li>• Control weaknesses</li> <li>• Assets at risk</li> <li>• Significant cash income (eg: &gt; £10K p.a.)</li> </ul>	<ul style="list-style-type: none"> <li>• Political sensitivity of activity</li> <li>• Large no. of sub-systems, interlinked or dependent systems</li> <li>• Effect on Authority's welfare</li> <li>• Unwelcome disclosure</li> <li>• Impact on service</li> <li>• Impact on other depts.</li> </ul>
<u>Annual Value (£)</u>	<u>Score</u>			
• < 1,000	0			
• 1,000 - 10,000	1			
• 10,001 - 100,000	2			
• 100,001 - 1m	3			
• 1m - 5m	4			
• > 5m	5			
Total Score (max 5)				
Weighting		5	8	4
Weighted Scores				
Total WS =risk index		Low=0-19;Med./Low=20to 25;Med. Low – 4 yrs, Med/Low – 3 to 4 yrs,	=26 to 40; Med./High=41to 49 Med –3yrs, Med/High – 2 to 3 yrs,	High=50 and above High 1 to 2 yrs



City & County of Swansea Assurance Map CMT - DRAFT

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
					Level 1	Level 2			Level 3					
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>														
<p><b>Local Government Reorganisation (CR101)</b></p> <p><b>Category:</b> Corporate Governance</p> <p>Last updated: 15/01/19</p> <p>Page 101</p>	<p>If the Council, along with its partners and Welsh Government, does not develop and improve regional working, then it will divert the Council and its resources from key priorities and will not benefit Swansea and its residents.</p>	Medium	High	Amber	Phil Roberts	<p>Senior management restructure on 21/06/18 strengthens management capacity to ensure that the regional collaboration agenda can be taken forward proactively and has director leads in place for each partnership. Mapping exercise undertaken identifying key local, regional and national partnerships. The Council has a clear rationale in place when collaborating and it is clear on the anticipated benefits and costs. The Council is playing a leading and proactive role in major regional collaborations.</p>	<p>Council is playing a leading and proactive role in major regional collaborations. Leader of the Council is the City Region Joint Committee Chair. Council meets up regionally with 5 other local authorities to discuss collaboration projects.</p>	<p>Scrutiny inquiry findings documented as required actions on the Risks Register.</p>	<p>Chief Executive takes the lead role for ERW and Western Bay as well as being an executive member of the City Deal Joint Committee. ERW has fully formed Governance Arrangements. City Deal has Joint Committee Agreement and joint scrutiny arrangements agreed by Council. Western Bay has a Joint Committee and scrutiny arrangements in place.</p>		<p>City Deal has a Joint Working Agree'm't in place, which was approved at Council on 26th July 2018. Review of progress by IPC on the Western Bay Health &amp; Social Care collab'n.</p>	None	n/a	n/a

Business Risk		Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
						Level 1	Level 2			Level 3					
						Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
							Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>															
<b>Financial Control and Sustainable Swansea (CR80)</b>  <b>Category:</b> Corporate Finance  Last updated: 16/11/18  Page 102	If we fail to deliver Sustainable Swansea and maintain sufficient financial control, then we will not be able to respond appropriately to continuing austerity, demographic pressures, increasing demand and changing public expectations.	Very High	Very High	Red	Ben Smith	Corporate level monitoring. Agreed budget. Clear governance and reporting in place. Prevention Strategy. Monitoring at monthly P&FM's. FSTG reporting and monitoring. MTFP. Tracker in place from June 2018 to capture and warn of delivery risks.	Collaborative Officer/ Member budget setting process in place.  Overspending and under delivery of savings openly and transparently escalated and reported to Cabinet and Council by S151 Officer.	Dedicated Scrutiny Service Improvement and Finance Performance Panel.	Monthly P&FM Meetings. Transform & Future Council PDC.  Budget holders required to monitor and report any budget variances to monthly P&FM for review.	Audit Committee provide challenge, oversight and assurance .	External audit likely to comment imminently on overall financial standing as part of an all Wales commentary - will inevitably draw attention to low level of reserves and repeated under achievement of savings and over spending - all of which have been very publicly documented by the S151 officer	Some additional assurance from internal audit required in 2019/20.	Budget setting and management audit to be inc. in 2019/20 audit plan.	Service Specific / Fundamental Audits - Section 151 Officer Assurance	

Business Risk		Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
						Level 1	Level 2			Level 3					
						Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
							Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>															
<b>City Centre (CR81)</b> <b>Category:</b> Corporate Plan Priorities  Last updated: 16/11/18  Page 103	If we are unable to attract sufficient external investment and financial support and do not regenerate the city centre, then there will be a detrimental impact on the Swansea economy and reputational damage for the Council.	High	Medium	Amber	Martin Nicholls	City Deal. City Centre Strategic Framework and resources for delivery. Political mandate, leadership and support. Corporate priority. Developer confidence taking schemes forward. BID and buy-in from city centre businesses. Financial control of revenue budget providing headroom for capital schemes.	Funding approved by Cabinet via FPR 7 on 21/06/18. Cabinet approved joint committee report on 21/06/18 with Council on 26/07/18.	Regular scrutiny programme reviews of progress and pre decision scrutiny of cabinet reports.  Scrutiny on CCS projects will be undertaken	Monthly member steering group.  City Deal Governance Structure now agreed and private sector board appointed (Sep 2018)  City Deal Joint Committee now constituted.	Internal review of Swansea Bay City Deal currently being planned for Q4 18/19 by Pembs CC involving all four LA's.	A Joint Scrutiny Committee has been set up to scrutinise City Deal across all partners.	Independent review being undertaken of Swansea Bay City Deal in Q4 2018/19 jointly by Local and Central Government.	None	n/a	n/a

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
					Level 1	Level 2			Level 3					
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>														
<b>Safeguarding (CR82)</b> Category: Corporate Plan Priorities Last updated: 16/11/18 Page 104	Low	Very High	Amber	David Howes	Sufficient numbers of trained adult/children service staff. Corporate Safeguarding Policy/Group. Strong performance monitoring/reporting. Commitment to invest in social care strong. Regional and multi-agency safeguarding partnerships. New and revised safeguarding policy in place following PDC review.	Positive engagement and support from Cabinet and Council.	Two dedicated scrutiny panels in place to monitor social services work and performance.  People PDC in place.	Corporate safeguarding training in place for staff and members. Safeguarding leads identified across all Council services. Separate safeguarding arrangements in place in schools.  Corporate safeguarding board.  Chief Exec public protection board.	Safeguarding Audit included on the Audit Plan.	CIW	WAO	Currently included as part of standard rolling audit schedule, repeated based on audit risk score.	Not due in 2019/20.	Service Specific – Safeguarding People from Harm

Business Risk		Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
						Level 1	Level 2			Level 3					
						Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
							Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>															
<p><b>Pupil attainment and achievement (CR83)</b></p> <p><b>Category:</b> Corporate Plan Priorities</p> <p>Last updated: 16/11/18</p> <p>Page 105</p>	<p>If we cannot get schools to improve pupil attainment and achievement at a time of reduced resources and increasing demand, then pupils will not get the qualifications and skills they need to succeed in life and there will be a detrimental impact on the future Swansea economy.</p>	Medium	Medium	Amber	Nick Williams	<p>Commitment to invest in Education. Corporate Priority. Good school-to-school support. Effective partnership working and engagement with stakeholders through School Budget Forum and Headteacher meetings. School Improvement Strategy and Partnership. EOTAS Strategy &amp; Programme. Attendance Strategy. Strong school building programme. Strong leadership commitment to influence ERW agenda.</p>	<p>Positive engagement and support from Cabinet and Council.</p>	<p>Dedicated Scrutiny Panel to scrutinise education work and performance.</p>	<p>Child Protection Board. Commission review on ALN. Improving Education &amp; Skills PDC. Education Skills Co-ordinator appointed. PSO's/ Accountancy provide support and oversight of school finance.</p>	<p>Various Edu. Audits in the Audit Plan. ESTYN reports review during school audits for finance / mgt. control.</p>	<p>ESTYN prog. of external school inspect's..</p>	<p>WAO &amp; CIW.</p>	<p>Range of Education audits in the plan to be completed as part of the rolling audit schedule.</p>	<p>School and other Education audits due in 2019/20</p>	<p>Service Specific – Improving Education and Skills</p>

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
					Level 1	Level 2			Level 3					
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>														
<p><b>Tackling poverty (CR84)</b></p> <p><b>Category:</b> Corporate Plan Priorities</p> <p>Last updated: 16/11/18</p> <p>Page 106</p>	<p>If we do not have a sufficient strategy in place to tackle poverty, then there will continue to be negative consequences for current and future generations, high demand for Council services and a continuing detrimental impact on the Swansea economy.</p>	Medium	Medium	Amber	David Howes	<p>Updated Tackling Poverty Strategy agreed by Cabinet. Cross Council delivery plan in place and performance framework being introduced. Council Poverty Forum renewed, chaired by Chief Exec. Tackling Poverty a corporate priority.</p>		<p>Scrutiny Inquiry undertaken 2016 and report recommendations largely accepted.</p>	<p>Tackling Poverty PDC in place with appropriate agendas and involvement.</p>	<p>Various audits in Audit Plan for Poverty &amp; Prev.</p>		<p>Range of Poverty &amp; Prevention audits in the plan to be completed as part of the rolling audit schedule.</p>	<p>Poverty &amp; Prevention audits due in 2019/20</p>	<p>Poverty &amp; Prevention Audits – Tackling Poverty</p>

Business Risk		Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
						Level 1	Level 2			Level 3					
						Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
							Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>															
<b>Workforce Strategy (CR85)</b>  <b>Category:</b> Corporate Governance  Last updated: 16/11/18  Page 107	If we do not have a robust workforce strategy in place, then we will not have staff with sufficient capacity and the right knowledge and skills to manage change, deliver transformed services and ensure statutory compliance.	Medium	Medium	Amber	Sarah Caulkin	Workforce planning. Corporate Plan – Sustainable Development principles embedded in the objectives.  Workforce planning forms part of Service Planning.  Gender Pay Gap analysis and action plan also feeds into this risk.  OD Strategy and implementation plan.		Forms part of the overall annual Scrutiny review of Sustainable Swansea transformation programme.	Finance & Service Transformation (FSTG) receive progress updates around the OD strategy and workforce planning.  The Transformation & Future Council Policy Development Committee (PDC) has undertaken a strand of work around the gender pay gap.				An audit of the OD strategy, implementation plan, workforce planning as part of service planning and the gender pay gap action plan would be helpful in 2020	Workforce Planning audit, OD Strategy, and Gender Pay Gap audits included in 2019/20 audit plan.	Cross Cutting Audits – Other Assurance

