



Dinas a Sir Abertawe

Hysbysiad o Gyfarfod

Fe'ch gwahoddir i gyfarfod

Pwyllgor Archwilio

Lleoliad: Ystafell Bwyllgor 5, Neuadd y Ddinas, Abertawe

Dyddiad: Dydd Mawrth, 9 Ebrill 2019

Amser: 2.00 pm

Cadeirydd: Paula O'Connor (Cadeirydd Annibynnol)

Aelodaeth:

Cynghorwyr: 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 a/ac T M White

Agenda

Rhif y Dudalen.

- 1 Ymddiheuriadau am absenoldeb.**
- 2 Datgeliadau o fuddiannau personol a rhagfarnol.**
www.abertawe.gov.uk/DatgeliadauBuddiannau
- 3 Cofnodion.** **1 - 7**
Cymeradwyo a llofnodi cofnodion y cyfarfod(ydd) blaenorol fel cofnod cywir.
- 4 Y Diweddaraf am Lywodraethu. (Llafar)**
- 5 Swyddfa Archwilio Cymru - Cynllun Archwilio 2019 - Dinas a Sir Abertawe.** **8 - 30**
- 6 Swyddfa Archwilio Cymru - Cynllun Archwilio 2019 - Cronfa Bensiwn Dinas a Sir Abertawe.** **31 - 42**
- 7 Monitro Refeniw a'r Gyllideb Gyfalaf - Chwarter 3ydd 2018/19.** **43 - 64**
- 8 Cynllun Blynyddol Twyll Corfforaethol 2019/2020.** **65 - 93**
- 9 Y Diweddaraf am yr Archwiliad o Gontractau Gofal Cymdeithasol.** **94 - 101**
- 10 Siarter Archwilio Mewnol 2019/20.** **102 - 123**
- 11 Strategaeth Archwilio a Chynllun Blynyddol Archwilio Mewnol 2019/20.** **124 - 155**

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Cyfarfod nesaf: Dydd Mawrth, 11 Mehefin 2019 ar 2.00 pm

Huw Evans

Huw Evans
Pennaeth Gwasanaethau Democrataidd
Dydd Mawrth, 2 Ebrill 2019

Cyswllt: Gwasanaethau Democrataidd: - 636923

Agenda Item 3



City and County of Swansea

Minutes of the **Audit Committee**

Council Chamber - Guildhall, Swansea

Tuesday, 12 February 2019 at 2.00 pm

Present: Paula O'Connor (Independent Chair) Presided

Councillor(s)

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

Councillor(s)

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

Councillor(s)

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

Officer(s)

Simon Cockings
Jeremy Parkhouse
Richard Rowlands
Debbie Smith

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

Also Present:

Anthony Veale
David Williams

Wales Audit Office
Wales Audit Office

Apologies for Absence

Councillor(s): None.

71 Phil Roberts - Chief Executive.

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

72 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interests were declared: -

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

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

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

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

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

73 Minutes.

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

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

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

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

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

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

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

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

Resolved that Appendix A be circulated to the Committee.

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

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

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

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

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

Resolved that: -

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

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

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

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

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

Resolved that: -

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

77 Internal Audit Monitoring Report Q3 2018/19.

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

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

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

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

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

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

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

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

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

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

Resolved that: -

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

78 Internal Audit Annual Plan Methodology Report 2019/20.

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

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

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

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

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

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

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

The report concluded that scrutiny in Swansea: -

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

The report also contained three proposals for improvement: -

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

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

The Committee discussed the following: -

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

Resolved that: -

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

80 Audit Committee Action Tracker Report. (For Information)

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

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

The Committee discussed the following: -

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

Resolved that: -

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

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

81 Audit Committee Work Plan. (For Information)

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

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

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

The meeting ended at 3.39 pm

Chair



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – City and County of Swansea

Audit year: 2018-19

Date issued: March 2019

Document reference: 1145A2019-20

This document has been prepared as part of work performed in accordance with statutory functions.
Further information on this is provided in Appendix 1.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the auditor acting on behalf of the Auditor General, in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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2019 Audit Plan

Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair';
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged the duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

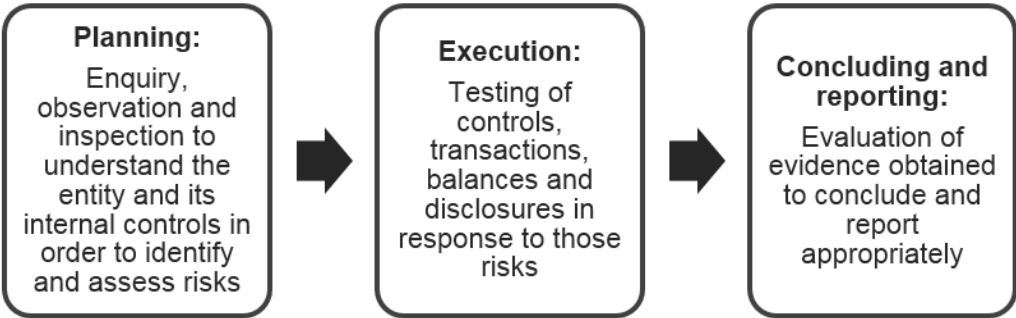
Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. Our audit work covers the accounts of the City and County of Swansea Council (the Council) and those of the City and County of Swansea Council Group (the Group) which incorporates the National Waterfront Museum and the Wales National Pool. This provides assurance that the accounts of the Council and the Group:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not City and County of Swansea Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses

on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach

This table summarises the three phases of my financial audit approach, being planning, testing and reporting.



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them. Also, included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.

Financial audit risk	Proposed audit response
Other areas of audit attention	
<p>City deal</p> <p>The Swansea Bay City Deal (the City Deal) joint committee agreement was signed by City and County of Swansea, Carmarthenshire, Neath Port Talbot and Pembrokeshire Councils in July 2018. This established the statutory joint committee to oversee delivery of 11 projects which are designed to increase connectivity and to improve physical and digital infrastructure over the course of 15 years. The City Deal includes total funding of £1.3 billion, of which £240 million is provided by Government, £637 million provided by private funding and £396 million provided by public funding.</p> <p>Whilst none of the projects have yet to be formally approved, this significant programme will have financial, governance and delivery risks. Carmarthenshire County Council is the host authority for the Swansea Bay City Deal region. Going forward there will be a number of accounting issues to address including potential consolidation of joint committee accounts.</p>	<p>Liaising closely with the external auditors of the other local authorities, my audit team will monitor progress with the City Deal project and carry out early work as necessary to assess the accounting implications for the 2018-19 financial year.</p>
<p>Accounting estimates</p> <p>The preparation of the Statement of Accounts will involve the estimation of a number of account figures such as provisions for the Council's liabilities. Alongside these estimations, the Council has amended its methodology for calculating the provision for redemption of debt charged to revenue in 2018-19, ie the Minimum Revenue Provision (MRP).</p>	<p>We will review the basis on which significant accounting estimates are made for 2018-19, including the revised MRP calculation.</p>

Financial audit risk	Proposed audit response
<p>New accounting standards</p> <p>IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses and will impact on how the bad debt provision is calculated.</p> <p>IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration a body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.</p>	<p>My audit team will assess the likely impacts of the new IFRSs and undertake work to respond to any identified risks of material misstatement.</p>

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. When setting materiality for account balances and transactions, we take into consideration both quantitative and qualitative aspects such as legal and regulatory requirements and political sensitivity. For the purposes of our audit planning, we have identified related party transactions and senior officer remuneration as sensitive areas of disclosure. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level set as 5% of materiality as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;

- information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 13 In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about City and County of Swansea Council to support preparation of Whole of Government Accounts.
- 14 I am also responsible for the audit of City and County of Swansea's pension fund accounts. A separate audit plan has been prepared for the audit of the pension fund.

Statutory audit functions

- 15 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 16 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 17 If I do receive questions or objections, I will discuss potential audit fees at the time.

Other financial audit work

- 18 In addition to my responsibilities in respect of the audit of the statutory financial statements set out above, I am also responsible for the audit of Swansea Bay Port Health Authority. My team will undertake the audit of these financial statements on my behalf in accordance with the timescales agreed with City and County of Swansea and Swansea Bay Port Health Authority.

¹ The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

19 My audit fee for this work is set out in [Exhibit 4](#).

Performance audit

- 20 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities, I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 21 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will continue to minimise work that focuses on the process of improvement planning.
- 22 In my audit plan for 2018 I explained that in previous years I had placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future it is likely that I will be unable to rely on my work under the Measure, in 2019-20, and subsequent years, the focus of my local performance audit programmes will continue to be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 23 In 2018-19, I undertook an examination of the extent to which you are acting in accordance with the sustainable development principle in taking steps to meet your well-being objectives. During 2019-20 I will undertake a further examination to assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives. This will be the final piece of work I will undertake to discharge my duties under the Wellbeing of Future Generations Act at the Council prior to laying my first cyclical report with the National Assembly in 2020. During 2019-20 I will also be considering how to discharge my duties under the Act over the period 2020 to 2024 and I will seek to engage with local authorities as well as other stakeholders in developing my approach.
- 24 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.

25 Taking all these factors into consideration, my 2019-20 programme of work will comprise:

Exhibit 3: performance audit programme

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet its wellbeing objectives.
Assurance and Risk Assessment	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.
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges.
Sustainable Swansea	A project to be designed in consultation with the Council to derive assurance that the Sustainable Swansea programme can deliver the financial savings and income generation targets set out in the Council's 2019-20 budget at the pace and scale required.
2019-20 Local Government Studies	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly.

26 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Certification of grant claims and returns

- 27 I have been requested to undertake certification work on City and County of Swansea's grant claims and returns as set out in [Appendix 3](#).
- 28 For the 2017-18 financial year, we received 11 grant claims and returns. In auditing these grant claims we have reached one of the following conclusions:
- provided an unqualified certificate;
 - provided an unqualified certificate following agreed amendments to the claim;
 - provided a certificate which is accompanied by a qualification letter; or
 - provided a certificate following agreed adjustments to the claim which is accompanied by a qualification letter.
- 29 With the exception of one claim which is still to be signed off, we have completed our work and conclude that there have been improvements in the Council's arrangements for the production and submission of grant claims in 2017-18 compared to previous years. Once this final claim has been signed off we will be able to quantify the total grant claim audit fee for 2017-18.
- 30 Our conclusion is based on the following overall findings:
- all but three of the claims were submitted to us on time;
 - seven claim/returns were signed off without amendment or qualification;
 - there were no significant amendments made to any of the claims, with three claims receiving minor amendments; and
 - only two of the claims required a qualification letter.
- 31 The issues we identified that resulted in the 2 qualification letters issued related to non-compliance with the Council's contract procedure rules and inappropriate procedures relating to apportioning staff costs to an individual claim. The Council has committed to take action that ensures these issues are not repeated in future grant claims.
- 32 For this year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes.
- 33 My audit fee for this work is set out in [Exhibit 4](#).

Fee, audit team and timetable

Fee

- 34 Your estimated fee for 2019 is set out in [Exhibit 4](#). There have been some small changes to my fees rates for 2019, however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you. This represents a 1.3% decrease compared to your estimated 2018 fee.

Exhibit 4: audit fee

Audit area	Proposed fee (£) ²	Actual fee last year (£)	Estimated Fee last year (£)
Audit of accounts ³	246,890	247,432	257,000
Performance audit work ⁴	99,449	99,537	99,537
Grant certification work ⁵	60,000	60,596	55,000
Other financial audit work ⁶	1,412	1,412	1,600
Total fee	407,751	408,977	413,137

- 35 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Chief Finance Officer.
- 36 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 37 The main members of my team, together with their contact details, are summarised in [Exhibit 5](#).