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area		
					Level 1	Level 2			Level 3						
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance						
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit	
<b>Corporate Risk Register</b>															
<b>Digital, data and cyber security (CR86)</b>  <b>Category:</b> Corporate Governance  Last updated: 16/11/18  Page 108	<p>If we do not have robust digital, data and information security measures and systems in place, then we will be vulnerable to cyber threats, disruption to service delivery, possible loss of information including confidential information and associated fines and reputational damage.</p>	Low	Very High	Amber	Sarah Caulkin	<p>Communications and awareness raising to staff and Councillors monthly on good practice.            SIRO identified.            DPO in place.            Information Governance Unit established.            GDPR project delivered.            Data breach process updated in line with GDPR..            GDPR Compliant privacy notice placed on public website.            Data Protection Impact Assessment completed to measure impact of individual right to privacy.            GDPR information for schools published on Staffnet.            Revised security policy, Cyber Security Policy and Information governance framework agreed by CMT..</p>			<p>Mandatory data protection training for staff / Councillors.            GDPR Compliance monitoring/ reporting through P&amp;FM's, CMT, Cabinet governance.            External email filter preventing viruses.            Firewall/filter software.            Software patches for updates/ security            Mobile device encryption.            Up to date anti-virus software.            ICT policies remind staff of responsibilities            Restricted access to social media / networking.            Council data back-up off site.            Agile ICT as secure as office network.            Increased use of secure cloud storage.</p>	<p>Various IT / System audits in Audit Plan.             GDPR audit added 18/19.</p>	<p>Public Services Network (PSN) compliance certificate – tested annually.             Achieved IASME Cyber Essentials certification, working towards Cyber Essentials Plus by March 2019</p>	<p>WAO review undertake an IT audit each year as part of reviewing financial accounts</p>	<p>Range of IT audits in the plan to be completed as part of the rolling audit schedule.</p>	<p>IT audits due in 2019/20</p>	<p>Service Specific – Digital &amp; Transformation and IT Audits – Transformation and Future Council Development</p>

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
					Level 1	Level 2			Level 3					
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>														
<b>Emergency Planning, Resilience and Business Continuity (CR87)</b>  <b>Category:</b> Corporate Governance  Last updated: 16/11/18	If we do not have sufficient emergency planning, resilience and business continuity arrangements in place, then we will not be able to respond effectively in an emergency, provide the necessary civic leadership or continue to run vital services and ensure compliance with the legal requirements of the Civic Contingencies Act 2004 as a Category 1 Responder.	Low	Very High	Amber	Adam Hill	Various plans in place including: Major Incident Plan; Flood Management Plan; Mass Fatality Plan; Temporary mortuary arrangements; Crisis Media Plan; Rest Centre Plan and Arrangements; Recovery Plan; Offsite COMAH Plan and Exercising; Risk Profiling; Project Griffin Training; Vehicle Mitigation & Protective Security Advice; Multi Agency Exercising & Training; Call Out & Activation Protocols; Continual review of Plans & Protocols; Service and Corporate Business Impact Assessments & Business Continuity Plans; RAG alert system across H&S and emergency management.				Emerg. Mgt audit in Audit Plan for CBS.  H&S, Emerg. Planning / Civil Cont. and Business Continuity in Audit Plan for HR&OD.	Standard audits in the plan already cover this area.	Audits in the plan to be completed when due as part of the standard rolling schedule.	Cross Cutting Audits – Other Assurance	

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area		
					Level 1	Level 2			Level 3						
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance						
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit	
<b>Corporate Risk Register</b>															
<b>Health &amp; Safety (CR88)</b>  <b>Category:</b> Corporate Governance  Last updated: 16/11/18  Page 110	If we fail to have robust Health & Safety policies and arrangements in place, then there could be a health and safety breach identified as a corporate failing with associated legal, financial and reputational consequences.	Low	High	Amber	Adam Hill	H&S Policies H&S Toolkits RIDDOR procedures for reportable incidents to HSE. H&S audit plan. Well Being Policies. Membership of BACP. SEQOSH accreditation by Faculty of Occupational Medicine. Noise, Dust, Lighting, Humidity & Vibration Sampling. Directors H&S Committees & Sub Safety Groups. RAG alert system across H&S, emergency management and well-being.				H&S Audit in Audit Plan for HR&OD.			Standard audits in the plan already cover this area.	Audits in the plan to be completed when due as part of the standard rolling schedule.	Cross Cutting Audits – Other Assurance

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area		
					Level 1	Level 2			Level 3						
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance						
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit	
<b>Corporate Risk Register</b>															
<p><b>New legislative and statutory requirements (CR89)</b></p> <p><b>Category:</b> Corporate Governance</p> <p>Last updated: 16/11/18</p>	<p>If the council cannot respond adequately to new legislative and regulatory requirements due to reduced resources, then it will be open to external challenge and may suffer reputational damage and fines.</p>	Low	Medium	Amber	Tracey Meredith	<p>Corporate Plan: captures major change/duties under the WFGA to set well-being objectives and steps to meet them. Service Planning use of the SWOT/PESTLE process to capture external legislative changes/threats, etc. and embed the WFGA. Directors/Heads of Service duty to horizon scan and present papers on new changes and to resource accordingly and in accordance with the Sustainable Development Principle of the WFGA. Regular policy briefings and foresighting policy. Monitoring of new legislation by Legal and Dem. Services. Lawyers in Local Government Update circulated by Head of Legal to CMT. Legal implications inserted into decision making reports.</p>			Appraisals and identification of training needs.	<p>Consult with CMT / HoS each year as part of annual consult'n exercise to inform the Audit Plan and inform forward work plan for the following year.</p> <p>Audits added to plan as they arise prioritised by risk.</p>			<p>Audits to be added to the plan via as per annual consult with HoS/ Directors.</p>	<p>New audits to be added as requested by HoS/ Directors</p>	Service Specific – Across Corporate Priorities / Monitoring Officer Assurance

Business Risk	Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area		
					Level 1	Level 2			Level 3						
					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance						
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit	
<b>Corporate Risk Register</b>															
<b>Decision to leave the European Union (BREXIT) (CR90)</b>  <b>Category:</b> Corporate Finance  Last updated: 16/12/18  Page 112	If there continuing uncertainty from the decision to exit the European Union (BREXIT), then there may be a risk to investment in the region due to the loss of grants and decisions affecting strategic inward investment.	Very High	Medium	Red	Adam Hill	A risk outside directly of Council control/ influence. Maximise existing grant take ups/explore alternative sources of grant/investment Event horizon scanning of all media, parliamentary decisions, negotiations. Lobbying through WLGA, professional associations for UK/WG government grant/other decisions to attract inward investment via alternative means e.g. City Deal, Tidal Lagoon (despite UK government rejection of financial support re latter)			Corporate work with WLGA and WG to ensure collective and consistent approach. Leader of Council leads for WLGA on Europe-WLGA response to Brexit aids identifying risks. Civil Contingency Plan Reviewed. Duty rotas in place for strategic/ tactical Officers.			Welsh Audit Office call for Evidence was used to gather information on work undertaken to date to prepare and identify issues in relation Brexit. This information will be used to develop a more robust response through the Brexit Steering group.	None	n/a	n/a

Business Risk		Current Likelihood	Current Impact	Overall RAG Status	Risk Owner	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
						Level 1	Level 2			Level 3					
						Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
							Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>															
<b>Tax evasion (CR91)</b>	If the Council fails to prevent those who act for or on its behalf from knowingly or unknowingly facilitating (including failing to prevent) tax evasion, then the Council will be criminally liable and will face an investigation by HMRC with potential prosecution and unlimited financial liability.	Low	High	Amber	Ben Smith	VAT Manual, Guidance Notes and Accounting Instructions. VAT advice available via Principal Finance Partner and external VAT advisors. Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs). IR35 guidance and procedure notes available. Procurement rules and procedures. Segregation of duties.				VAT Audit in the Audit Plan. Cover aspects of VAT, CPR's, FPR's and seg. of duties as part of standard audit tests across all audits.	HMRC compliance team has visited and "signed off" our tax arrangements.	VAT arrangements considered as part of wider financial audit	None – elements are already covered in the audit plan.	Planned audits to be completed as per the standard rolling schedule.	Section 151/Monitoring Officer Assurance–Other Assurance

## Source & Level of Assurance - Three Lines of Defence

Assurance can come from many sources within an organisation. A concept for helping to identify and understand the different contributions the various sources can provide is the Three Lines of Defence model. By defining the sources of assurance in three broad categories, it helps to understand how each contributes to the overall level of assurance provided and how best they can be integrated and mutually supportive. For example, management assurances could be harnessed to provide coverage of routine operations, with internal audit activity targeted at riskier or more complex areas.

### First Line of Defence – Level 1 – Management Assurance

Within the ‘front-line’ or business operational areas, there will be many arrangements established that can be used to derive assurance on how well objectives are being met and risks managed; for example, good policy and performance data, monitoring statistics, risk registers, reports on the routine system controls and other management information.

*Nature of assurance:* This comes direct from those responsible for delivering specific objectives or operation; it provides assurance that performance is monitored, risks are identified and addressed and objectives are being achieved. This type of assurance may lack independence and objectivity, but its value is that it comes from those who know the business, culture and day-to-day challenges.

### Second Line of Defence – Level 2 – Other Internal Assurance

This work is associated with oversight of management activity. It is separate from those responsible for delivery, but not independent of the organisation’s management chain. This could typically include compliance assessments or reviews carried out to determine that policy or quality arrangements are being met in line with expectations for specific areas of risk across the organisation.

*Nature of assurance:* The assurance provides valuable management insight into how well work is being carried out in line with set expectations and policy or regulatory considerations. It will be distinct from and more objective than first line assurance.