Exhibit 5: my audit team

Name	Role	Contact number	E-mail address
Jane Holownia	Engagement Director and Engagement Lead – Performance Audit	02920 320565	Jane.Holownia@audit.wales
Anthony Veale	Engagement Lead – Financial Audit	02920320585	Anthony.veale@audit.wales
Jason Garcia	Financial Audit Manager	07792 015416	Jason.garcia@audit.wales
David Williams	Financial Audit Team Leader	07812 670234	David.williams@audit.wales

²Notes:

The fees shown in this document are exclusive of VAT, which is not charged to you

³ Payable November 2018 to October 2019.

⁴ Payable April 2019 to March 2020.

⁵ Payable as work is undertaken

⁶ Swansea Bay Port Health Authority

Name	Role	Contact number	E-mail address
Colin Davies	Performance Audit Manager	07786 800258	Colin.davies@audit.wales
Justine Morgan	Performance Audit Lead	07799 476570	Justine.Morgan@audit.wales

38 I can confirm that that my team members are all independent of the Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

39 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 6](#).

Exhibit 6: timetable

Planned output	Work undertaken	Report finalised
2019 Audit Plan	December 2018 to February 2019	February 2019
Financial accounts work:		
<ul style="list-style-type: none"> Audit of Financial Statements Report Opinion on Financial Statements Financial Accounts Memorandum 	February to August 2019 September 2019 October 2019	August 2019 September 2019 October 2019
Performance work:		
<ul style="list-style-type: none"> Improvement Plan Audit Assessment of Performance Audit Assurance and Risk Assessment WFG Act Examinations Sustainable Swansea 	May – June 2019 September – November 2019 April – November 2019 May – August 2019 May 2019 – March 2020 (Estimated)	June 2019 November 2019 December 2019 September 2019 Ongoing throughout the year (Estimated)*
Annual Improvement Report	April 2019 – May 2020	June 2020
Annual Audit Letter	November 2019	November 2019
2020 Audit Plan	October to December 2019	January 2020

* Subject to timely clearance of draft findings with the Council.

Future developments to my audit work

Future developments to my audit work

- 40 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in [Appendix 4](#).

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether City and County of Swansea Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect City and County of Swansea's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within City and County of Swansea Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 7: performance work in last year's audit outline still in progress

5 pieces of performance audit work included in last year's audit plan remain outstanding.

Performance audit project	Status	Comment
WFG Examinations	Ongoing	Drawing conclusions
Assurance and Risk Assessment Review	Ongoing	Drawing conclusions
Corporate Safeguarding Arrangements	TBA	Scheduled for delivery April – June 2019
Leisure Services	TBA	Scheduled for delivery April – June 2019
Sustainable Swansea	Ongoing	Scoping project in consultation with Council Officers

Appendix 3

Other future developments

A. Forthcoming key IFRS changes

Exhibit 8: changes to IFRS standards

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared on line. The main areas of work are regarding financial management, public-sector staff and governance.

[Further information, including details of forthcoming GPX events and outputs from past seminars.](#)

C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with Article 50 of the Treaty of Rome, on 29 March 2019 the United Kingdom will cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period to 31 December 2020, or whether a 'no deal' immediate exit will take place next March.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. On 19 February, the Auditor General issued a report on preparations in Wales for a 'no deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

Appendix 4

National value-for-money studies

The Council may also be interested in the national value-for-money examinations that I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

Exhibit 9 covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work, follow-up work, or based on the findings of other reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Exhibit 9: national value-for-money studies

Topic	Anticipated publication (as at 11 January 2018)
Primary care services ⁷	February/March 2018
Access to public services with the support of specialist interpretation and translation	March/April 2018
Waste management (waste prevention) Waste management (municipal recycling) Waste management (procurement of infrastructure)	March/May 2018
Early intervention and public behaviour change ⁸	March/April 2018
GP out-of-hours services – national summary report	April/May 2018
Rural Development Programme 2014-2020	April/May 2018
Business finance	May 2018

⁷ An initial data rich report presenting a 'picture of primary care' in advance of further local audit work.

⁸ Following on from some good practice work, we are planning to produce a short summary paper to highlight some of the issues raised and evidence gathered through that work, supported by a series of podcasts.

Topic	Anticipated publication (as at 11 January 2018)
NHS agency staffing costs ⁹	Summer 2018
EU Structural Funds programmes 2014-2020	Summer 2018
Improving the wellbeing of young people	Autumn 2018
Radiology services – national summary	To be confirmed
Integrated Care Fund	To be confirmed
Care experienced by children and young people ¹⁰	To be confirmed

⁹ Work has recently commenced on gathering data from across the health services of the UK to support a paper on the various approaches being taken to address the increasing costs of employing agency medical and nursing staff within the NHS. The precise format for this output is still to be determined.

¹⁰ The PAC has now set out its initial plans for some ongoing inquiry work on this topic. I will be supporting this work, although the precise nature of, and timescale for, any additional audit-related outputs is still to be determined.

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2019 Audit Plan – City and County of Swansea Pension Fund

Audit year: 2018-19

Date issued: March 2019

Document reference: 1149A2019-20

This document has been prepared as part of work performed/to be performed in accordance with statutory functions. Further information on this is provided in Appendix 1.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or auditors acting on behalf of the Auditor General in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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2019 Audit Plan

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2019 Audit Plan

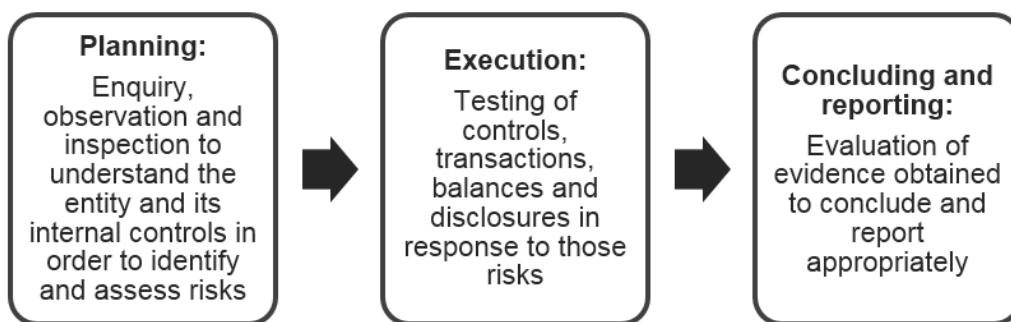
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether City and County of Swansea Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of Pension Fund accounts

- 5 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



- 6 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them. Also included are other key areas of audit attention my team will be focusing on.

Exhibit 2: Financial audit risks

Financial audit risks	Proposed audit response
Significant risks	
<p>Management Override</p> <p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
Other areas of audit attention	
<p>All Wales Pension Partnership</p> <p>The eight Pension Funds in Wales have created an ‘all-Wales’ pooled investment vehicle which will be overseen and reported on by a joint governance committee the Wales Pension Partnership. An inter-authority agreement has been signed by the Welsh Pension Funds and the joint committee will be producing financial statements for the 2018-19 financial year.</p> <p>We understand that the Pension Fund has transferred £907 million of funds into this new arrangement during 2018-19.</p>	<p>My audit team will review the accounting arrangements supporting the transfer of funds into the new arrangement coupled with any additional disclosures required.</p> <p>My team will also be working with the auditors of the joint governance committee to assess the most effective of obtaining the relevant assurances on the valuation and ownership of the funds transferred.</p>
<p>Investment Management</p> <p>The systems and records of the investment managers generate account entries made to the Pension Fund Account and Net Assets Statement.</p> <p>The investment managers provide internal control reports on the investments held on behalf of the Pension Fund. These are independently audited and provide the Pension Fund with assurance on a wide range of controls, eg valuation of the investment portfolio held.</p> <p>There is a risk that the internal controls’ reports will not be available in the necessary timescales and, when received, highlight specific control weaknesses.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • assess the investment managers as a service organisation; • check that investments have been made in accordance with the Statement of Investment principles; • obtain direct confirmation from the investment managers and custodian of year-end investment balances and holdings; and • assess whether the investment managers’ internal control reports for all investment managers provide assurance over a wide range of relevant controls, including valuation of investments held.

Financial audit risks	Proposed audit response
<p>Private Equity Investments Year-end valuation of private equity investments is provided by investment managers which is based upon forward-looking estimates and judgements and industry guidelines. As there is no quoted market process, there is a greater risk for the reasonableness of valuation bases of these investments.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> confirm the investment valuation to audited financial statements; and seek additional assurance over the valuation basis from control assurance reports.
<p>New accounting standard IFRS 9 financial instruments applies from 1 April 2018 and brings in a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier recognition of expected credit losses.</p>	<p>My audit team will assess the likely impacts of IFRS 9 and undertake work to respond to any identified risks of material misstatement.</p>

- 7 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. When setting materiality for account balances and transactions, we take into consideration both quantitative and qualitative aspects such as legal and regulatory requirements and political sensitivity. For the purposes of our audit planning, we have identified related party transactions and fees paid to fund managers as sensitive areas of disclosure. The levels at which I judge such misstatements to be material will be reported to the Pension Fund Committee and the Audit Committee and to those charged with governance for City and County of Swansea Council (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
- 8 For reporting purposes, I will generally treat any misstatements below a trivial level (set at 5% of materiality as not requiring consideration by those charged with governance and therefore I will not report them.
- 9 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;

- information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
- appropriate accommodation and facilities are provided to enable my audit team to deliver my audit in an efficient manner;
- all appropriate officials will be available during the audit;
- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
- Internal Audit's planned programme of work is complete, and management has responded to issues that may have affected the financial statements.

Statutory audit functions

- 10 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 11 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 12 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

Fee

- 13 Your estimated fee for 2019 is set out in [Exhibit 3](#). There have been some small changes to my fee rates for 2019 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed onto you. This represents a 2.4% decrease compared to your actual 2018 fee, which we have achieved by managing the skill mix of the audit team and reducing the number of audit days compared to 2018.

¹ The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

Exhibit 3: audit fee

	Proposed fee for 2019 (£) ²	Actual fee for 2018 (£)	Proposed fee for 2018
Audit of Pension Fund accounts	£42,710	£43,755	£45,000

- 14 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Chief Finance Officer.
- 15 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 16 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

Exhibit 4: my audit team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Lead – Financial Audit	02920320585	Anthony.Veale@audit.wales
Jason Garcia	Financial Audit Manager	07792 015416	Jason.Garcia@audit.wales
David Williams	Financial Audit Team Leader	07812 670234	David.Williams@audit.wales

- 17 I can confirm that my team members are all independent of the Pension Fund and its officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

- 18 I will provide reports, or other outputs as agreed, to the Pension Fund Committee, the Audit Committee and Council, covering the areas of work identified in this document. My key milestones are set out in [Exhibit 5](#).

² The fees shown in this document are exclusive of VAT, which is not charged to you.

Exhibit 5: timetable

Planned output	Work undertaken	Report finalised
2019 Audit Plan	December 2018 to February 2019	March 2019
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Opinion on Pension Fund Annual Report• Financial Accounts Memorandum	February to August 2019 September 2019 October 2019 October 2019	September 2019 September 2019 October 2019 October 2019
2020 Audit Plan	October to December 2019	January 2020

Future developments to my audit work

- 19 Details of other future developments including the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit are set out in [Appendix 2](#).

Appendix 1

Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Appendix 2

Other future developments

A. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance. Further information, including details of forthcoming GPX events and outputs from past seminars can be found on the [GPX section of the Wales Audit Office website](#).

B. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with Article 50 of the Treaty of Rome, on 29 March 2019 the United Kingdom will cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period to 31 December 2020, or whether a 'no deal' immediate exit will take place next March.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he will compile a baseline summary of arrangements being put in place. On 29 February, the Auditor General issued a report³ on preparations in Wales for a 'no deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

³ The Auditor General Report on preparations for a 'no-deal' Brexit is available [here](#).

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Agenda Item 7



Report of the Section 151 Officer

Audit Committee – 9 April 2019

Revenue and Capital Budget Monitoring 3rd Quarter 2018/19

Purpose: To report on financial monitoring of the 2018/19 revenue and capital budgets, including the delivery of budget savings.