### Third Line of Defence – Level 3 – Other Independent Assurance & External Assurance

This relates to independent and more objective assurance and focuses on the role of internal audit, which carries out a programme of work specifically designed to provide the Section 151 Officer with an independent and objective opinion on the framework of governance, risk management and control. Internal audit will place reliance upon assurance mechanisms in the first and second lines of defence, where possible, to enable it to direct its resources most effectively, on areas of highest risk or where there are gaps or weaknesses in other assurance arrangements. It may also take assurance from other independent assurance providers operating in the third line, such as those provided by independent regulators, for example.

As an additional line of assurance, sitting outside of the internal assurance framework and the Three Lines of Defence model, are external auditors, who are external to the organisation with a statutory responsibility for certification audit of the financial statements.

*Nature of assurance:* Independent of the first and second lines of defence. Internal audit operates to professional and ethical standards in carrying out its work, independent of the management line and associated responsibilities. External audit operates similarly.



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

## Overview and Scrutiny: Fit for the future? – **City and County of Swansea Council**

Audit year: 2017-18

Date issued: July 2018

Document reference: 686A2018-19

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The team who delivered the work comprised Katherine Simmons, Tim Buckle and Sara-Jane Byrne under the direction of Huw Rees.

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# Summary report

## Summary

- 1 This review explored with each of the 22 councils in Wales how 'fit for the future' their scrutiny functions are. We considered how councils are responding to current challenges, including the Wellbeing of Future Generations Act 2015 (WFG Act) in relation to their scrutiny activity, as well as how councils are beginning to undertake scrutiny of Public Services Boards (PSBs). We also examined how well placed councils are to respond to future challenges such as continued pressure on public finances and the possible move towards more regional working between local authorities.
- 2 As part of this review we also reviewed the progress that councils have made in addressing the recommendations of our earlier National Improvement Study 'Good Scrutiny? Good Question' (May 2014) (see Appendix 2). We also followed up on the proposals for improvement relevant to scrutiny that we issued in local reports including those issued to councils as part of our 2016-17 thematic reviews of Savings Planning and Governance Arrangements for Determining Significant Service Changes.
- 3 Our review aimed to:
  - identify approaches to embedding the sustainable development principle into scrutiny processes and practices to inform practice sharing and future work of the Auditor General in relation to the WFG Act;
  - provide assurance that scrutiny functions are well placed to respond to current and future challenges and expectations;
  - help to embed effective scrutiny by elected members from the start of the new electoral cycle; and
  - provide insight into how well councils have responded to the findings of our previous Scrutiny Improvement Study.
- 4 To inform our findings we based our review methodology around the Outcomes and Characteristics for Effective Local Government Overview and Scrutiny that were developed and agreed by scrutiny stakeholders in Wales following our previous National Improvement Study 'Good Scrutiny? Good Question'.
- 5 During February 2018 and March 2018, we undertook document reviews, interviewed a number of key officers and ran focus groups with key councillors to understand their views on City and County of Swansea Council's (the Council) current scrutiny arrangements and in particular how the Council is approaching and intends to respond to the challenges identified above.
- 6 We observed a sample of scrutiny meetings and reviewed relevant meeting documentation provided to Members to support their scrutiny role, such as reports and presentations.
- 7 In this review we concluded that the **Council's scrutiny function is well-placed to respond to future challenges, but could improve arrangements for pre-**

**decision scrutiny and strengthen its evaluation of the impact of scrutiny activity.** We came to this conclusion because:

- The Council has an active scrutiny function that benefits from a flexible approach, but there remains potential for confusion and overlap between the role of Policy Development Committees and Scrutiny;
- The scrutiny function regularly challenges decision makers, but it could improve the timeliness of pre-decision scrutiny; and
- The scrutiny function has arrangements to review its effectiveness, but there is scope for the Council to strengthen its evaluation of the impact of its scrutiny activity on citizens and other stakeholders.

## Proposals for improvement

**Exhibit 1: proposals for improvement**

8 The table below contains our proposals for ways in which the Council could improve the efficiency and effectiveness of its overview and scrutiny function to make it better placed to meet current and future challenges.

Proposals for improvement	
P1	The Council should consider the skills and training that scrutiny members may need to better prepare them for current and future challenges, and develop and deliver an appropriate training and development programme, including providing additional training on the Well-Being of Future Generations (Wales) Act.
P2	The Council should strengthen its evaluation of the impact and outcomes of its scrutiny activity.
P3	The Council should further clarify the distinction between scrutiny and Policy Development Committee activity in relation to policy development.

# Detailed report

## The Council's scrutiny function is well-placed to respond to future challenges, but could improve arrangements for pre-decision scrutiny and strengthen its evaluation of the impact of scrutiny activity

## The Council has an active scrutiny function that benefits from a flexible approach, but there remains potential for confusion and overlap between the role of Policy Development Committees and Scrutiny

- 9 The Council sets out in its Constitution that the main aim of the scrutiny function is to act as a 'critical friend' to the Cabinet, and other decision makers, in order to promote better services, policies and decisions. It is expected that scrutiny activities will:
- help improve services;
  - provide an effective challenge to the executive;
  - engage Members in the development of policies, strategies and plans; and
  - engage the public.<sup>1</sup>
- 10 Since October 2012, the Council has delivered and co-ordinated scrutiny activity through a single Scrutiny Programme Committee. The Scrutiny Programme Committee is supported by:
- Inquiry Panels: these undertake discrete in-depth inquiries into specific and significant areas of concern on a task and finish basis;
  - Performance Panels: These panels provide ongoing in-depth monitoring and challenge for clearly defined service areas; and
  - Working Groups (usually one-off meetings): these are established when a matter should be carried out outside of the committee but does not need a panel to be set up, enabling a 'light-touch' approach to specific topics of concern.
- 11 Scrutiny members and officers generally feel that this structure is flexible and enables them to examine a range of issues. Scrutiny members can choose which inquiries or working groups they wish to participate in, which encourages scrutiny members with a specific interest or expertise to engage in those areas of interest. We found that the work of the Scrutiny Programme Committee and Performance

<sup>1</sup> City and County of Swansea, **Constitution**, June 2018

Panels includes consideration of the Council's performance management, self-evaluation and improvement arrangements.

- 12 Within the Council's scrutiny function, Performance Panels have a key role in scrutinising the performance of particular areas of service delivery (see footnote 1). The Council currently has six Performance Panels. These are:
- Service Improvement and Finance (held monthly);
  - Schools (held monthly);
  - Adult Services (held monthly);
  - Child and Family Services (held every two months);
  - Public Services Board (held quarterly); and
  - Development and Regeneration (held every two months).
- 13 These panels meet to consider a range of topics. Agendas, minutes and meeting papers for Performance Panels are available on the Council's website and the meetings are open to the public to attend. However, as the Council does not consider the Performance Panels as formal committees, their membership is not required to be politically balanced and their convenors are not formal committee chairs. As such, the convenors do not receive a senior salary for undertaking these roles and the arrangement relies on the goodwill of Members to take on extra responsibilities. Whilst this has proven effective so far, there is no guarantee that the goodwill of Members will continue to allow this arrangement to work in the future.
- 14 In our Annual Improvement Report incorporating the Corporate Assessment Report 2014, we commented that there was 'potential for duplication between scrutiny and the Council's Cabinet Advisory Committees'.<sup>2</sup> At the time of our fieldwork, the Council had replaced its Cabinet Advisory Committees with five Policy, Development and Delivery Committees (PDDCs). The PDDCs were subsequently renamed Policy Development Committees (PDCs) at the Annual Council Meeting in May 2018. However, the role of the PDCs has remained unchanged. The Council's Constitution defines the PDCs as Council committees with the purpose of developing the Council's Corporate Policies for consideration and adoption by Cabinet and/or Council as appropriate (see footnote 1).
- 15 As set out in paragraph 9, the Council's constitution states that the scrutiny function also has a role in the development of policies, strategies and plans. The Council's officers told us that there are arrangements in place to prevent duplication of work on policy development between the PDCs and the Council's scrutiny function. These arrangements include officer agenda review and liaison between the PDC chairs and the Scrutiny Programme Committee chair to discuss work programmes. Officers and Members also told us that where both a PDC and the Scrutiny Programme Committee wish to consider an item, the Scrutiny

<sup>2</sup> Auditor General, **Annual Improvement Report Incorporating the Corporate Assessment Report 2014**, June 2015, Wales Audit Office

- 16 Programme Committee takes precedence. The Council has tried to clarify the distinction between the PDCs and its scrutiny function by amending its Constitution. Despite this, we found that some scrutiny members remain unclear about the difference between PDCs and the scrutiny function. The potential for overlap between PDCs and scrutiny activity in relation to policy development remains.
- 17 To gain an understanding of the environment in which scrutiny operates, we looked at the training opportunities available to scrutiny members. Scrutiny training is integrated within the overall councillor Training and Development Programme, and the Council surveys Members to identify training and development needs. The Council provided a scrutiny induction session for new and returning Members in June 2017. The Public Service Board (PSB) Performance Panel was invited to a workshop in September 2017 to develop understanding about the WFG Act. However, the Council acknowledges that there has been limited training specifically for scrutiny members due to budget pressures with, for example, no specific training on scrutiny chairing provided so far in this electoral cycle.
- 18 There is scope for the Council to consider what skills and knowledge scrutiny members need to respond to current and future challenges, such as continued pressure on public finances and the potential for increased collaborative working, and to provide appropriate training. This could include training in areas such as options appraisals, financial analysis, scrutinising regional, collaborative and commercial arrangements, and engaging ward Members and stakeholders in scrutiny work.
- 19 As part of our review, we also considered the support available to scrutiny members. The Council has a dedicated team of scrutiny officers, composed of 4.4 full time equivalent staff, supporting the scrutiny function. Their roles include supporting and managing work programmes, undertaking research, and facilitating methods of stakeholder engagement. The scrutiny team play a significant role in promoting scrutiny activity through the Council's website, scrutiny blog and social media. In addition, officers within democratic services provide administrative support for Scrutiny Programme Committee meetings. This includes the preparation and distribution of agendas and producing the minutes of meetings. An officer from the Council's legal team also attends the Scrutiny Programme Committee meetings. The Council's Scrutiny Annual Report 2016-17 showed that 88% of councillors and 63% of staff who responded to the annual councillor and staff survey, agreed that the level of support provided by the scrutiny team is either excellent or very good.

## The scrutiny function regularly challenges decision makers, but it could improve the timeliness of pre-decision scrutiny

- 20 The Council holds an annual scrutiny work planning conference to develop an overarching scrutiny work programme. Key senior officers provide guidance on topic selection, and an overview of potential opportunities and challenges ahead. Members, staff and the public provide suggestions on topics (via surveys and consultation activity) which feed into scrutiny member discussions to formulate the work programme priorities. The Scrutiny Programme Committee Chair and Scrutiny Team Leader advises scrutiny members to select topics that are strategic and significant, or issues of concern, and will be an effective use of scrutiny time. This aims to ensure that scrutiny work programmes include topics that scrutiny members can influence to make a difference for local citizens. The conference also includes reflection on the scrutiny activity undertaken in the previous year. Performance Panel and Scrutiny Programme Committee work plans are developed within their initial sessions to support the overarching scrutiny work programme.
- 21 One of the key roles of scrutiny committees is to scrutinise and influence issues before Cabinet make decisions, drawing on a range of perspectives. This is known as pre-decision scrutiny. Twelve Cabinet reports were subject to pre-decision scrutiny during 2016-17, including seven Commissioning Review reports.<sup>3</sup> However, in the Council's Scrutiny Annual Report 2016-17, scrutiny members highlighted that; 'while the scrutiny of Commissioning Reviews had been a positive step forward, this would be further improved by having more time to scrutinise such important cabinet reports'. This view was also reflected to us by scrutiny members during our review. Officers and scrutiny members told us that this is due to the timescales imposed by the publication of Cabinet papers. We observed that the Scrutiny Programme Committee arranged additional meetings to facilitate pre-decision scrutiny of topics. The Council should consider whether the current arrangement for the Scrutiny Programme Committee or Panels to undertake pre-decision scrutiny, enables sufficient time for effective planning and evidence gathering. Improving the timing or engagement of pre-decision items that scrutiny Panels or the Scrutiny Programme Committee consider, would potentially enable more meaningful involvement of scrutiny members in the decision-making process. It would also provide opportunities to gather a broader range of evidence to inform their scrutiny activity.
- 22 The Council has established arrangements for engaging in evidence based challenge of decision makers. The Scrutiny Programme Committee meeting and Performance Panel we observed were well run with challenging and focused questioning from scrutiny members. Cabinet members are regularly held to account by Scrutiny members. The relationship between Cabinet and the scrutiny

<sup>3</sup> The Council adopted a comprehensive strategy for change in 2014. This included detailed analysis of service provision by means of 'Commissioning Reviews' (CRs) which began in 2015.

function is generally constructive, with Cabinet members regularly considering and responding to scrutiny questions and recommendations. We observed that the seating and conduct of Scrutiny Committee/Panel meetings contributed to a shared understanding amongst officers and Members of the distinctive roles of Cabinet and scrutiny members.

- 23 Scrutiny Programme Committee hold question and answer sessions with each Cabinet member on a rolling programme. This gives scrutiny members the opportunity to directly challenge Cabinet members on progress with areas within their portfolios and decision making. The reports provided by the Cabinet member in advance of the question and answer sessions outline anticipated areas for discussion. The scrutiny team also provide papers to the Scrutiny Programme Committee from previous question and answer sessions to facilitate continuity. This ensures that scrutiny members are well informed and build on previous questioning to develop lines of enquiry. Scrutiny members told us that the question and answer sessions supports constructive dialogue between the scrutiny function and Cabinet.
- 24 The Council has sought to improve the way in which overview and scrutiny activity informs, and engages with, stakeholders. In 2014 the Council adopted Participation Cymru's 10 Principles for Public Engagement into its Consultation and Engagement Strategy. During 2014-2015, the Scrutiny Programme Committee held sessions on Improving the Impact of scrutiny<sup>4</sup>, and on Communication and Public Engagement<sup>5</sup>. These resulted in the identification of a number of actions on how the Council could improve public engagement with scrutiny. The suggestions included holding public question and answer sessions, and stakeholder mapping as part of scrutiny inquiries. Our review of scrutiny activity suggests that scrutiny members frequently invite stakeholders to provide evidence as part of scrutiny activity. For example, the Council gathered evidence from health partners, the Swansea Council for Voluntary Services, Parent/Carer Forum and School Head teachers as part of its Inquiry into Child and Adolescent Mental Health Services.
- 25 The Council has an established approach to promoting the work of its scrutiny function, particularly through social media and its website. Scrutiny officers work with the Council's communications team to generate scrutiny content for Council news pages and press releases. The scrutiny team manage dedicated scrutiny web pages, blogs and twitter feeds. The scrutiny team also work with scrutiny members to produce Scrutiny Dispatches.<sup>6</sup> This is a quarterly update on scrutiny

<sup>4</sup> Chair – Scrutiny Programme Committee, **Report to Scrutiny Programme Committee on Improving the Impact of Scrutiny**, June 2014

<sup>5</sup> Chair – Scrutiny Programme Committee, **Report to Scrutiny Programme Committee on Improving Communication and Public Engagement with Scrutiny**, September 2014

<sup>6</sup> Information about the aims of the Scrutiny Dispatches are set out in the covering reports for these dispatches. The April 2018 Scrutiny dispatches is available [here via this link together with the covering report.](#)

activity, reported to full Council. They also produce monthly scrutiny newsletters, which are available for the public to subscribe to. These newsletters include forthcoming Panel and Working Group meetings, topics being considered by scrutiny, and progress with current scrutiny inquiries and working groups.

- 26 The Council also tries to help members of the public and other stakeholders to understand the proceedings of scrutiny meetings, should they attend. The Council provides an information sheet in the public gallery at the Scrutiny Programme Committee meetings setting out the role of the Scrutiny Programme Committee and names of attendees, and name plates are used to help members of the public to understand who is who and their different roles.
- 27 As part of our review, we also considered how councils are beginning to undertake scrutiny of Public Service Boards (PSBs). The Council recognises that scrutiny of the PSB is in its early stages. The Council has a Public Service Board Scrutiny Performance Panel set up to support the Scrutiny Programme Committee to scrutinise the PSB. This Panel has a core membership of 13 members including seven scrutiny members, the Chair and Vice Chair of the Scrutiny Programme Committee, plus the convenors of the Performance Panels. This arrangement aims to draw in a range of knowledge and expertise, while disseminating the principles of the WFG Act to all the Performance Panels. The Council also invites six non-executives from local partner agencies to attend the PSB scrutiny Performance Panel. The Panel is developing its work plan for 2018-19 and has begun to scrutinise PSB work streams. The Panel has produced letters to the Chair of the PSB raising questions or concerns as a result of the activity of the Panel. However, it is too early in the development of PSB Scrutiny for us to comment on the effectiveness of these arrangements at the Council.

### The scrutiny function has arrangements to review its own effectiveness, but could strengthen its evaluation of the impact of its scrutiny activity on citizens and other stakeholders

- 28 In our 'National Improvement Study Good Scrutiny? Good Question! Report in May 2014, we recommended that councils ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness, including following up on proposed actions and examining outcomes.<sup>7</sup>
- 29 We found that the Council has a number of arrangements to review its scrutiny function's effectiveness. For example, the Council reconvenes Inquiry Panels between 6-12 months after Cabinet decisions on their inquiry reports. For these Inquiry Panel sessions, officers produce an impact report and action plan on behalf of the Cabinet member setting out what has changed since the inquiry report was presented to Cabinet, whether agreed recommendations have been implemented,

<sup>7</sup> Auditor General, **National Improvement Study - Good Scrutiny? Good Question! Report**, Wales Audit Office, May 2014

and the impact of the scrutiny inquiry. At these sessions, the Inquiry Panel has the opportunity to provide further challenge to the Cabinet member who attends the reconvened Inquiry Panel, discuss progress and agree further actions if necessary.

- 30 In its Improving the Impact of Scrutiny Report in 2014 (see footnote 5), the Scrutiny Programme Committee's action plan stated the need to reconvene Inquiry Panels to assess the wider impact of inquiries and involve other stakeholders where appropriate. It also proposed establishing measurable outcomes at the outset of inquiries, including setting out 'an indicator we want to change' in every scoping report. We found limited evidence that these actions are taking place. The Council's arrangement for evaluating the impact of its Inquiry Panels would be strengthened if these were implemented.
- 31 The Council's scrutiny team also maintains a spreadsheet to track Cabinet responses to letters from the Scrutiny Programme Committee, Working Groups and Performance Panels. This spreadsheet provides a quantitative assessment of recommendations made by scrutiny, and recommendations subsequently accepted by Cabinet. However, we found little evidence to suggest the Council undertakes any systematic evaluation of the impact or effectiveness of these recommendations through this arrangement.
- 32 The Council also produces annual scrutiny reports to assess the scrutiny function's effectiveness as a whole. The annual reports include a summary self-evaluation that the Council uses to identify strengths and weaknesses to support continuous improvement of the scrutiny function. The Council's annual scrutiny reports are also based on performance against a range of performance measures captured in a scorecard, which covers four sections relating to scrutiny practice and outcomes. The performance is informed by the results of annual Member and staff surveys. The measures in the scorecard have remained largely unchanged since the Council introduced them in 2012. Whilst this allows the Council to assess trends in performance, there is an opportunity for the Scrutiny Programme Committee to reflect on whether the data collected continues to be relevant and useful to inform its evaluation of the function's effectiveness. For instance, it would be difficult for a member of the public to understand from the Scrutiny Annual Report 2016/17 what the impact or outcomes from the scrutiny function were during this period, as the report does not include a description and evaluation of scrutiny activity or evidence to demonstrate its impact.
- 33 As mentioned in paragraph 24, one of the main ways in which the Council highlights the work of its scrutiny activity is through its Scrutiny Dispatches; 'How scrutiny councillors are making a difference' (see footnote 7). This is a quarterly publication, which aims to set out the Council's scrutiny achievements and outcomes, and how the work of scrutiny is making a difference. The quarterly Scrutiny Dispatches are considered by full Council and are available on the Council's website. For example, Scrutiny Dispatches, January 2018 states that the Inquiry into School governance prompted reflection on the support and training provided to school governors, and highlighted the need for closer working between governing bodies and school challenge advisors.