Report Author: Ben Smith

Finance Officer: Ben Smith

Legal Officer: Tracey Meredith

Access to Services Officer: Catherine Window

For Information

1. Introduction

1.1 The Revenue and Capital Budget Monitoring 3rd Quarter Monitoring report that was presented to Cabinet on 14 February 2019 is attached for information at Appendix 1.

2. Equality and Engagement Implications

2.1 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 issues contained within this report.

Background Papers: None

Appendices: Appendix 1 - Revenue and Capital Budget Monitoring
3rd Quarter 2018/19.



Report of the Cabinet Member for Business Transformation & Performance

Cabinet – 14 February 2019

Revenue and Capital Budget Monitoring 3rd Quarter 2018/19

Purpose:	To report on financial monitoring of the 2018/19 revenue and capital budgets, including the delivery of budget savings.
Policy Framework:	Budget 2018/19 Transformation and Future Council (Sustainable Swansea –fit for the future)
Consultation:	Cabinet Members, Corporate management Team, Legal Services and Access to Services.
Recommendation:	It is recommended that the comments and variations in this report, and the actions in hand to address these, are noted.
Report Author:	Ben Smith
Finance Officer:	Ben Smith
Legal Officer:	Tracey Meredith
Access to Services Officer:	Catherine Window

1. Background and Introduction

1.1 This report details forecast variations from the agreed budget for 2018/19, including the latest assessment of the delivery of savings.

1.2 In respect of Revenue Budgets, this report provides a consolidated forecast which combines:

- projected variations (mainly shortfalls) in relation to budget savings agreed by Council in March 2018

- Variations arising from other service pressures not directly linked to specific savings plans (e.g. increased demand)

1.3 The report includes comments from Directors in relation to the variations highlighted and the action that is in hand or proposed as appropriate.

2. Revenue Outturn Forecast Based on 3rd Quarter position

2.1 Appendix 'A' to this report details the approved Revenue Budget for 2018/19 and the forecast variation at this time.

2.2 Other than projected variations on Directorate expenditure, it is still too early to forecast variations that may arise on some significant Corporate items including the level of Council Tax collection (although it more often than not achieves a modest surplus) – it is assumed at the current time that these remain largely as per the approved budget.

2.3 The overall Directorate position is summarised below:-

DIRECTORATE

	FORECAST VARIATION 2018/19 £000	SAVINGS VARIATION 2018/19 £000	OTHER VARIATION 2018/19 £000
RESOURCES (inc. all Business Support)	1,111	2,039	-928
PEOPLE - POVERTY AND PREVENTION	-536	0	-536
PEOPLE - SOCIAL SERVICES	6,519	4,306	2,213
PEOPLE – EDUCATION	379	-25	404
PLACE	0	590	-590
Reduction in sickness costs	1,000	1,000	0
<i>NET DIRECTORATE EXPENDITURE</i>	8,473	7,910	563

2.4 Directors' comments on the above variations are shown at Appendix B :-

2.5 Within the *Sustainable Swansea* Delivery Programme, work continues to develop service delivery plans that will include all savings requirements across all strands. This includes the cross cutting nature of new reviews as well as the completion of current in-flight reviews. The reduction in sickness costs target is now shown as an individual line in terms of likely variance. This target was originally allocated out to each Directorate and delivery was reliant upon cross council changes to Terms & Conditions, which have not yet been progressed to a point of releasing any cashable savings for 2018-19.

2.6 The above potential overspend remains a significant risk and needs to be immediately addressed on a whole Council basis as it would be unacceptable to have any further risk of a draw from General Fund reserves at year end. A number of the overspend areas follow on from the outturn position for 2017/18 and need to be considered in the light of the forecast savings going forward within the 2018/19 budget, Medium Term Financial Plan, and the cumulative effect of non-achievement of savings going forward.

2.7 Corporate Management Team has re-enforced the current arrangements for budget monitoring in particular:-

- focus on a range of corrective actions;
- targeted immediate spend reduction action;
- further increased spending control on all vacancies, contracts and areas of discretionary spend to seek to reduce and at very least contain the levels of total overspending.

2.8 Offsetting opportunities do exist to ameliorate some of the identified service pressures as follows.

- £1m was set aside in the budget for the potential costs relating to the impact of the Apprenticeship Levy. The final costs relating to this levy will only be known once final employee related costs are calculated at the year end. Should the full allocation not be required then any saving will be proposed to be used to mitigate service pressures at year end.
- £1m was also set aside to meet any specific and significant inflationary increases arising in year. Given the overall financial projection at this stage it is proposed by the S151 officer that rather than allocate elements to any potential specific inflationary pressures that the whole amount is immediately used to offset the pressures listed above. This is likely to exacerbate reported service spending pressures further in due course but is a necessary immediate step to be taken.

2.9 It should be noted that on the basis of bids already committed to the Council's remaining Transformation Fund reserve (balance at 1 April 2018 remaining was £193,000)this remains committed and cannot therefore be used to fund further transformative work unless and until monies advanced for existing plans start to crystallise additional and significant savings to pay back to the fund, not merely help unlock already planned budgeted savings.

3. Contingency Fund Provision for 2018/19

3.1 The contingency fund was set at a £3.45m contribution for 2018/19 as set out in the budget report approved by Council on 6th March 2018. This is significantly lower than in recent years.

3.2 The current potential calls on the contingency fund for 2018-19 are:-

Contingency Fund 2018/19	Prediction
	2018/19 (£m)
Original contribution for year	3.450
City Deal revenue contribution.	-0.050
Statutory Data Protection Officer post (but to be reimbursed from the Restructure Reserve £53k)	0.000
Occupational Health support	-0.033
Targeted social care provider support	-0.275
Key Cities subscription	-0.010
Tidal Lagoon support***	-0.053
ER/VR in year costs	-1.367
Balance 31st March 2019	1.662

*** Interim funding only – expected to be reimbursed by Welsh Government grant

The above table lists potential calls on the budgeted contingency fund. The final amounts will be dependent on a number of factors during the year including speed of implementation, actual costs/commitments incurred and final Directorate outturn position. Spend approvals will be deliberately limited to seek to maximise underspend here as part of mitigating budget savings action. Updates have been provided during the financial year as part of the routine quarterly reporting to members with the final position reported as part of the outturn report.

City Deal contribution of £50k per annum will be met initially in 2018/19 from the Contingency and be base budgeted for in future years. There will also be access to a 1.5% top slice fee which will, where at all possible, be funded by capital flexibilities (and thus charged to capital) as part of the final agreed City Deal terms when the grant offer is finally made.

Any departures under ER/VR in 2018-19 up to a maximum of £1.367m are again currently planned to be charged to the contingency fund as a one off cost to release future revenue savings. Any excess costs will have to fall to the restructure reserve, simply to conserve some headroom in the contingency fund.

The remaining balance of £1.662m is proposed by the S151 Officer to be utilised to fund forecast service pressures outlined in table 2.3 above and shown in Appendix A.

The Budget report approved by Council in March 2018 included the proposal that Schools would be able to specifically access up to £1.3m of the Restructure Reserve in 2018-19 on a one off basis. This funding has been primarily utilised in meeting ER/VR costs and facilitating some smaller scale innovative and transformative working and will therefore not be charged against the Contingency Fund. This sum has already been fully utilised, further depleting the Restructure Reserve..

The S151 officer proposes at this late stage in the year to utilise the whole of the remaining balance on the Restructure Reserve to ensure the 2018-19 budget and

projected outturn can remain technically balanced, notwithstanding the ongoing directorate overspending.

3.3 The scale of potential overspends for 2018/19 remain significantly in excess of any potential revenue sums available to offset that shortfall. The current indication is that there still needs to be yet more urgent and decisive action to pursue additional savings across the Council to ensure particularly that 2019-20 onwards is re-balanced.

3.4 The action being taken includes working through existing plans on an accelerated delivery basis :

- Management and Business Support Review: ongoing comprehensive review of the management structure across the Council and future requirements given the Council's priorities, future challenges and the changing nature of the role of managers
- Reducing the Pay Bill: review of options to reduce employee costs across the Council as part of our overall future workforce strategy (subject to trade union consultation at the appropriate time)
- Commercialism through third party Procurement Savings and Income Generation: review of further options to increase income from fees and charges, trading etc, in addition to the targets already set for 2018/19
- Progressing Commissioning Reviews and Cross Cutting Themes.
- Implementation of the Leading Learners transformation programme for Education that outlines a range of projects.
- Further implementation of the Adult Services Saving Plan through which we have identified mechanisms for bringing down overall costs.
- Strengthening and tightening further the extant spending restrictions which have been reviewed, refreshed and reissued by Corporate Management Team.

3.5 It should be noted that at this time, although the Council continues to pursue a number of VAT related claims, some are more advanced than others, there is NO certainty of windfalls from VAT refunds or any other external source being received in the current year.

4. Revenue Budget Summary

4.1 The position reported above reflects the best known current position. A net £8.47m of shortfall in revenue budgets, offset by £2.66m of identified additional savings from the non-allocation of the Inflation provision (£1m) together with restricting the use of the Contingency Fund to release a residual £1.66m. In addition as per 4.9 below , following S151 officer proposal and agreement by Council a one off usage of £3m from a review of ear marked reserves has already been implemented and this leaves a forecast overall of some £2.8m overspend for the year at the end of the third quarter. This overall position remains virtually identical to the second quarter forecast.

4.2 Corporate Management Team have reinforced the expectation that overall net expenditure must try to be contained within the limits of the current year budget as set by Council. At this stage in the year, given the scale of overspending, however, it is now much more about rebalancing in anticipation of the start of 2019-20 and taking whatever one off action that can be progressed to ameliorate the in year position.

- 4.3 As previously mentioned, it is too early to provide an accurate forecast as to the potential outturn on corporate items such as Council Tax collection which is in itself potentially affected by the effects of welfare reform measures, but offset by an often increasing tax base. These are thus not fully factored into the budgeted figures but a planning assumption is made in section 4.9 below for the purposes of at least technically rebalancing 2018-19.
- 4.4 Included in the projected budget for 2018/19 for other corporate items were budgeted increases in capital finance charges, recognising the need to commence funding for the ambitious Capital Programme. At previous budget monitoring intervals, no variance was forecast, as the Swansea Central Scheme was scheduled to pass through the corporate approval mechanism in Q1 2019/20, and material construction and funding is envisaged to commence soon after. Following the approval of the revised Minimum Revenue Provision (MRP) Policy in December 2018, the resultant re-profiling of the MRP schedule (of supported borrowing) has resulted in a significant underspend in principal repayments against budget. Interest payments are also underspent as funding has been deferred and timed to minimise cost of carry (i.e. servicing the interest on the debt) and ensure long-term value. In line with a strategy previously agreed by Council, to help bridge the envisaged delivery time frame with the 15 year funding profile of the City Deal, any underspending will be transferred at year end to the capital equalisation reserve. This is currently forecast, for 2018/19, at a total of £7.2m as per Appendix A.
- 4.5 The overall judgement at this point is that there is a continued urgent need to identify significant additional budget savings across all Council Services to try to improve the 2018/19 position and perhaps more pressingly rebase for the start of 2019-20. Based on the level of the current forecast this achievement for 2018/19 is looking once again, extremely challenging.
- 4.6 There remains a degree of confidence that some further minor inroads can be made into the forecast overspend position by ongoing management and member action. Equally, the scale remains such, that it would be on balance highly unlikely that spending can be fully contained in year without wide scale mitigation actions, including those set out in this report.
- 4.7 There continue to be increasing risks around general in year inflationary pressures (including a much higher than previously budgeted teachers' pay award from September, with only a part funding offer from Welsh Government, and financial sustainability of some social care provision). Nevertheless longer term the Council simply cannot afford to fully fund them, savings will have to be made elsewhere to meet such pressures.
- 4.8 Detailed monitoring of budgets will continue to be carried out and reported to Departmental Performance and Financial Management meetings on a monthly basis.
- 4.9 Within the Council approved budget for 2018-19 was an element of funding from the General Reserve of £1 million to fund support for Minority Ethnic achievement and the education of Gypsy/ Traveller learners and School Uniform Grants. The grant funding having been effectively simply withdrawn by the Welsh Government. Following concerns and lobbying from members and officers across Wales as to the impact of this reduction in grant, Swansea Council received a letter on the 17th May from the Welsh Government stating that it would provide the majority of the funding previously

withdrawn for 2018-19, albeit in slightly different ways. The shortfall in funding related to the School Uniform Grant and amounted to approximately £60,000. Welsh Government has recently announced an effectively wider replacement scheme for this aspect of funding as well. Therefore, the whole original planned emergency draw from General Reserves has been fully unwound.