- 34 The Council produces a range of scrutiny activity outputs. Recent examples include inquiry reports on School Readiness and School Governance, Tackling Poverty and Child and Adolescent Mental Health Services. However, the Council needs to consider how it can demonstrate outcomes for citizens from its scrutiny activity.

# Appendix 1

## Exhibit 1: outcomes and characteristics for effective local government overview and scrutiny

<b>Outcome</b> <b>What does good scrutiny seek to achieve?</b>	<b>Characteristics</b> <b>What would it look like? How could we recognise it?</b>
<p><b>1. Democratic accountability drives improvement in public services.</b></p> <p><b>‘Better Services’</b></p>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>i) Scrutiny has a clearly defined and valued role in the council's improvement arrangements.</li> <li>ii) Scrutiny has the dedicated officer support it needs from officers who are able to undertake independent research effectively, and provide Scrutiny members with high-quality analysis, advice and training.</li> </ul> <p><b>Practice</b></p> <ul style="list-style-type: none"> <li>iii) Overview and Scrutiny inquiries are non-political, methodologically sound and incorporate a wide range of evidence and perspectives.</li> </ul> <p><b>Impact</b></p> <ul style="list-style-type: none"> <li>iv) Overview and scrutiny regularly engages in evidence based challenge of decision makers and service providers.</li> <li>v) Scrutiny provides viable and well evidenced solutions to recognised problems.</li> </ul>
<p><b>2. Democratic decision making is accountable, inclusive and robust.</b></p> <p><b>‘Better decisions’</b></p>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>i) Scrutiny councillors have the training and development opportunities they need to undertake their role effectively.</li> <li>ii) The process receives effective support from the Council's Corporate Management Team who ensures that information provided to scrutiny is of high quality and is provided in a timely and consistent manner.</li> </ul> <p><b>Practice</b></p> <ul style="list-style-type: none"> <li>iii) Scrutiny is Member led and has `ownership` of its work programme taking into account the views of the public, partners and regulators whilst balancing between prioritising community concerns against issues of strategic risk and importance.</li> <li>iv) Stakeholders have the ability to contribute to the development and delivery of scrutiny forward work programmes.</li> <li>v) Overview and scrutiny meetings and activities are well-planned, chaired effectively and make best use of the resources available to it.</li> </ul>

<b>Outcome</b> <b>What does good scrutiny seek to achieve?</b>	<b>Characteristics</b> <b>What would it look like? How could we recognise it?</b>
	<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>vi) Non-executive Members provide an evidence based check and balance to Executive decision making.</li> <li>vii) Decision makers give public account for themselves at scrutiny committees for their portfolio responsibilities.</li> </ul>
<p><b>3. The public is engaged in democratic debate about the current and future delivery of public services.</b></p> <p><b>‘ Better engagement ’</b></p>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>i) Scrutiny is recognised by the Executive and Corporate Management team as an important council mechanism for community engagement.</li> </ul> <p><b>Practice</b></p> <ul style="list-style-type: none"> <li>ii) Scrutiny is characterised by effective communication to raise awareness of, and encourage participation in democratic accountability.</li> <li>iii) Scrutiny operates non-politically and deals effectively with sensitive political issues, tension and conflict.</li> <li>iv) Scrutiny builds trust and good relationships with a wide variety of internal and external stakeholders.</li> </ul> <p><b>Impact</b></p> <ul style="list-style-type: none"> <li>v) Overview and scrutiny enables the 'voice' of local people and communities across the area to be heard as part of decision and policy-making processes.</li> </ul>

# Appendix 2

## Exhibit 2: recommendations from the report of the Auditor General's National Improvement Study 'Good Scrutiny? Good Question' (May 2014)

Recommendation	Responsible Partners
<b>R1</b> Clarify the role of executive members and senior officers in contributing to scrutiny.	Councils, Welsh Government, Welsh Local Government Association
<b>R2</b> Ensure that scrutiny members, and specifically scrutiny chairs, receive training and support to fully equip them with the skills required to undertake effective scrutiny.	Councils, Welsh Government, Welsh Local Government Association
<b>R3</b> Further develop scrutiny forward work programming to : <ul style="list-style-type: none"> <li>• provide a clear rational for topic selection</li> <li>• be more outcome focussed</li> <li>• ensure that the method of scrutiny is best suited to the topic area and the outcome desired; and</li> <li>• align scrutiny programmes with the council's performance management, self-evaluation and improvement arrangements</li> </ul>	Councils
<b>R4</b> Ensure that scrutiny draws effectively on the work of audit, inspection and regulation and that its activities are complementary with the work of external review bodies.	Councils, Staff of the Wales Audit Office, CSSIW, Estyn
<b>R5</b> Ensure that external review bodies take account of scrutiny work programmes and the outputs of scrutiny activity, where appropriate, in planning and delivering their work.	Staff of the Wales Audit Office, CSSIW, Estyn
<b>R6</b> Ensure that the impact of scrutiny is properly evaluated and acted upon to improve the function's effectiveness; including following up on proposed actions and examining outcomes.	Councils, Welsh Government, Welsh Local Government Association
<b>R7</b> Undertake regular self-evaluation of scrutiny utilising the 'outcomes and characteristics of effective local government overview and scrutiny'	Councils

Recommendation	Responsible Partners
developed by the Wales Overview & Scrutiny Officers' Network.	
<b>R8</b> Implement scrutiny improvement action plans developed from the Wales Audit Office improvement study.	Councils
<b>R9</b> Adopt Participation Cymru's 10 Principles for Public Engagement in improving the way scrutiny engages with the public and stakeholders.	Councils

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**Swansea Scrutiny – Improvement Action Plan**  
(agreed by Scrutiny Programme Committee – Jan 2019)

**Part A - Response to Wales Audit Office Report Proposals for Improvement –  
Overview & Scrutiny: Fit for the Future?**

<b>Improvement Issue:</b> <b>P1 - The Council should consider the skills and training that scrutiny members may need to better prepare them for current and future challenges, and develop and deliver an appropriate training and development programme, including providing additional training on the Well-Being of Future Generations (Wales) Act.</b>			
<b>Proposed Action</b>	<b>By When</b>	<b>By Whom</b>	<b>Action Already Taken / Progress</b>
P1a – Annual Survey of Scrutiny Councillors and Officers to help identify training and development needs that will help scrutiny members in their role.	April 2019	Scrutiny Team Leader	<ul style="list-style-type: none"> <li>• Scrutiny Induction carried out June 2017 included focus on effective questioning.</li> <li>• Previous survey findings indicated that majority of councillors have no specific needs but would like to receive information on any future opportunities.</li> </ul>
P1b - Training and Development Programme to be developed and agreed taking into account survey findings and other relevant considerations (including financial implications).	July 2019	Scrutiny Team Leader / Scrutiny Programme Committee	<ul style="list-style-type: none"> <li>• Areas previously identified:               <ul style="list-style-type: none"> <li>- Chairing Skills</li> <li>- Questioning Skills</li> <li>- Public Participation</li> <li>- Ad-hoc briefings to improve knowledge of Council services / working</li> <li>- Refresher session(s) on Scrutiny Process</li> </ul> </li> </ul>

P1c – Training and Development Programme to be delivered.	During 2019-2020 municipal year	Scrutiny Team Leader / Relevant Training Providers	
P1d – Report back on training and development activities and evaluation	July 2020	Scrutiny Team Leader	
<b>Improvement Issue: P2 - The Council should strengthen its evaluation of the impact and outcomes of its scrutiny activity.</b>			
<b>Proposed Action</b>	<b>By When</b>	<b>By Whom</b>	<b>Action Already Taken / Progress</b>
P2a – Existing performance indicators and measureable outcomes to be identified, where possible, regarding topics for scrutiny inquiry, which could help evidence change / difference following scrutiny.	Ongoing	Performance Manager / Scrutiny Officers / Scrutiny Inquiry Panels	
P2b – Follow up on Scrutiny Working Group recommendations to be formally monitored by Scrutiny Programme Committee to assess impact / outcomes.	Ongoing	Scrutiny Team Leader / Scrutiny Programme Committee	
P2c – Develop mechanisms for feedback from Cabinet Members, Officers, and other stakeholders about impact e.g. post-meeting evaluation; via Annual Survey etc.	May 2019	Scrutiny Team Leader	
P2d – Scrutiny Annual Report to include more reflection about activity and impact / outcomes.	Ongoing	Scrutiny Team Leader	Report for 2017-18 now includes distinct section on impact.

<b>Improvement Issue: P3 - The Council should further clarify the distinction between scrutiny and Policy Development Committee activity in relation to policy development.</b>			
<b>Proposed Action</b>	<b>By When</b>	<b>By Whom</b>	<b>Action Already Taken / Progress</b>
P3a –The Chair of Scrutiny Programme Committee and Scrutiny Performance Panel Conveners be added to the electronic distribution of Policy Development Committee agendas to ensure awareness of their work and work plans.	Jan 2019	Scrutiny Team Leader	<ul style="list-style-type: none"> <li>• Terms of Reference of the PDCs were revised by Council (Nov 2017) to clarify role and reinforce the distinction from scrutiny.</li> <li>• Policy Development Committee Work Plans for 2018-19 were reported to Scrutiny Programme Committee in August to compare with agreed Scrutiny Work Programme.</li> </ul>
P3b – Develop opportunities for Scrutiny Programme Committee Chair and Policy Development Committee Chairs to discuss any issues to avoid overlap / duplication between their roles	Ongoing	Scrutiny Team Leader	