To help mitigate overspend pressures further, in light of general reserves being at the minimum declared safe level, and thus no meaningful overspend being acceptable, the S151 officer has consulted previously with Directors and proposed to draw £3m from earmarked reserves. This has also been previously reported and agreed by Council in October.

The proposed draw includes relative modest sums from the restructure reserve and the insurance reserve, but more importantly exhausts over 20 other reserves in full. This draw includes the Supporting People reserve which due to its nature relates specifically and wholly to Social Services. The remaining element of the £3m (some £2.276m) has been shown as funding against the overall service overspend position and not against specific service areas. This is a clear emergency measure and, as reserves are one off, is not a sustainable funding strategy. Furthermore these reserves were set up to fund known and expected future spend commitments and thus will mean the costs will have to be met when they actually fall due in future years budgets (e.g. the full cost of running the next local government election), when budgets are likely to be under even further strain.

CMT agreed at the end of the first quarter a nominal additional savings stretch target of £1m per directorate – £3m in total, designed to ensure residual overspends are addressed by offsetting underspends elsewhere. The success of this approach to date has been very limited as can be seen from the current forecast service position which is virtually identical to that at the second quarter indicating that no meaningful additional savings have been delivered yet by the services (excepting Poverty & Prevention). Further emergency action will have to be considered during the final quarter and in the meantime a more decisive fall back plan set out to ensure the overall position remains technically balanced (to avoid any further significant draw from already depleted General Reserves)

For the avoidance of doubt, an overall overspend at year end is simply unacceptable to the S151 officer given it would mean otherwise that General Reserves go below the level already declared the bare minimum safe level, a level already proportionately below most other councils in Wales.

CMT has now further resolved to tighten vacancy freeze arrangements with immediate effect on the basis that the current overspend forecast is unacceptable and to maximise redeployment opportunities going forward given the outlook for public finances. The Chief Executive and Section 151 Officer are also personally reviewing larger scale contract and procurement spend with a view to ensuring it is strictly necessary.

In any case, it is imperative that sustainable base budget savings are found to replace these in year one off actions to stabilise the 18-19 budget ahead of an anticipated extremely challenging 2019-20 budget round, now confirmed by the very disappointing provisional local government finance settlement.

The Summary budget forecast position following the already agreed mitigating actions as outlined in 4.1 and above would now be :

Agreed mitigating actions

Revenue Budget 2018/19	Prediction
	2018/19 (£m)
Service shortfall	8.473
Non allocation of Inflation provision.	-1.000
Non allocation of Contingency Fund	-1.662
One off use of Earmarked Reserves : £3m	
Social Services	-0.724
Against all services	-2.276
Remaining overspend 2018/19 (per Appendix A)	2.811

Further fall back actions if no material improvement in final quarter

Revenue Budget 2018/19	Prediction
	2018/19 (£m)
Remaining overspend 2018/19	2.811
Exhaust estimated balance on Restructure Reserve in full during 2018-19. (1)	-2.311
Potential (but not guaranteed surplus) on collection fund at outturn. (2)	-0.500
Impact at outturn - technically balanced	0.000

- (1) The balance on the restructure reserve is itself dependent upon final costs of ERVRS charged to the reserve in year and this represents a prudent estimate of what may be available. It will mean the reserve is then planned to be fully exhausted in 2018-19 and crucially not available to centrally support ANY costs in 2019-20 thus increasing risks facing the 2019-20 budget position.
- (2) This is far from certain and assured. It is plausible given previous year's outturns. Equally however it is conceivable that there could be a deficit on the collection fund in any one year. Thus it is imperative ongoing mitigating actions are taken by all Responsible Officers to contain all spending in the final quarter.

5. Capital Budget

5.1 Expenditure to 19 December 2018 is £55.509 million, summarised as follows:

Directorate	Budget 2018/19	Actual to 19/12/18	% spend
	£'000	£'000	
Corporate Services	5,425	541	10.0%
People	9,363	3,685	39.4%
Place (General Fund)	59,345	28,345	47.8%
Place (HRA)	57,744	22,938	39.7%
Total	131,877	55,509	42.1%

Expenditure on major capital schemes is detailed in Appendix D.

It should be noted that the actual spend to 19 December may only have 7 or 8 months costs relating to external invoices.

6. Housing Revenue Account

6.1 The current repairs forecast is £150k overspend, however this is partly offset by some anticipated underspends on employee costs (currently forecast at around £100k). As it stands, the slippage on the capital programme will lead to a reduction in capital finance costs. It is too early in the year to make an accurate forecast, however, these could be in the region of £1m. There are no other material budget issues to flag at this stage of the year.

7. Legal Issues

7.1 There are no legal issues contained within this report.

8. Equality and engagement implications

8.1 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.

The revenue budget of the Council was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the EIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

Background papers: - None.

Appendices:

Appendix A – Revenue Budget forecast 2018/19

Appendix B – Directors comments on variances

Appendix C – Savings tracker summary

Appendix D - Expenditure on major Capital Schemes

REVENUE BUDGET PROJECTION QUARTER 3 2018/19

<u>DIRECTORATE</u>	BUDGET 2018/19 £000	PROJECTED 2018/19 £000	VARIATION 2018/19 £000
RESOURCES	42,164	43,275	1,111
PEOPLE - POVERTY AND PREVENTION	6,634	6,098	-536
PEOPLE - SOCIAL SERVICES	111,984	118,503	6,519
PEOPLE – EDUCATION	167,091	167,470	379
PLACE	57,068	57,068	0
Reduction in Sickness costs	-1,000	0	1,000
NET DIRECTORATE EXPENDITURE	383,941	392,414	8,473
SPECIFIC PROVISION FOR APPRENTICESHIP LEVY/INFLATION	2,000	1,000	-1,000
CONTINGENCY FUND	3,029	1,367	-1,662
OTHER ITEMS			
LEVIES			
SWANSEA BAY PORT HEALTH AUTHORITY	86	86	0
CONTRIBUTIONS			
MID & WEST WALES COMBINED FIRE AUTHORITY	12,631	12,631	0
CAPITAL FINANCING CHARGES			
PRINCIPAL REPAYMENTS	16,066	10,623	-5,443
NET INTEREST CHARGES	16,643	14,887	-1,756
NET REVENUE EXPENDITURE	434,396	433,008	-1,388
MOVEMENT IN RESERVES			
GENERAL RESERVES	0	0	0
EARMARKED RESERVES	-1,580	2,619	4,199
TOTAL BUDGET REQUIREMENT	432,816	435,627	2,811
DISCRETIONARY RATE RELIEF	400	400	0
TOTAL CITY AND COUNTY OF SWANSEA REQUIREMENT	433,216	436,027	2,811
COMMUNITY COUNCIL PRECEPTS	1,403	1,403	0
TOTAL REQUIREMENT	434,619	437,430	2,811
FINANCING OF TOTAL REQUIREMENT			
REVENUE SUPPORT GRANT	239,946	239,946	0
NATIONAL NON-DOMESTIC RATES	79,141	79,141	0
COUNCIL TAX - CITY AND COUNTY OF SWANSEA	114,129	114,129	0
COUNCIL TAX - COMMUNITY COUNCILS	1,403	1,403	0
TOTAL FINANCING	434,619	434,619	0

Director of Resources

Variance	£000	Explanation and Action
<u>Savings Variation</u>		
Management review of grade 10 and above	113	The management team is reviewing all grade 10 and above posts across the Directorate in order to achieve the savings by year-end.
Service review/regional working/shared services	89	These two savings are interdependent. As part of the review of grades 10 and above, Corporate Services is reviewing opportunities for service integration and further change. The Service Review saving has been reduced to reflect over achievement on Business Support.
Stopping or reducing services through new ways of working	597	
Working commercially across the Council on income / contract spend, prioritising resources as per strategy and plan	1,150	The new contract monitoring governance process is working well and both procurement income savings and new commercial income are being delivered. However, there are issues of Services using additional income to offset emerging Service pressures, which is impacting delivery of the corporate target. For the new budget commercial targets will distributed across Directorates.
Merging of Land Charges with Planning and Building Control as per the Commissioning Review	25	Plans are in place to merge the Planning and Land Charges team and savings achieved in the Place Directorate. It was planned that new ways of working would release this £25k in legal, however, this is no longer possible therefore alternative savings are now being sought.
Establishing Business Support hubs in the People and Place Directorates	0	Plans are now agreed to deliver the original £600k target. The Social Services – Education hub will also deliver an additional £150k in year (reflected in the reduced service review target above).
Transfer and review of the Welsh Translation Unit, including cost and charges	65	The Welsh Translation Unit is continuing to review potential areas of change as a result of the review.
Savings Variation Total	2,039	

Other		
Council Tax Reduction Scheme (CTRS)	-750	At the end of Quarter three the Council Tax Reduction Scheme underspent by £750k. However, this budget delivers important support and is dependent on demand, particularly with the introduction of changes to Universal Credit. Hence, the final variance is extremely difficult to forecast.
Other net underspends across Resources	-178	In order to off-set the timing delay of some savings in Corporate Services, teams have proactively underspent or delayed expenditure wherever possible.
Total Variation	1,111	

The Directorate has proactively and strictly managed spending in order to allow more time for the delivery of the more complex transformational savings. The table above identifies variances against those savings targets that are taking more time to deliver, particularly where they involve multiple services or external partners. Strict management of Directorate spend will continue for the remainder of the year to manage the cash position. Digital Services is reviewing forecast contract spend in January which may temporarily help the in-year underspend position further. This depends on the outstanding contract renewals expected in the next months and also any development costs required by the end of March 19, which are being finalised by the end of December.

Director of Social Services

Social Services

Variance	£000	Explanation and Action
Savings Variation		
Independent placements - Reduce current residential placements by 7 in 2018-19	1,400	Like most Councils across the UK, we are experiencing increased numbers of looked after children. Due to the demand for external provision, the cost of such placements continues to rise.
Independent placements - Reduce current IFA placements by 5 in 2018-19	250	A new model of social work practice is designed to have a positive impact on the numbers of children in such placements.
Reduce mother and baby residential placements to 0 by 2018-19	50	The numbers requiring these placements have reduced and work to eliminate the need for such will continue.
Review of CHC arrangements - Maximise Health contribution for packages of care	1,000	Issues continue with resistance from partners to discuss equitable and appropriate contributions towards identified packages of care.

Maximising Ty Nant resource post relocation - Reduce running cost with relocation	50	The service has recently moved to a new location and whilst savings will occur from the move, they are yet to materialise.
Senior Staffing - Review/Reduce posts at senior level (linked to implementing preferred options of Adult Services Commissioning Reviews and fit for purpose structure)	157	The achievement of these savings are substantially linked to the outcome of the Commissioning Reviews noted below. In the interim, alternative savings arising from staffing reviews have been allocated here
Residential Care for Older People - Implement preferred options as outcome of Commissioning Review leading to reduction of in-house beds	134	Following the decision taken by Cabinet in September, work to implement these proposals is continuing.
Provide day services to those who are eligible only	110	
Implement preferred options as outcome of Commissioning Review (LD, PD & MH service provision commissioning review)	343	The commissioning review remains in its early stages. Despite this, the identification of savings in the running of Llanfair have provided an alternative contribution to the savings target
Review of CHC Arrangements/LD MH Right Sizing and Review - Review all Mental Health and Learning Disability packages of care, to ensure that they are fit for purpose and those eligible for health funding receive it.	269	Full process review completed & next steps/change in processes agreed. Invest to save support, including legal assistance, in process of recruitment
Test and challenge residential care - Reduce overall number of funded residential care placements by 20 per year	143	
Direct Payments Strategy - Targeted increase in recourse to direct payments as alternative to non-complex domiciliary care packages and complex care packages for MH & LD	250	A strategy has been developed and actions decided - review of structure for the administration of such payments will provide an immediate reduction in spend.