## Part B – Scrutiny Programme Committee Improvement Objectives

<b>Improvement Issue:</b> <b>1 - We need more of our work to be reported to Cabinet so that there is more formal consideration of scrutiny conclusions and recommendations.</b>			
<b>Proposed Action</b>	<b>By When</b>	<b>By Whom</b>	<b>Action Already Taken / Progress</b>
1a - Scrutiny Working Groups have the option to report to Cabinet, depending on findings, instead of by letter to Cabinet Member.	Ongoing	Scrutiny Officers	
1b - Scrutiny Performance Panels have the option to report at least annually to Cabinet reflecting any major concerns / recommendations that the Panel(s) feel need to be made to Cabinet as a result of their monitoring activities.	Ongoing	Scrutiny Officers	
1c - Cabinet to respond to any such reports in the same fashion as Scrutiny Inquiries with a written response by relevant Cabinet Member presented to a Cabinet meeting within 2 months of receipt of report.	Ongoing	Relevant Cabinet Members	
<b>Improvement Issue</b> <b>2 - We need to be involved at an earlier stage in proposed Cabinet decisions so that our input can be more meaningful.</b>			
<b>Proposed Action</b>	<b>By When</b>	<b>By Whom</b>	<b>Action Already Taken / Progress</b>
2a – Scrutiny Programme Committee to ask Cabinet Members at future Q & A sessions about future key decisions so they can identify any issues which they may want to discuss at an earlier stage than cabinet reporting.	Ongoing	Scrutiny Team Leader	Cabinet Members already advised to consider what they hope to achieve over the coming months and challenges, including any key

			decisions they plan take to Cabinet over the next year, to help them prepare for Q & A sessions.
2b - Cabinet Members to consider reporting to scrutiny / consulting on significant issues and planned decisions at an early stage to enable views of scrutiny to taken e.g. Commissioning Reviews	Ongoing	Cabinet / CMT	
<b>Improvement Issue</b> <b>3 - We need to increase opportunities for participation so that more councillors can get involved in the work of scrutiny.</b>			
<b>Proposed Action</b>	<b>By When</b>	<b>By Whom</b>	<b>Action Already Taken / Progress</b>
3a - Time of meetings of Performance Panels (and any other recurring activities) to be reviewed at the start of each municipal year.	Ongoing	Scrutiny Officers	
3b - Councillors not actively engaged in scrutiny to be surveyed, to find out whether there are any barriers to participation, and reported to Scrutiny Programme Committee for discussion.	May 2019	Scrutiny Team Leader	80% of backbench councillors were actively involved in scrutiny during 2017-18.
<b>Improvement Issue</b> <b>4 - We need to strengthen follow up of all scrutiny recommendations so that the response and difference made can be assessed.</b>			
<b>Proposed Action</b>	<b>By When</b>	<b>By Whom</b>	<b>Action Already Taken / Progress</b>
Links to WAO P2 above. Additional actions:			
4a – With guidance from the Scrutiny Team, Scrutiny Working Group Conveners encouraged to follow up directly with	Ongoing	Scrutiny Councillors	

Cabinet Members, if required, and report back any concerns to the Scrutiny Programme Committee.			
4b - Questions to Cabinet Members at Scrutiny Programme Committee to cover any outstanding actions in respect of any scrutiny recommendations.	Ongoing	Scrutiny Programme Committee / Scrutiny Team Leader	To prepare for Cabinet Member Q & A Sessions Scrutiny Programme Committee is provided with a summary of scrutiny activities (Committee / Panels / Working Groups) that the Cabinet Member has been involved in to aid follow up.
<b>Improvement Issue: 5 - We need more coverage in the media so that people are more aware of our work.</b>			
<b>Proposed Action</b>	<b>By When</b>	<b>By Whom</b>	<b>Action Already Taken / Progress</b>
5a - Explore with Council's Communications Team ways in which regular media coverage for scrutiny can be generated.	May 2019	Comms. Team / Scrutiny Team	Already good joint working on preparation of press releases in relation to specific scrutiny activities.
5b – Greater use of social media including Swansea Scrutiny blog, Twitter, and developing a Facebook page e.g. promoting role, activities, impact of scrutiny and the ability for people to make requests for scrutiny to be promoted.	Ongoing	Scrutiny Team	

# Agenda Item 10



## Report of the Chief Auditor

Audit Committee – 12 February 2019

### Audit Committee – Action Tracker

<b>Purpose:</b>	This report details the actions recorded by the Audit Committee and response to the actions.
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Simon Cockings
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Rhian Millar

#### For Information

#### 1. Introduction

- 1.1 During the course of Audit Committee meetings various actions may be decided which are recorded on the minutes of the meetings.
- 1.2 As agreed in 2016/17 an Action Tracker process was put in place to ensure transparency over the outcomes of actions agreed by Committee.
- 1.3 The Action Tracker records the actions agreed by the Audit Committee and provides an outcome for each action.
- 1.4 The Action Tracker for the 2017/18 and 2018/19 municipal years are attached in Appendix 1 and 2.
- 1.5 The Action Tracker is regularly updated and any completed actions will be marked 'CLOSED' and coloured in grey.
- 1.6 The Action Tracker is reported to each Audit Committee meeting for information.

## **2. Equality and Engagement Implications**

2.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

2.2 There are no equality and engagement implications associated with this report.

## **3. Financial Implications**

3.1 There are no financial implications associated with this report.

## **4. Legal Implications**

4.1 There are no legal implications associated with this report

**Background Papers:** None

**Appendix 1** – Action Tracker 2018/19

**Appendix 2** – Action Tracker 2017/18

## Appendix 1

<b>AUDIT COMMITTEE ACTION TRACKER 2018/19</b>	
<b>Action</b>	<b>Outcome</b>
<b>11/12/18 Min 57 – Wales Audit Office Annual Audit Letter</b>	
The Committee is to be updated regarding budget variations.	See also Min 51 on 09/10/18 – this will be addressed in the budget monitoring reports that will be brought to Committee. CLOSED
<b>11/12/18 Min 59 – Overview of the Overall Status of Risk – Quarter 2 2018/19</b>	
A Risk Report be provided to every scheduled Audit Committee. The Risk Report must include Budget / Sustainable Swansea, City Deal / City Centre and Brexit.	Q3 Risk Report due to be presented to committee on 12/02/18 includes details on the risks as requested. The Strategic Delivery & Performance Manager will also provide details of these risks to Committee at each meeting.
The contents of the Risk Register requires enhancement.	Currently under review
<b>11/12/18 Min 61 – Trusts and Charities</b>	
A progress report in relation to the Trusts and Charities to be presented to a future Audit Committee meeting.	Deputy Chief Finance and Deputy 151 Officer informed.
<b>11/12/18 Min 62 – Treasury Management Annual Report 2017/18</b>	
Regular Treasury Management updates are to be provided to the Committee.	Deputy Chief Finance and Deputy 151 Officer informed.
<b>11/12/18 Min 67 – Internal and External Audit Recommendation Follow Up Process</b>	
Wales Audit Office reports received by Scrutiny Programme Committee also be reported to Audit Committee for information only.	The Strategic Delivery & Performance Manager is progressing this. Reports will be presented to Audit Committee after they have been presented to Scrutiny Committee.
<b>11/12/18 Min 68 – Internal Audit Annual Plan 2018/19 Monitoring Report</b>	
The Chair to be provided with sight of the 29 completed audits in quarter 2.	Reports have been sent to the Chair as requested. CLOSED
<b>09/10/18 Min 47 – Internal Audit Monitoring Report</b>	
The Interim Head of Digital & Transformation Services is to provide an update on the ICT Disaster Recovery Audit in Q3.	The Interim Head of Digital & Transformation attend the December Audit Committee to provide an update on the Disaster Recovery Audit. CLOSED
<b>09/10/18 Min 50 – Annual Report of School Audits 2017/18</b>	
Education/Procurement to provide the Audit Committee with the finalised catalogue for use by Schools to purchase supplies within 3 months.	Update from the Head of Commercial Services on 22/01/19. Schools received a copy of the long-list of corporate contracts available to them last year. However, a number of subsequent issues / discussions have arisen on this matter as Schools now want an enhanced / more supportive Procurement Service provided to them. Discussions are continuing with a view to resolving this matter, particularly in relation to funding an enhanced service.
<b>09/10/18 Min 51 – WAO Annual Improvement Report 2017/18</b>	
The Wales Audit Office updates the Committee regarding how the Council monitors and makes best use of recommendations from the National Shared Learning Agenda.	WAO provides Committee with regular work programme updates which includes reference to reports and the expected timeline for publication. Committee is responsible for following up how Officers respond to recommendations made. CLOSED
The Chief Finance Officer be requested to report future budget variations to the Committee.	The three regular in year budget monitoring reports will in future be routinely brought to Audit Committee. CLOSED
<b>09/10/18 Min 52 – WAO Update October 2018</b>	

Details were provided in relation to the Financial, Pension Fund and Performance Audit work. The Committee highlighted the amount of bureaucracy that existed and the potential cost to the WAO. The potential cost of the bureaucracy to be highlighted to the Auditor General.	WAO have provided the requested feedback to the Auditor general. CLOSED
<b>09/10/18 Min 54 – Audit Committee Workplan</b>	
The Trusts & Charities Update to be reported to the next scheduled meeting in December.	The update report was presented to Committee at the December meeting. CLOSED
An Officer be requested to accompany the Chair and Vice-Chair to the Cardiff Audit Committee meeting on the 13/11/18.	The Chair, Vice Chair and Chief Auditor attended Cardiff Audit Committee meeting on 13/11/18. CLOSED
<b>14/08/18 Min 31 – Draft Audit Committee Annual Report 2017/18</b>	
The Annual Report, with the suggested amendments in relation to the narrative in paragraph 9.4 (Risk Registers) be approved and presented to a future meeting of the Council	Suggested amendments were made to the Draft report, with the revised version being circulated to Members. The final report was presented to Council on 25/10/18. CLOSED
<b>14/08/18 Min 32 – Audit Committee Performance Review 2017/18 Action Plan</b>	
The approved action plan should be appended to the Audit Committee Workplan for the September and December meetings.	The approved Action Plan will be appended to the workplan at these meetings as requested to track implementation of the agreed actions. CLOSED
<b>14/08/18 Min 33 – Internal Audit Annual Report 2017/18</b>	
The Chief Auditor to raise the need for a refresh of the PI's through the Welsh Chief Auditors Group. Chair requested that future year's Internal Audit Plans include reference to the Council's corporate priorities.	Next Welsh Chief Auditors Group meeting is due to take place at the end of October – PI's will be raised as an agenda item. PI's were raised at the meeting on 19/10/18 and the group is working to review these. CLOSED Consideration will be given to reference the Council's corporate priorities in the 2019/20 Audit Plan. CLOSED
<b>17/07/18 Min 20 – Draft Annual Governance Statement 2017/18</b>	
The Chair and Head of Legal, Democratic Services & Business Intelligence discuss amendments to the Annual Governance Statement (AGS) 2017/18. An amended version it to be circulated to Audit Committee. A special meeting should be called to approve the amended version if necessary.	Amended version of the AGS was distributed to Members on the 13/08/18. A special meeting was held on the 23/08/18 to review and discuss the amendments and to approve the AGS. - CLOSED
The Chair is to discuss the term 'sustainable savings' in the AGS with the Head of Financial Services & Service Centre.	The term 'Sustainable Savings' remains unchanged in the final version of the AGS. - CLOSED
<b>17/07/18 Min 20 – Draft Statement of Accounts 2017/18</b>	
A briefing note is to be provided to the Committee on the position of Charitable Trust Funds to provide clarity on why they are not included in the Statement of Accounts.	Chief Treasury & Technical Officer has been informed of this request. Report presented to Committee on 11/12/18. CLOSED
<b>26/06/18 Min 17 – Audit Committee Review of Performance 2017/18</b>	
The Chair meets the Chief Executive to discuss the impact of the 31 high level risks identified and how the Authority is managing those risks.	The Chair is due to meet with the Chief Executive and The Chief Finance Officer on the 28/09/18. Chair met with the Chief Executive and Chief Finance Officer on 28/09/18. CLOSED
The Committee resolved to attend an Audit Committee of another public body. Mid and West Wales Fire Authority was proposed and agreed. It was also proposed that the Chair and Vice Chair visit an Audit Committee of another Local Authority, with RCT CBC being proposed.	Arrangements are being made for the Chair and Vice Chair to attend a committee meeting at Cardiff Council. Visit took place 13/11/18. CLOSED
<b>12/06/18 Min 5 – Internal Audit Monitoring Report Quarter 4 2017/18</b>	

Deferred audits relating to governance and risk to be undertaken in Q1 or Q2 2018/19.	Committee have already been made aware that these two audits have been prioritised in Q1 & Q2. Both audits were started in Q1 and are underway. Results will be reported back to Committee via the Quarterly Report in due course. Audits were finalised early in Q3, with both audits receiving a Substantial level of assurance. A summary of the key points from the audits has been included in the Q2 monitoring report for information. - CLOSED
GDPR should be added to the 2018/19 audit programme and the Committee should be advised if the Council is GDPR compliant.	GDPR was already included on the 2018/19 audit programme following the consultation exercise and review of risk registers to inform the planning of the 18/19 audit plan. This has also been prioritised in Q1. Results of the audit will be reported back to Committee via the Quarterly Report in due course. The audit was finalised early in Q3 with a Substantial level of assurance, concluding that the Authority is broadly compliant with the principal changes to legislation that were introduced as part of GDPR introduction, but some recommendations for improvement were made as a result of the review. - CLOSED
<b>12/06/18 Min 6 – Social Care Contracts Audit</b>	
An update on the progress made in addressing the issues identified should be provided to Audit Committee at a later date.	Following meeting on the 14/08/18 at Committee's request, a representative from department attended the December committee meeting to provide an update. Further update has also been scheduled for April 2019.
<b>12/06/18 Min 9 – 2016/17 Performance Review Update Report</b>	
The Performance Review 2016/17 update report is to be discussed at the Special Audit Committee scheduled to take place on 26/06/18.	Issues identified were discussed and covered as part of the Performance Review on 26/06/18. CLOSED
<b>12/06/18 Min 12 – Overall Status of Risk Report Q4 2017/18</b>	
The Strategic Delivery & Performance Manager provides the Chair with access to the Risk Register.	Corporate risks are now included in the public reports pack to Audit Committee and ICT are working on developing a new ICT based Risk Management System to replace the existing one. – CLOSED

## Appendix 2

<b>AUDIT COMMITTEE ACTION TRACKER 2017/18</b>	
<b>Action</b>	<b>Outcome</b>
<b>10/04/18 Min 73 – Work of Policy Development &amp; Delivery Committees</b>	
The Audit Committee be supplied with a written explanation of the roles of the Policy Development & Delivery Committees (PDC's) as well as their link with corporate objectives.	Chief Auditor sent e-mail to the Leader's PA on 18/06/18 requesting the information to be provided. An update report will be brought to committee at a future meeting. Email sent to Head of Democratic Services on 15/08/18 requesting update. Update report due to be presented to Committee on 09/10/18. Report presented to Committee on 09/10/18. CLOSED
The Audit Committee be supplied with the end of year report for PDC's for the current Municipal year.	As above. CLOSED
The Audit Committee be supplied with the structure/work plan for the next Municipal year for each PDC including expected outcomes and timelines.	As above. CLOSED
<b>10/04/18 Min 72 – Key Risks</b>	
The Committee should have a flavour of the key risks of the Authority, particularly the impact of the 31 high risks identified. The Committee should be able to assess the significance of risks against the well-being objectives of the Council and the risks should be highlighted / made public.	Corporate risks are now included in the public reports pack to Audit Committee and ICT are working on developing a new ICT based Risk Management System to replace the existing one. – CLOSED
<b>10/04/18 Min 77 – Internal Audit Plan 2018/19</b>	
The Internal Audit Plan 2018/19 was approved subject to a few refinements to be discussed with the Chief Auditor and Chair. An amended Audit Plan to be provided at the next meeting of the Audit Committee.	Following discussions with the Chair it was agreed that the 2018/19 Audit Plan remain unchanged with any suggested revisions to be incorporated into future plans. CLOSED
<b>10/04/18 Min 80 – Audit Committee Performance Review 16/17 Update</b>	
An update is to be provided to Audit Committee on the actions arising from the 2016/17 Performance Review.	Update report provided at committee meeting 12/06/18. CLOSED
<b>08/03/18 Min 67 – Internal Audit Monitoring Report – Moderate Reports</b>	

<p>The Chief Auditor is to write to all Heads of Service (HoS) and Directors to inform them of Committee's decision to invite all HoS to attend the next Audit Committee Meeting to explain the action that will be taken to address any points arising in any moderate or limited assurance reports that have been presented to Committee as part of the Chief Auditor's Quarterly Monitoring Report.</p> <p>A summary e-mail outlining the new agreed process to be distributed to all Committee Members once the minutes of the meeting on the 08/03/18 have been published.</p>	<p>E-mail outlining the new process was sent to all HoS and Directors on 22/03/18 as requested.</p> <p>E-mail outlining the agreed new process was distributed to all Committee Members on 23/03/18. CLOSED</p>
<p><b>08/03/18 Min 67 – Internal Audit Monitoring Report – Moderate Reports</b></p>	
<p>On issuing a moderate or limited assurance audit report, the relevant Cabinet Member should also be included in the distribution list when the final report is issued.</p>	<p>The relevant Cabinet Member will be included in the distribution list for any moderate and limited assurance reports from 08/03/18. Principal Auditor has been instructed to ensure this is in place going forward. CLOSED</p>
<p><b>08/03/18 Min 68 – Amendments to Contract Procedure Rules</b></p>	
<p>Once the amendments to the Contract Procedure Rules have been finalised, a copy should be forwarded to all Schools' Governing Bodies to make them aware of the changes. Schools are also to be requested to ensure the amended CPRs are included as an agenda item on the next Finance Committee and Building/Property Committee Meeting.</p>	<p>Amended Contract Procedure Rules are currently going through a consultation process. Chief Auditor discussed proposed amendments with Head of Commercial Services on 30/07/18. Update from Head of Commercial Services 22/01/19 – Legal sign-off is complete, Member sign-off at full Council expected soon. Once sign-off process is complete the amended version will be provided.</p>
<p><b>12/12/17 Min 53 – Good Governance When Determining Significant Service Changes</b></p>	
<p>The impact of the proposed cuts included in the 2018-19 budget and the potential impact upon the Internal Audit Section was discussed. It was resolved that the Chair, on behalf of the Audit Committee, writes to the Chief Executive highlighting concern regarding the potential impact of the proposed cuts on the Internal Audit Section.</p>	<p>Letter was sent to the Chief Executive on 20/12/17 as requested. Letter and response presented to Committee on 08/03/18 for information. – CLOSED</p>
<p><b>12/12/17 Min 56 – Internal Audit Monitoring Report Q2 17/18</b></p>	
<p>The appropriate Head(s) of Service are requested to attend the next scheduled meeting in order to update the Committee regarding the progress in respect of their moderate audit ratings.</p>	<p>As agreed at the meeting on the 08/03/18 those HoS that have received reports with moderate assurance ratings will be invited to attend the next committee meeting to explain how they are addressing the issues identified. Staggered invitations commenced from 10/04/18 meeting, and as they arise going forward. - CLOSED</p>
<p><b>26/09/17 – Procurement in Schools</b></p>	
<p>A meeting to be arranged with Procurement and Education representatives do discuss procurement issues at schools as identified in the Annual Report of School Audits. An update on Procurement is to be provided in the February meeting.</p>	<p>Meeting was held with representatives from Education, Procurement and Audit on 18/01/18. Feedback from the meeting provided to Audit Committee on 08/03/18. CLOSED</p>
<p><b>11/07/17 – Performance Review Development of the Audit Committee</b></p>	

In relation to the Audit Committee Performance Review findings, the Chair of the Audit Committee is to investigate the possibility of reinstating regional working groups for Chairs/Audit Committee Members to consider joint training and benchmarking possibilities.	Due to the departure of the previous Chair, no action has been taken to date. This and other development actions will be picked up as part of the next Performance Review initially scheduled for June 2018 with the new Chair in post. - CLOSED
<b>11/07/17 Min 16 – Draft Statement of Accounts</b>	
The Section 151 Officer be requested to provide Committee with an update regarding the funding of reserves and overall good financial management.	Section 151 Officer is due to attend the December meeting to provide an update on the review of reserves and overall budget monitoring/control. - CLOSED
<b>20/06/17 Min 5 – Work Programme</b>	
A description to accompany items within the Work Programme be provided in future.	Standard agenda items have been highlighted in bold in the workplan. CLOSED



## Report of the Chief Auditor

Audit Committee – 12 February 2019

### Audit Committee – Workplan 2018/19

<b>Purpose:</b>	This report details the Audit Committee Workplan to May 2019
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Simon Cockings
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Rhian Millar
<b>FOR INFORMATION</b>	

#### 1. Introduction

- 1.1 The Audit Committee's Workplan to May 2019 is attached in Appendix 1 for information.
- 1.2 The dates included for the meetings in 2018/19 are subject to approval by Council.