Charging Policy and Annual Fee Increases - Increased client income through uplifts and more efficient processes following transfer of Income and Finance Team to Corporate Finance	150	Delays in the commencement of some charges, specifically Day Services, mean that the overall target will be partially achieved.
Other		
Independent Child and Family Placements	800	This overspend is an extension of the unachieved savings in this area.
Child and Family Direct Payments	150	This is reflective of an increase in complexity of the cases funded through Direct Payments as well as increases in the cost of night cover.
Child and Family - Staffing Underspends	-525	This underspend has accrued through tight vacancy management.
Child and Family - Other	-400	Areas such as the Youth Offending Service and Third Sector payments have contributed to this underspend
MHLD Complex Care	883	Spend in this area remains under extreme pressure, although reviews of care packages have achieved savings. The cost of night provision as well as general living wage increases continue to raise the unit cost of such care.
External Domiciliary Care (Older Persons)	294	Work to control the demand and cost of such care continues and has had some success. Overall, overspends in this area remain but these are now solely linked to unachieved savings noted above.
External Residential Care	1,774	This area continues to be exposed to both demographic and cost pressures. Work to ensure placements are appropriate and cost effective continues.
Internal Staffing and Services	-739	Tight vacancy/contract management has resulted in underspends in these area.
Third Party Spend	-24	
Overall Variation	6,519	

The Social Services position is due to a combination of both unachieved savings and fee and demand pressures across externally commissioned services. Significant action is underway to improve this position.

Poverty & Prevention

Variance	£000	Explanation and Action
Savings Variations		
All savings targets met	0	Saving targets are removed from the base budget at the beginning of the financial year and no overspends in these areas are predicted, therefore all saving targets have been met
Other Variations		
Partnerships and Commissioning	-155	Underspends have been achieved through maximising grant income whilst maintaining tight control on core spend.
Early Intervention Service	-130	
Young Peoples Service	-65	
Adult Prosperity & Wellbeing Service	-77	
Cross Directorate	-94	
Head of Service	-15	
Overall variation	-536	

Director of Education

Variance	£000	Explanation and Action
Savings Variations		
Further assumed reductions in Regional Consortium School Improvement Grant - matching funding requirements.	11	This variation has occurred due to a Welsh Government requirement for the Council to maintain match funding at the same cash levels as 2017/18. This is despite an 11% reduction in the value of the grant.
Early achievement of WJEC savings target	-36	Following review and wider regional discussions, this saving was brought forward from 2019/20 to the current year.
All other savings target are expected to be met		
Other Variations		
Servery	30	Estimated costs for the refurbishment of the civic centre servery – agreed as part of commissioning review on the assumption that the cost will be offset over time by future reduction in net cost of the provision
Catering and Cleaning	350	The service has been subject to substantial inflationary pressures on the cost of food and staff. This has been partially offset by a combination of management cost control and positive take up of paid meals.
Music	30	Reduced buy in from schools has caused a loss of income.

Transport costs	500	Inflationary fuel pressures and continuing demand, particularly within the ALN and post 16 sector continue to increase costs. In spite of continuing robust management action, these pressures are inherently volatile and uncontrollable within current transport policy.
EOTAS	-450	Further slippage in delivery of full new model of provision. Subject to further detailed review.
Software Licences	-50	Anticipated one off rebate
Other Miscellaneous Issues	-6	This includes the cost of unfunded ERVR departures as well as increases in the cost of translation required to comply with legislation, offset by cost control and vacancy management.
Overall Variation	379	

Director of Place

A number of issues need to be highlighted for the purpose of visibility. These include unfunded budget pressures as follows:

- Significant increased electricity costs of £112k
- Reduced recycling prices in waste management of £165k
- Increased costs for maintaining and replacing aging social services fleet £436k

In year savings of £590k have been identified as being delayed and will not be fully achieved by year end and these comprise mainly of IT delays in delivering the mobile working solution in Building services, the transfer of the Leisure assets to Freedom leisure (now complete) and Integrated Transport Unit savings.

In addition there are some challenges in achieving all of the “cross cutting” saving identified for 18/19 in particular

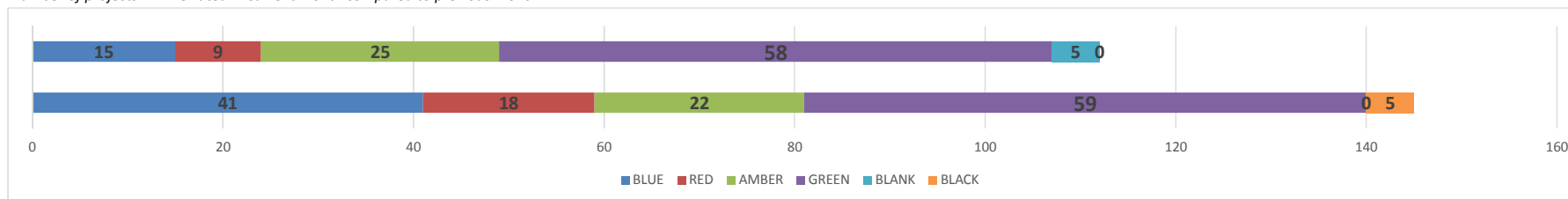
- Sickness reduction of £400k which requires a change in policy to reduce sickness costs

The directorate is working to offset these spending pressures to ensure it returns a balanced budget.

SSFFF/MTFP Saving & Delivery Tracker - Programme/Project

Forecast: **December 2018**

Number of projects BBRAG rated in current month compared to previous month



BBRAG Postion

	Blue	Red	Amber	Green	BLANK	Black
Total BBRAGS	41	18	22	59	0	5
Total £	£ 4,538,000	£ 7,054,000	£ 1,429,000	£ 1,452,000	£ -	£ 2,057,000

DIRECTORATE	SAVING TARGET	FIRM	FORECAST	VARIANCE	FIRM %	FORECAST %	Status
PLACE	£ 3,318,000	£ 2,105,098	£ 3,009,000	£ 309,000	63%	91%	GREEN
PEOPLE (Social Services & Education)	£ 7,355,000	£ 2,435,220	£ 2,247,220	£ 5,107,780	33%	31%	RED
CROSS CUTTING	£ 2,455,000	£ 1,400,000	£ 1,455,000	£ 1,000,000	57%	59%	RED
RESOURCES	£ 3,402,000	£ 618,000	£ 2,327,000	£ 1,075,000	18%	68%	RED
	£ 16,530,000	£ 6,558,318	£ 9,038,220	£ 7,491,780	40%	55%	RED

Status Classification	Q1- Jun	Q2 - Sept	Q3 - Dec	Q4 - Mar
BLUE	Forecast below target by 0%	0%	0%	0%
RED	Forecast below target by 30%+	20%+	15%+	5%+
AMBER	Forecast below target by 15-30%	10-20%	5-15%	0-5%
GREEN	Forecast below target by 15%	10%	5%	0%

BRAG Definitions

BLUE	The change/action has been undertaken to achieve the saving – <i>Tip: is the saving target achieved and no further service action</i>
BLACK	The change/action CANNOT be achieved or implemented. Alternative options must be explored, to achieve the financial saving.
RED	Significant or high risk of saving not being achieved, as there are barriers preventing the necessary actions to achieve the savings taking place. <i>Tip: No progress of saving target, no plans, no budget code identified. Must be raised and risks escalated to Programme Board via PFM</i>
AMBER	A risk of saving not being achieved as there are potential barriers preventing the necessary action to achieve the saving taking place. <i>Tip: Irregular, no progress of saving target or no budget code identified. Must be raised any further risks escalated to Programme Board via PFM - Mgt by Exception</i>
GREEN	Plans in place to take the necessary actions and change to achieve the saving – <i>Tip: regular and ongoing progress of saving within the identified budget code on target.</i>

Delivery RAG/set Tolerance

Indicator	RED	AMBER	GREEN
Time	Expected Prog/Project delivery date is more than 1 month later than the date agreed by Sponsor or CMT or has changed by more than 1 month (TBA).	Expected Prog/Project delivery date is up by 1 month and later than the date agreed with sponsor or delivery will be impacted by 1 month (TBA).	Prog/Project remains of schedule as agreed with Sponsor (within 1 week of tolerance - TBC) no likely risks or concerns to indicate otherwise.
Cost (tracker and delivery)	Prog/Project estimated exceeds or is predicted to exceed the current agreed estimate by 20% (TBC).	Prog/Project estimated exceeds or is predicted to exceed agreed between 10%-20% (TBC).	Prog/Project costs are within the agreed cost estimates with 10% (TBC)
Scope/Quality	Significant change to the Prog/Project scope as agreed.	n/a	Prog/Project scope remains as agreed no changes no risks or concerns.
Overall RAG	Red is when one or more of the time/cost and scope indicators are RED	Amber if one or more of the time/cost indicators are Amber and none are Red	Green if all of the time/scope/cost are green or within set RAG agreed tolerances.

Appendix D

Capital expenditure on major schemes to 19 December 2018 (where spend greater than £250k)	£000's
People	
Pentrehafod Comprehensive School Remodelling	2,895
Corporate services	
Place	
Highways - footways	480
Highways - carriageway resurfacing	3,356
Highways - invest to save schemes	761
Drainage works	294
Kingsway Urban Park	3,308
Swansea Central Phase 1	2,666
Corporate Building services (various schemes)	3,341
Property portfolio acquisitions	8,242
Disability Facilities Grants	2,697
Mini adaptation grants	391
Sandfields Renewal programme	362
Property appreciation loans	257
Place (HRA)	
HRA capital programme (including More Homes schemes)	22,938

Total scheme value where spend greater than £250k

51,988

Agenda Item 8



Report of the Chief Auditor

Audit Committee – 9 April 2019

Internal Audit Section – Fraud Function Anti-Fraud Plan for 2019/2020

Purpose:	This report sets out the planned areas of activity for the Internal Audit Section's Fraud Function for 2019/20 and is designed to provide a strategic view of the areas that will be subject to examination.
Policy Framework:	None.
Consultation:	Legal, Finance, Access to Services
Recommendation(s):	It is recommended that Committee review, discuss and approve the Anti-Fraud Plan for 2019/20.
Report Author:	Jeff Fish / Jonathon Rogers
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Miller

1. Introduction

1.1 Obligation to combat fraud:

- S151 Local Government Act 1972 – “Every Local Authority is under a statutory duty to secure the proper administration of its financial affairs”, (i.e. to safeguard public funds).
- Council Constitution - The obligation set out in S151 is underpinned by the Financial Procedure Rules (FPR's) contained in the Council's Constitution. FPR's are the codification of the principles of sound financial management.

1.2 Principles of tackling fraud:

The aim of the Fraud Function is to adhere to the requirements set out in 1.1 by way of effective and appropriate actions in respect of combatting all fraud whether it is perpetrated from outside or inside the Council. The Fraud Function's approach will achieve this by focusing on three key themes:

- Acknowledge
- Prevent
- Pursue

1.3 Ensuring the counter fraud response is comprehensive and effective. Where possible, performance should be compared against each of the following six themes:

- Culture
- Capability
- Capacity
- Competence
- Communication
- Collaboration

1.4 The Council's existing Anti-Fraud and Corruption Policy summarises the Council's position, building on the content of a number of corporate policy statements, including:

- Anti-Fraud and Corruption Policy²
- Codes of Conduct (members and employees)
- Corporate Risk Management Policy
- Disciplinary Policy
- Whistle-blowing Policy

1.5 Overarching the above policies is the fact that Council Members and Officers are expected to adopt the highest standards of propriety and to follow the '*Nolan principles*'¹ of public life which are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

¹ The 'Nolan principles', which are the basis of the ethical standards expected of public office holders. The 7 principles of public life apply to anyone who works as a public office-holder. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, the courts and probation services, non-departmental public bodies, health, education, social and care services. The principles also apply to all those in other sectors that deliver public services. They were first set out by Lord Nolan in 1995 and they are included in the Ministerial Code – <https://www.gov.uk/government/publications/ministerial-code>

² This policy is to be reviewed

2. The Aims of the Anti-Fraud Plan

- 2.1 The Anti-Fraud Plan (AFP) represents the broad areas that will be covered and sets out to provide a balance between proactive and reactive counter fraud activity. It covers the activities of the Council that the Chief Auditor considers to be the most likely to be subjected to fraud in some form, either from within the organisation or from external sources.
- 2.2 The AFP aims to build on activities and outcomes identified, and also aims to focus on 'high risk' areas where the most significant losses can occur.
- 2.3 Some of the matters investigated by the Fraud Function will progress to criminal investigation and others will not, but in all cases appropriate action will be considered / taken, for example disciplinary proceedings in respect of Council employees.
- 2.4 Actions of the Fraud Function which overlap with Human Resources (HR) functions (and vice versa) will be subject to the '*Memorandum of understanding and expectations*', which aims to:
- To address the potential overlap between disciplinary and criminal investigations / offences.
 - To clarify the roles of HR and the Fraud Function, in particular the meaning, remit and purpose of the HR Investigating Officer and the Fraud Function's Investigation Officer.

3. Measuring the value of the Fraud Function

- 3.1 The value of the Fraud Function to the organisation can be measured via the following headings:

Deterrent value:

The deterrent value of having a Fraud Function, offering a confidential way to report concerns, acting on the concerns, taking appropriate sanctions, and publicising successes is immeasurable.

Strengthening procedures:

Some internal investigations may not yield immediate and / or quantifiable financial outcomes. However, they may result in changes in policies and procedures that ultimately reduce the potential for loss by fraud or error by enhancing the robustness of those policies and procedures.

Quantifiable financial outcomes:

Fraud Function activities may identify money and / or assets that have been claimed / misappropriated via fraud or error, which can then be targeted for recovery. For example:

- Overpayments of Housing Benefit / Council Tax Benefit / Council Tax Reduction.
 - Council properties returned to stock.
 - Money resulting from action taken under the Proceeds of Crime Act 2002.
- 3.2 In addition, Fraud Function activities may result in extra liability being created, for example via the removal of Council Tax discounts and exemptions.

- 3.3 Progress and Annual reports to the Audit Committee on the Fraud Function's activities are a key part of assurance supporting the Annual Governance Statement which is published with the Annual Statement of Accounts.
- 3.4 The Fraud Function contributes to the Council's corporate vision and priorities by investigating allegations of fraud and corruption against the Authority, both from within the organisation and from external third parties.

4. Focussing Fraud Function resources

- 4.1 When considering where to focus the Fraud Function's resources due regard was given to:
- The Chartered Institute of Public Finance and Accountancy's (CIPFA's) '*Code of Practice on Managing the Risk of Fraud and Corruption*' and '*Fighting Fraud Locally*'.
 - '*Protecting the English Public Purse 2016*' published by The European Institute for Combatting Corruption and Fraud (TEICCAF).
 - '*The Annual Fraud Indicator 2017*' produced in partnership by Experian, Crowe Clark Whitehill and the University of Portsmouth's Centre for Counter Fraud Studies.
 - '*Fighting Fraud & Corruption Locally – The Local Government Counter Fraud and Corruption Strategy 2016-2019*' supported by CIPFA Counter Fraud Centre.
 - '*CIPFA Fraud and Corruption Tracker (CFact) Results 2018*'
The results of CIPFA's survey aim to provide a national picture of fraud, bribery and corruption in local government in England, Scotland and Wales.
 - The requirements of FPR's, external guidance, best practice and legislation.
 - The extent and scope of counter fraud activity in previous years, including the previous investigations, Internal Audit reports and recommendations made to strengthen controls or enhance systems.

5. Summary

- 5.1 The aim of this document is to demonstrate the Council's ongoing commitment to tackle fraud, promote the highest levels of integrity, minimise the potential for reputational damage, and ensure transparency by 'being seen to be getting its own house in order'.

6. Equality and Engagement Implications

- 6.1 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 victimization 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. An EIA screening has been undertaken (Appendix 4) which demonstrates that there are no equality implications in relation to this report.

7. Financial Implications

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

8. Legal Implications

- 8.1 In accordance with the provisions of Section 151 of the Local Government Act 1972 and section 5 of the Accounts and Audit (Wales) Regulations 2005, the 'Responsible Officer' is responsible for ensuring that the Council has control systems in place "to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstitute any lost records."

Background Papers: None.

Appendices: Appendix 1 - Anti-Fraud Risk Assessment Checklist 2019/20.
Appendix 2 - Anti-Fraud Statement 2019/20.
Appendix 3 - Anti-Fraud Plan 2019/20.
Appendix 4 – Equality Impact Assessment Screening Form

Appendix 1 – Anti-Fraud Risk Assessment Checklist 2019/20

General	Yes	No
1. Do we have a zero tolerance policy towards fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
This is explicitly set out within the Anti-Fraud and Corruption Policy and includes the code of conduct and advice on preventing Bribery. Where there is sufficient evidence, appropriate action, including criminal proceedings, will be taken. Internal and external web pages reinforce this stance.		
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Swansea Council has a full suite of appropriate policies in place, which are subject to regular review.		
3. Do we have dedicated counter-fraud staff?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Two full time investigators		
4. Do counter-fraud staff review all the work of our organisation?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The Internal Audit Plan, which is approved annually by the Audit Committee, takes a risk-based approach in deciding which areas are selected. There are insufficient resources available to cover every single area in the Council. Internal Auditors will always be alerted for potential control weaknesses in our systems, and for any potentially fraudulent behaviour.		
5. Have we an Audit Committee with a portfolio for fighting fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
One of the Audit Committee's terms of reference is to monitor the counter fraud strategy, actions and resources. The Committee meets at least bi-monthly.		
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Audit Committee receive an annual Anti-Fraud and Corruption review report, plus on-going internal audit reports at every meeting where any fraud risks would be highlighted and management are required to respond promptly.		
7. Have we assessed our management of counter-fraud work against good practice?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We use Protecting The English Public Purse, Fighting Fraud Locally, Annual Fraud Indicators and CIPFA (Chartered Institute of Public Finance and Accountancy) resources including their Code of Practice 'Managing the Risk of Fraud and Corruption', and the results of their Fraud and Corruption Tracker survey. The Council is a member of NAFN (National Anti-Fraud Network) and participates in the NFI (National Fraud Initiative).		

<p>This, coupled with other sources and affiliates, e.g. the Wales Audit Office, Welsh Chief Auditors Group, ensures we receive regular updates on best practice, legislation etc.</p> <p>Officers undertaking the Fraud Function have attended relevant anti-fraud related events and are Accredited Counter Fraud Officers / Specialists.</p>		
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8. Do we raise awareness of fraud risks with:		
• New staff (including agency staff)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fraud awareness material containing a meaningful introduction to the Fraud Function is included in Corporate Induction training. This includes making new staff fully aware of relevant policies including the Anti-Fraud and Corruption Policy.		
• Existing staff?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fraud Function web pages are available on the Staffnet, however, these are reviewed and updated as necessary		
• Elected members?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Information on fraud and corruption risks is included in the Members Induction programme.		
Presentations are regularly delivered to the Audit Committee, including reports on Fraud Function activities and ongoing training in respect of fraud awareness.		
• Contractors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
There are robust controls in the Council Constitution's Contract Procedure Rules to guide and protect officers with a dedicated Council Procurement Team to ensure all public funds are spent appropriately and with appropriate due diligence of suppliers; also through our procurement process there are multiple declarations that suppliers and contractors must sign such as an anti-collusion clause to ensure competition for contracts is open and fair and also declarations relating to any convictions for fraud (and such clauses are 'termination events', i.e. should suppliers submit data that is found to be false then this would lead to the contract being terminated and where appropriate referring the matter for further investigation		
9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Members of NAFN (National Anti-Fraud Network) Members of TFF (Tenancy Fraud Forum). Members of the Wales Fraud Officers Group. Members of the Local Organised Crime Board Members of the Wales Fraud Forum		

Participates in NFI (National Fraud Initiative). Has links to CIPFA (Chartered Institute of Public Finance & Accountancy). Has dialogue with the WAO (Wales Audit Office). Attends the Welsh Chief Auditors Group.	<input type="checkbox"/>	<input type="checkbox"/>
10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Through the National Fraud Initiative. Always responds promptly to information requests, e.g. from other agencies in relation to requests under Schedule 2 Part 1 Paragraph 2 of the Data Protection Act 2018 (prevention and detection of crime). Joint working with DWP's Counter Fraud and other agencies.		
11. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal Audit carry out a number of pro-active audits that look to identify weaknesses in control. Any other audits consider the possibility of failure of control leading to fraud.		
12. Do we maximise the benefit of our participation in the National Fraud Initiative administered by the Cabinet Office, and receive reports on our outcomes?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>General:</u> The Audit Section co-ordinates the collation of data for submission to NFI. Audit / Fraud Function also receive details of potential frauds and either investigate or distribute to relevant sections. Audit / Fraud Function monitors the progress of investigations via the NFI's on-line reporting facility.		
13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Council's suite of policies contains an Anti-Money Laundering Policy. All policies are readily available on Staffnet. Specific web pages also highlight this issue.		
14. Do we have effective arrangements for:		
• Reporting fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
All financial irregularities should be reported to the Chief Auditor – this is stated in many policies and the FPR's. In addition there is a specific Whistleblowing Policy. Web pages are available containing a stand-alone narrative on the types of fraud and how to report them.		
• Recording fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Internal Audit keep records of all fraud reported to them.		
15. Do we have effective whistle-blowing arrangements? In particular are staff:		
• Aware of our whistle-blowing arrangements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
We have a policy in place, and it is available to all staff on the Council's Staffnet.		
• Confident in the confidentiality of those arrangements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No evidence to suggest to the contrary.		
• Confident that any concerns raised will be addressed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No evidence to suggest to the contrary.		
16. Do we have effective fidelity guarantee insurance arrangements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cover: All persons under a contract of service apprenticeship with or hired or loaned to the Named Insured to the value of £10,000,000		
Designated Officials such as Chief Treasury & Technical officer to the value of £20,000,000.		