#### 2. Equality and Engagement Implications

- 2.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
  - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

2.2 There are no equality and engagement implications associated with this report.

**3. Financial Implications**

3.1 There are no financial implications associated with this report.

**4. Legal Implications**

4.1 There are no legal implications associated with this report.

**Background Papers:** None

**Appendix 1** – Audit Committee Workplan 2018/19

**Appendix 2** – Performance Review 2017/18 Action Plan

**Appendix 3** – Audit Committee Statement of Purpose

Audit Committee Workplan 2018/19

Terms of Reference	12 June 2018	26 June 2018 (Special)	17 July 2018	14 August 2018	11 September 2018	9 October 2018	11 December 2018	12 February 2019	9 April 2019
<b>Training</b>	Audit Committee Initial Training  Risk Management		Financial Management & Accounting  Governance	Internal Audit	External Audit	Counter Fraud			
<b>Governance</b>	Election of Chair & Vice Chair  Audit Committee Training Programme 2018/19		*Draft Annual Governance Statement 2017/18	Draft Audit Committee Annual Report 2017/18	AC Performance Review 17/18 Action Plan Update	Chair of Scrutiny Programme Committee  Update on work of PDC's	AC Performance Review 17/18 Action Plan Update	AC Performance Review 17/18 Action Plan Update	
<b>Internal Audit</b>	Internal Audit Monitoring Report Q4 2017/18  Performance Review 16/17 Action Plan Update Report			Internal Audit Annual Report 2017/18  Audit Committee Review of Performance 2017/18 Action Plan - Draft	Internal Audit Monitoring Report Q1 2018/19	Annual Report of School Audits 2017/18  Chief Education Officer response to Schools Audit Report	Internal Audit Monitoring Report Q2 2018/19  Recommendation Tracker Report 2017/18  Social Care Contracts & ICT Disaster Recovery Updates	Internal Audit Monitoring Report Q3 2018/19  Internal Audit Annual Plan Methodology Report 2019/20	Internal Audit Charter 2019/20  Internal Audit Annual Plan 2019/20  Social Care Contracts Update
<b>Risk Management &amp; Performance</b>	WAO Proposals for Improvement Report – Six Month Update  Overview of the Overall Status of Risk Report Q4 2017/18			Overview of the Overall Status of Risk Report Q1 2018/19			Overview of the Overall Status of Risk Report Q2 2018/19	WAO Proposals for Improvement Report – Six Month Update  Overview of the Overall Status of Risk Report Q3 2018/19	Overview of the Overall Status of Risk Report Q4 2018/19  Local Government Use of Data Report - CCS
<b>Counter Fraud</b>					Corporate Fraud Annual Report 2017/18				Corporate Fraud Annual Plan 2019/20
<b>External Audit</b>		Audit Committee Review of Performance 2017/18			WAO ISA 260 Report 2017/18 – CCS  WAO ISA 260 Report 2017/18 – Pension Fund		WAO Annual Audit Letter 2017/18	WAO Grants Report 2017/18	Audit Committee Review of Performance 2018/19  WAO Annual Audit Plan 2018/19 CCS & Pension Fund

**Audit Committee Workplan 2018/19**

<p><b>Financial Reporting</b></p>			<p>Draft Statement of Accounts 2017/18 - CCS</p> <p>Letters of Representation CCS &amp; Pension Fund</p>	<p>Draft Statement of Accounts 2017/18 - Pension Fund</p>			<p>Review of Reserves Report.</p> <p>Trusts &amp; Charities Update Report.</p> <p>Treasury Management Annual Report</p>		
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*Note: Audit Committee Action Tracker Report and Audit Committee Workplan will be included as agenda items at each meeting. An update from WAO will also be on the agenda for each meeting*

*\*Special Meeting held 23/08/18 to discuss and approve the amended Annual Governance Statement 2017/18*

**KEY FINDINGS & PROPOSED ACTION PLAN  
AUDIT COMMITTEE PERFORMANCE REVIEW 2017/18**

<b>Key Finding</b>	<b>Proposed Actions</b>	<b>Target Date</b>	<b>Progress Update 31/01/19</b>
<b>Assurance Framework</b> – The Audit Committee needs clarity on the Council's Assurance Framework.	Audit Committee to be provided with a report that outlines the governance and assurance arrangements operating across the Council.  <b>Lead Office: Chief Executive</b>	September 2018	<b>Ongoing</b>
<b>Risk Register</b> – The Audit Committee needs to see the detail behind the Corporate Risk Register.	Corporate Risk Register to be reported to Audit Committee at future meetings.  <b>Lead Officer: Strategic Delivery &amp; Performance Manager</b>	August 2018	<b>Complete</b> Committee received register details on 14/08/18.
<b>Annual Governance Statement (AGS)</b> – The Audit Committee would like to see the AGS separated from the Annual Accounts and a draft copy sent to them for comment prior to approval.	Annual Governance Statement received at the July 2018 meeting and comments made by members. The Chair also met with Officers after the meeting to highlight further queries.  The Annual Governance Statement to be brought back to Audit Committee as a second draft.  <b>Lead Officer: Head of Legal, Democratic Services &amp; Business Intelligence</b>	September 2018	<b>Complete</b> AGS was presented to Committee separated from the Annual Accounts on 17/17/18.  Amended version was distributed to Members on 13/08/18. Special Meeting was arranged to discuss and approve final amended version of the AGS on 23/08/18.
<b>Benchmarking</b> – The Chair has provided benchmarking detail to Internal Audit (from other Councils) but there are no plans to visit and meet with other Audit Committees: i) Consider how to best use this benchmarking information. ii) Consider visits to other audit committees to search for good practice.	The Corporate Management Team will consider this further and update the Audit Committee.  The Chair has asked for arrangements to be made to visit Cardiff Audit Committee.  <b>Lead Officer: Head of Democratic Services</b>	December 2018  September 2018	<b>Ongoing</b>  <b>Completed</b> Cardiff Council has been approached and visit is being arranged. Visit took place 13/11/18 – Chair, Vice Chair and Chief Auditor attended.

**Audit Committee Workplan 2018/19**

<b>Key Finding</b>	<b>Proposed Actions</b>	<b>Target Date</b>	<b>Progress Update 31/01/19</b>
<p><b>Council Objectives</b> – The Audit Committee would like to see the amount of over-run and deferred audits to be included in the AGS.</p>	<p>As noted above comments and queries will be progressed/actioned by the Head of Legal, Democratic Services &amp; Business Intelligence and the Governance Group.</p> <p><b>Lead Officer: Head of Legal, Democratic Services &amp; Business Intelligence</b></p>	September 2018	<p><b>Complete</b> Amended version of the AGS included commentary to reflect this, as approved by Committee on 23/08/18.</p>
<p><b>Partnerships</b> – Review the mechanisms for assessing and scrutinising the risk associated with partnerships.</p>	<p>Audit Committee to be provided with a report that outlines the mechanisms for assessing and scrutinising the risks associated with partnerships.</p> <p><b>Lead Officer: Chief Executive / Head of Legal, Democratic Services &amp; Business Intelligence.</b></p>	December 2018	<p><b>Ongoing</b></p>
<p><b>Reporting</b> – produce a programme of expected external reports for Audit Committee to receive.</p>	<p>Known expected external reports will be added to the Audit Committee Work Programme.</p> <p><b>Lead Officer: Strategic Delivery &amp; Performance Manager.</b></p>	December 2018	<p><b>Ongoing</b> Email sent to RR 16/08/18, expected by December.</p>
<p><b>Recommendations</b> – produce a tracker for the recommendations that arise from the work of internal and external audit so that Audit Committee can effectively monitor progress.</p>	<p>Tracker for recommendations to be developed that will capture internal and external recommendations.</p> <p>To be discussed with Chief Auditor and Chief Finance Officer.</p> <p><b>Lead Officer: Chief Auditor, Chief Finance Officer</b></p>	December 2018	<p><b>Ongoing</b> Report provided to Committee outlining the method of tracking internal and external audit recommendations on 11/12/18.</p>

**Audit Committee Workplan 2018/19**

Key Finding	Proposed Actions	Target Date	Progress Update 31/01/19
<p><b>Wales Audit Office (WAO) escalation process</b> – clarify the process the WAO uses to escalate actions when recommendations have not been completed.</p>	<p>WAO to explain the process at the next Audit Committee Meeting.</p> <p>Lead: Wales Audit Office</p>	<p>September 2018</p>	<p>WAO Response received 22/08/18 for discussion:</p> <p><b>There is no formal process as such. The process is to agree actions with service managers and directors. If we have any problems with agreement or progress we will escalate to the Chief Executive. If we still have issues we will then raise with the Audit Committee Chair Audit Committee.</b></p>
<p><b>Meeting with WAO</b> – consider who should attend meetings with the WAO as external auditor (just the Chair or the whole committee).</p>	<p>To be discussed by Committee.</p> <p>Lead: Chair of the Audit Committee</p>	<p>September 2018</p>	<p>WAO Response received 22/08/18 for discussion:</p> <p><b>This is a decision for the Audit Committee although as a minimum we would expect at least an annual meeting with the Chair. We are happy to meet the Chair and the Committee or a combination of both during the year. As per comment above, if we feel it is necessary we will request an ad hoc meeting with the Chair or the full Audit Committee.</b></p>

**Audit Committee Statement of Purpose**

1. Our audit committee is a key component of the City and County of Swansea's corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the City and County of Swansea's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

**Governance, Risk and Control**

3. To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
5. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the Council.
8. To monitor progress in addressing risk related issues reported to the committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
11. To monitor the counter fraud strategy, actions and resources.

**Internal Audit and External Audit**

12. To approve the internal audit charter and resources.
13. To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
14. To consider summaries of specific internal audit reports as requested.
15. To consider reports dealing with the management and performance of the providers of internal audit services.
16. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
17. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
18. To consider specific reports as agreed with the external auditor.
19. To comment on the scope and depth of external audit work and to ensure it gives value for money.

## **Audit Committee Workplan 2018/19**

20. To commission work from internal and external audit.

### **Financial Reporting**

21. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

22. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability Arrangements**

23. To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

*Note: Audit Committee Statement of Purpose extracted from the Council Constitution (31.01.18).*