Fighting Fraud with reduced resources		
17. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
An Audit based Fraud Function consisting of 3 officers was created on 01.06.15. This has since reduced to 2 officers		
Inevitably, this situation will necessitate a more robust approach to the evaluation of allegations and investigation into allegations of wrongdoing/fraud.		
Existing Audit staff have assisted Fraud Function staff as and when appropriate. Subject to available resources, this assistance will continue when needed.		
The caseload will continue to be monitored and if necessary, notwithstanding the overall resource constraints, the Section 151 Officer and Audit Committee will continue to give due regard to whether additional resource needs to be applied to the fraud function.		
Current risks and issues		
Housing tenancy		
18. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Housing Department staff carry out checks prior to allocation of housing.		
19. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<p>Checks are carried out by Housing Department staff responsible for appropriate 'estate management' action in instances where the 'lawful tenant' is not in occupation.</p> <p>According to the Annual Fraud Indicator 2017, this is a high-risk area accounting for an estimated loss of £1.827 billion. This risk is further underlined by the CIPFA Fraud and Corruption Tracker Results 2018. As a consequence:</p> <ul style="list-style-type: none"> Up to date awareness sessions will need to be delivered to relevant Housing Department staff as necessary. The Fraud Function is continuing to develop specific processes to aid identification, investigation, and prompt resolution of tenancy fraud cases utilising relevant legislation including: <ul style="list-style-type: none"> The Prevention of Social Housing Fraud Act 2013, and, The Prevention of Social Housing Fraud (Detection of Fraud) (Wales) Regulations 2014. 		
Procurement		
20. Are we satisfied our procurement controls are working as intended?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Controls appear to be adequate - Contract Procedure Rules.</p> <p>According to the Annual Fraud Indicator 2017, this is a high-risk area with an estimated loss of £4.4 billion. This risk is further underlined by the CIPFA Fraud and Corruption Tracker Results 2018.</p> <p>Consequently, subject to available resources, the Fraud Function intends to develop proactive rather than reactive work in this area.</p>		
21. Have we reviewed our contract letting procedures in line with best practice?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Procedures appear to be adequate. There has been no credible criticism of the Council's procurement procedures, e.g. from unsuccessful bidders.</p>		
Recruitment		
22. Are we satisfied our recruitment procedures that:		
<ul style="list-style-type: none"> Prevent us employing people working under false identities? 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Human Resources impose rigorous controls of this nature for appointments.</p>		
<ul style="list-style-type: none"> Confirm employment references effectively? 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Completed by Human Resources – References Policy.</p>		
<ul style="list-style-type: none"> Ensure applicants are eligible to work in the UK? 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Completed by Human Resources.</p>		

<ul style="list-style-type: none"> Require agencies supplying us with staff to undertake the checks that we require? 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Completed by Human Resources.		
Personal Budgets for Social Care (Direct Payments)		
23. Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Personal Budgets have been subject to Departmental and Internal Audit review.</p> <p>Subject to available resources, the Fraud Function intends to develop proactive rather than reactive work in this area.</p>		
24. Have we updated our whistle-blowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>The existing whistle-blowing policy is fit for purpose.</p> <p>The Fraud Function web pages also re-inforce the message.</p>		
Council tax discount & exemptions		
25. Do we take proper action to ensure that we only award discounts and exemptions to those who are eligible?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>The Council Tax Section undertakes regular postal and in-person reviews. In 2014 'Data Tank' was commissioned to identify cases where an award of SPD may not be appropriate, and they undertake bi-annual reviews. Subject to the availability of financial resources, the authority is to consider to continue utilising 'Data Tank' by either undertaking rolling reviews or a bi-annual exercise in 2020.</p> <p>This risk in this area was underlined by the CIPFA Fraud and Corruption Tracker Results 2018.</p> <p>The Council is also participates in the bi-annual National Fraud Initiative (NFI).</p>		
Housing benefit		
26. When we tackle housing benefit fraud do we make full use of data matching?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>As a Council, we utilise data matching via several avenues:</p> <ul style="list-style-type: none"> VEP (Verifying Earnings and Pensions) Alerts and checks – real time information from HMRC supplied by DWP Housing Benefit Matching Service – monthly via the DWP. National Fraud Initiative – biannually via the Cabinet Office. Interactive Data Extraction and Analysis software – as and when necessary via the Audit Section. 		
Other fraud risks		
27. Do we have appropriate and proportionate defences against the following fraud risks		

<ul style="list-style-type: none"> • Business rates? <u> </u> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>The Council has a process of postal and in-person reviews to check properties for indication of a business operating undeclared.</p> <p>Subject to available resources, this is an area that the Fraud Function intends to explore to determine the extent of any fraud, in particular:</p> <ul style="list-style-type: none"> • Properties occupied by a registered charity or community amateur sports club, and used for charitable purposes which can be awarded 80% mandatory or 100% discretionary relief. • Empty business properties are exempt from paying business rates for 3 months after the property is vacated. 		
<ul style="list-style-type: none"> • Right to Buy? 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>To help tackle the shortage of affordable housing in the City, the Council's RTB scheme has been suspended for an initial period 01.12.14 to 30.11.19.</p>		
<ul style="list-style-type: none"> • Council Tax Reduction? <u> </u> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>National roll-out of joint working commences 29th Aril 2019, and the joint working with DWP's Counter Fraud Division will become a business as usual function.</p>		
<ul style="list-style-type: none"> • Schools? 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>There is a schools audit programme within the Internal Audit plan each year.</p>		
<ul style="list-style-type: none"> • Grants? 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>There is a grants audit programme within the Internal Audit plan each year.</p> <p>Although this was not specifically reported as high-risk area in the CIPFA Fraud and Corruption Tracker Results 2018, it was reported as such in the Annual Fraud Indicator 2017, with an estimated loss of £94 million. Consequently, subject to available resources, the Fraud Function intends to continue to develop proactive work in this area.</p>		

Acknowledged source - Audit Commission: 'Protecting The Public Purse – Fighting Fraud Checklist For Governance 2014'

Appendix 2 - Anti-Fraud Statement 2019/20

1. Defining Fraud

- 1.1 What is fraud? The Fraud Act 2006 details the legal definitions of fraud, and is used for the criminal prosecution of most fraud offences. The Council also deals with fraud in non-criminal matters. For the purposes of this strategy, fraud is defined as:

'...the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.'

The definition covers various offences including deception, forgery, theft, misappropriation, collusion and misrepresentation.

- 1.2 What is Corruption? Corruption is defined as...

'...the offering, giving, soliciting or acceptance of an inducement or reward that may influence the action of any person.'

These inducements can take many forms including cash, holidays, event tickets, meals.

- 1.3 What is Bribery? The Bribery Act 2010 creates offences where:

'...an individual or commercial organisation offers or receives a bribe to bring about or reward the improper performance of a function or activity.'

Bribery can be the acceptance of gifts, money, and hospitality in return for providing something of value to the briber. More information on bribery can be found in the Council's 'Anti-Fraud and Corruption Policy'.

- 1.4 What is Theft? The Theft Act 1968 details the legal definition of theft. For the purposes of this statement, theft is defined as...

'...the taking without consent and with the intention of not returning any property belonging to the Council or which has been entrusted to it e.g. client funds, including cash, equipment, vehicles, data, etc.'

Theft does not necessarily require fraud to be committed. Theft can also include the taking of property belonging to our staff or Members whilst on Council property.

- 1.5 What is Financial Malpractice/Irregularity? This term is used to describe...

'...any actions that represent a deliberate serious breach of accounting principles, financial regulations or any of the Council's financial governance arrangements.'

These actions do not have to result in personal gain.

2. Statement of Intent

2.1 We recognise that dealing with fraud is important and that there is a duty to Council Tax payers and Welsh / Central Government to ensure that all public funds are administered correctly.

2.2 We aim to cover the principles set out in the '*CIPFA Code of Practice on managing the risk of fraud and corruption*' that define the governance and operational arrangements necessary for an effective counter fraud response. The five key principles are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

2.3 Our intention to combat fraud and corruption is made up of the following key elements:

Acknowledge

The Council acknowledge that as an organisation we are at risk of fraud and will seek to understand our fraud risks, we will:

- Maintain the Fraud Function whose officers are trained and qualified to an appropriate level;
- Maintain a risk based approach to tackling fraud referrals to make optimum use of the available resources.

Prevent

The Council recognises that fraud and corruption are costly, in terms of both financial losses and reputational risk. The prevention and detection of fraud is therefore a key objective of the authority. The Internal Audit Section and its Fraud Function are mutually complimentary and work side by side to provide the Council's audit and fraud investigation functions. They employ a multi-disciplinary approach that includes proactive work determined by a formal risk assessment. In addition, the Fraud Function is free to work with other agencies in pursuance of the Council's anti-fraud aims. In addition, the prevention and detection includes a commitment to:

- Seek to promote a zero tolerance anti-fraud culture across the community by publicising the impact of fraud on the community. We will also seek to assist our partners and stakeholders to understand and reduce the threats of fraud. Furthermore, we will seek to deter fraudsters through specific publicity and general campaigns.
- Publicise counter fraud work to the widest possible audience and appropriate successful prosecutions will be reported to the media.
- Undertake data matching exercise with other Local Authorities and relevant external organisations to pro-actively identify fraudulent activity.
- Continue to ensure it has access to all intelligence sources and best practice to combat fraud and corruption, for example via the National Anti-Fraud

Network (NAFN) and the Chartered Institute of Public Finance and Accountancy (CIPFA).

- Operate a Whistleblowing policy to ensure concerns of internal probity can be raised in confidence and ensure protection for those who come forward.
- Strive to prevent fraud from entering systems in the first place by ensuring that appropriate staff receive fraud awareness signposts/training/material.

Pursue

The Council will take a strong approach to punishing fraud and recovering fraud losses:

- In cases where fraud is discovered we will take criminal, civil or disciplinary action or a combination of these. Decisions will be based on our Human Resources Policies and the Code for Crown Prosecutors, which includes the evidential and public interest tests for prosecution.
- In all appropriate cases of fraud or corruption recovery action will be taken to ensure the money is returned to us, this may include civil recovery methods or recovery through criminal proceedings using the Proceeds of Crime Act where appropriate.
- The Fraud Function will continue to work in partnership with other relevant organisations such as Trading Standards and South Wales Police.

2.4 Turning Strategy into Action

'Fighting Fraud Locally – The Local Government Fraud and Corruption Strategy 2016-2016' suggests that Local Authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against the following six themes. It is the Fraud function's intention to adhere to the themes:

- **Culture** – creating a culture in which beating fraud and corruption is part of daily business.
- **Capability** – ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks.
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk.
- **Competence** – having the right skills and standards.
- **Communication** – raising awareness, deterring fraudsters, sharing information, celebrating successes.
- **Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

3. Responsibilities

Corporate Responsibilities

- 3.1 The Council is committed to the maintenance of a robust framework of procedures and policies, which if adhered to, will prevent fraud. The whistle blowing process and the Fraud Function web pages bolster these processes by being a deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption.
- 3.2 The endorsement of this statement sends a clear message that fraud against the Council will not be tolerated and where reported it will be investigated and where identified it will be dealt with in a professional and timely manner using the strongest punishment available in accordance with available guidance. In addition, restitution will always be sought for the loss incurred. Through the creation and enhancement of a strong anti-fraud culture, the Council aims to deter potential perpetrators from targeting its finances and services. Within the corporate framework, there are a number of facets that exist to protect the Council against fraud. These include:

- The Constitution, Financial Procedure Rules;
- An established Audit Committee;
- Codes of conduct for Members and Employees;
- Statutory responsibility for the oversight of all financial and legal affairs;
- An Anti-Fraud and Corruption Policy;
- Declaration of interest and gifts and hospitality procedures for Members and Officers;
- Effective employee vetting procedures – reference and DBS checks;
- Internal controls regularly reviewed and annually certificated by Heads of Service;
- Checks by Internal Audit in line with the Audit Plan;
- A confidential reporting code (Whistle-blowing procedure);
- A Complaints procedure available to the public;
- An External Audit;
- A Fraud Function;
- Participation in the National Fraud Initiative, the National Anti-Fraud Network, the Tenancy Fraud Forum, and the Chartered Institute of Public Finance and Accountancy Counter Fraud Centre;
- Internal and external webpages offering anti-fraud advice to employees and the public;
- Contract Procedure Rules.

Councillor Responsibilities

3.3 The Council's Members lead by example at all times, maintaining the highest standards of probity, honesty, integrity and accountability in their dealings. This expectation is detailed in the Council's Constitution under the Members Code of Conduct.

3.4 Councillors are required to declare any potential conflicts of interest that could be deemed to impact on the way they perform their roles. Councillors are also required to register any gifts or hospitality offered or received over a given value (£25.00 as at December 2017).

Manager Responsibilities

- 3.5 Managers are responsible for ensuring that adequate systems of internal control exist within their areas of responsibility and that these controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud, therefore, rests with managers who are required to assess the types of risks and scope for potential internal and external frauds associated with the operations in their area. Internal Audit undertakes independent assessments of the key risks and associated controls within systems across the Council.
- 3.6 Managers will ensure that staff receive appropriate training in 'Fraud Awareness'. The level and extent of this will depend on the work that individual employees carry out. When employees are an integral part of the control framework, it is crucial they are regularly reminded of fraud and risk issues.
- 3.7 Managers are required to report all instances of suspected, reported or detected fraud to the Chief Auditor who will offer advice on the best approach to each incident. This ensures that there is a consistent and co-ordinated professional approach to all investigations and that the associated procedures are fully compliant with legislation.

Employee Responsibilities

- 3.8 Members of staff are a very important element in the Council's efforts to combat fraud and corruption. The employees Code of Conduct and Anti-Fraud and Corruption Policy explain the requirement for all staff to be vigilant and describes how they should raise any concerns they may have.
- 3.9 The Code and Policy mentioned in 3.8 require that employees report their suspicions or knowledge of any possible fraud or corruption to their Line Manager. Where an employee feels unable to use this route they are expected to report to the Head of Service or independently to the Monitoring Officer.
- 3.10 Through its Whistle-blowing Policy, the Council provides employees and councillors with the means to report instances of suspected fraud, corruption or breaches of the Council's policies. The policy offers employees and councillors protection from recrimination and allows them anonymity if they so choose.
- 3.11 Gifts/hospitality over £25 must be recorded. However, for Housing and Public Protection staff ALL gifts /hospitality must be recorded and registered (as a number of small gifts over a period of a year could take the value over £25).

Contractor Responsibilities

- 3.12 All Contractors appointed by the Council must act with complete honesty and integrity when engaging in works or delivering services for the Council, its service users and residents. All contractors must comply with all applicable laws, statutes, regulations and codes relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010. The Council requires the employees of contractors to report any suspicions or knowledge they may have in relation to fraud, bribery and/or corruption against the Council. Contractors or their employees may report all concerns to the Council's client-side staff who will in turn report the matter to the appropriate line manager or they may make a report using the Council's whistle-blowing policy.

Internal Audit and Fraud Function Responsibilities

- 3.13 As part of the Council's system of internal control, the Internal Audit team are required to undertake a risk-based assessment of all major systems operating across the Council and undertake an agreed plan of audits to test the controls in place.
- 3.14 The Council provides an anti-Fraud Function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption.
- 3.15 The Chief Auditor is responsible for making appropriate arrangements to co-ordinate the Council's work on the National Fraud Initiative and to undertake internal data matching across Council systems.
- 3.16 The Chief Auditor or his representative will advise Heads of Service of all instances of reported or detected fraud or corruption in their service area and where appropriate undertake any subsequent investigation.
- 3.17 The Chief Auditor or his representative is responsible for reporting to and liaising with the local police/Council's Legal Section on individual cases and for issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.

General Public – Responsibilities

- 3.18 The Council's expectation is that residents, service users and other members of the public will not tolerate abuse of the Council's assets or services. They are therefore encouraged to report any suspicions or knowledge they may have regarding any acts of fraud and corruption being perpetrated against the Council.
- 3.19 The Fraud Function web pages should raise awareness of how to report fraud by providing a 'one stop shop' containing an overview of all types of fraud, including how to report fraud. This includes: on-line report forms, telephone hot lines, an investigation mailbox, and an address for postal reports. Reports can be made anonymously. In any case, all reports / contact details will be treated with sensitivity, professionalism and in confidence.

4. Reporting Fraud

- 4.1 A summary of the telephone numbers/email addresses to report concerns relating to fraud, corruption, bribery or other financial irregularities follow.
- 4.2 **Blue Badge fraud**
- Online at www.swansea.gov.uk/bluebadgefraud
 - By telephoning 01792 637366.
 - By e-mail to fraud@swansea.gov.uk
- 4.3 **Council Tax Reduction fraud**
- Online at www.swansea.gov.uk/reportctrfraud
 - By telephoning 01792 635359
 - By e-mail to fraud@swansea.gov.uk

4.4 **Other frauds that affect the Council**

- Online at:
- Staffnet: www.swansea.gov.uk/Staffnet/fraud
- Public web-site: www.swansea.gov.uk/fraud
- By telephoning 01792 635359
- By e-mail to fraud@swansea.gov.uk

4.5 **In all instances the frauds mentioned above can also be reported in writing to:**

Fraud Function
Internal Audit Section
Financial Services and Service Centre
Guildhall
Swansea
SA1 4PE

4.6 **Housing Benefit fraud – dealt with by the Department for Work and Pensions**

- Online at www.gov.uk/report-benefit-fraud
- By telephoning 0800 854440
- In writing to NBFH, PO Box 224, Preston, PR1 1GP

4.7 **Fraud that does not affect Swansea Council can be reported to Action Fraud**

- Online at www.actionfraud.police.uk/report-a-fraud-including-online-crime
- By telephoning 0300 123 2040.

5. **Recording fraud reports/investigations**

5.1 The Fraud Function records all details of every fraud report/investigation.

5.2 These records are held securely but can be readily retrieved in appropriate circumstances for review and reporting purposes.

6. **Reporting fraud outcomes**

6.1 The Fraud Function records information that enables the following to be reported on as necessary:

- The number of fraud referrals received.
- The number of fraud referrals by type.
- The number of fraud referrals accepted for investigation.
- The number of referrals not accepted for investigation.
- Outcomes.

6.2 Outcomes include the following:

- Overpayments / additional liability raised / recovered,
- Council Housing brought back into stock,
- CTRS Administrative Penalties,
- Prosecutions,
- Other monies recovered, e.g. via Proceeds Of Crime Act 2002 or Profit Orders awarded under The Prevention of Social Housing Fraud Act 2013,
- Disciplinary action - warnings or dismissals.

6.3 In addition to measurable outcomes, there are other valuable benefits, which are not readily measurably. Namely:

- The deterrent value of having a Fraud Function:
 - Offering a confidential way to report concerns,
 - Taking action in respect of the concerns,
 - Seeking appropriate sanctions,
 - Publicising activities / successes.

- The strengthening of procedures:
 - Some internal investigations may not yield quantifiable actual savings.
 - However, they may result in changes in policies and procedures, which ultimately reduce the potential for future loss by fraud or error by enhancing the robustness of those policies and procedures.

Appendix 3 - Anti-Fraud Plan 2019/20

1. Introduction

- 1.1 This document sets out the Fraud Function's Anti-Fraud Plan 2019/20, which covers the principles set out in the *'CIPFA Code of Practice on managing the risk of fraud and corruption'*.
- We know that fraud will be attempted against the Council during the coming year and as a result, we will maintain a team dedicated to investigating allegations of fraud, seeking to punish those who have committed fraudulent acts against the Council, identifying losses to be recovered and, where appropriate, taking appropriate recovery action.
- 1.2 Estimates published in the 'Annual Fraud Indicator 2017' and 'Fighting Fraud Locally – The Local Government Fraud and Corruption Strategy 2016-2019', and the CIPFA Fraud and Corruption Tracker Results 2018 suggest that fraud is committed in all organisations to varying degrees. Some areas that are considered to more at risk than others are:
- Council Tax Discounts,
 - Council Tax Reduction,
 - Grants,
 - Housing Tenancy,
 - Payments for Social Care,
 - Procurement
- 1.3 Fraud Function resources will be directed as appropriate and necessary throughout the year in response to the level of risk and investigation work required.

2. Content of the Plan

Activity	Detail	Target Outcomes
<p>Continue to consider new areas of activity:</p> <ul style="list-style-type: none"> • Planning, • Preparation, • Procedures. 	<p>Subject to available resources, to continue to explore new areas with a view to undertaking proactive activity. For example:</p> <ul style="list-style-type: none"> • Grants. • Payments for Social Care. • Procurement. 	<p>'Fact finding' in order to establish an understanding of relevant legislation and best practices.</p> <p>Devise and implement proactive exercises to:</p> <ul style="list-style-type: none"> • Assist in ensuring that funds are used for the intended purposes. • Identify fraud and error. • Seek to recover losses. • Take criminal action in appropriate cases.
<p>Tackle social housing tenancy fraud</p>	<p>Continue to work in partnership the Housing Department and Legal Section to combat tenancy fraud: from unlawful subletting to bogus succession claims.</p>	<p>Raise awareness of the problem of social housing fraud and the damage that it does.</p> <p>Prevent the unlawful succession to social housing properties by people that do not have a right to succeed the tenancy</p> <p>Reduce the number of properties being unlawfully sub-let.</p> <p>Recover properties where tenancy fraud has been identified.</p> <p>Undertake criminal prosecutions & utilise Unlawful Profit Orders to recover any profit made by offenders, in accordance with the Prevention of Social Housing Fraud Act 2013 and/or the Fraud Act 2006.</p>

Tackle Council Tax fraud	Utilise internal and external Data Matching products to identify potential discrepancies in Single Person Discounts and other Council Tax discounts, disregards and exemptions.	Recover single person discounts 'incorrectly' claimed. Recover other disregards and discounts 'incorrectly' claimed.
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Activity	Detail	Target Outcomes
Tackle Council Tax Reduction fraud	National roll-out of joint working commences 29 th April 2019, and the joint working with DWP's Counter Fraud Division will become 'business as usual'.	Sharing information and expertise between the Fraud Function & DWP's Counter Fraud Division: <ul style="list-style-type: none"> • To ensure that the totality of welfare benefit and CTRS frauds tackled in the most efficient and effective manner. • To identify overpayments and excess reductions. • To take sanction action in appropriate cases. Administrative Penalties and prosecutions.
Tackle payments made in respect of Social Care (Direct Payments)	Continue to review and develop processes to aid the identification and investigation of any fraud.	Fraud Function Officers to attain a practicable appreciation of relevant legislation and related processes applied to the application / monitoring of Direct Payments. Offer advice and guidance to Social Services. For example to ensure that relevant documents such as the Direct Payments Contract are 'criminally robust'. To consider 'suspicious' cases with a view to demining appropriate action, including:

		<ul style="list-style-type: none"> • Seeking to ensure procedures and documents are adequately robust. • Identifying potential overpayments. • Instigating criminal proceedings where appropriate.
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Activity	Detail	Target Outcomes
Tackle Procurement fraud	Continue to develop proactive work in this area.	<p>Reinforce existing relationships between the Fraud Function and the Procurement Team.</p> <p>Attain a practicable appreciation of relevant legislation and related processes.</p> <p>Determine whether any proactive work can be undertaken with a view to undertaking sample testing.</p>
National Fraud Initiative 2018 (NFI)	Continue to participate in the biannual National Fraud Initiative coordinated by the Cabinet Office.	<p>To ensure an appropriate number of matches are examined with particular reference to High Priority Reports and Recommended Matches.</p> <p>To identify processes and procedures that need to be made more robust.</p> <p>To identify overpayments and excess reductions.</p> <p>To take appropriate against offenders.</p>

<p>Tackle other internal and external fraud, examples includes:</p> <ul style="list-style-type: none"> • Abuse of Position • Blue badge • Flexi time/timekeeping • Income collection and banking • Payroll • Pensions • Travel and subsistence • Etc. 	<p>During 2019/20, the Fraud Function will continue to investigate various anomalies and referrals.</p> <p>The Fraud Function will continue to work with internal departments and external organisations in order to undertake risk assessments, and gather intelligence and evidence to point towards or away from fraud and error.</p> <p>Subject to available resources, the Fraud Function will consider and investigate any other frauds if it is in the best interests of the Council and the public it serves.</p>	<p>Maintain public confidence by being 'transparent'.</p> <p>Maintain the Council's good reputation.</p> <p>Identify fraud, error and over payments.</p> <p>Instigate disciplinary / criminal proceedings as appropriate.</p> <p>Assist in the recovery of 'losses', financial or otherwise.</p>
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Activity	Detail	Target Outcomes
Raising Awareness	<p>Continue to raise awareness of the role of the Fraud Function both inside and outside the Council.</p> <p>The aim is to maintain reputation and to encourage the reporting of potential fraud in the belief that action will be taken.</p>	<p>Staff:</p> <ul style="list-style-type: none"> • New – A guide to Corporate Fraud is included in Corporate Induction Training provided by Human Resources. • Existing – Continue to develop and deliver training as and when required. <p>Members: Continue to deliver / presentations reports to the Audit Committee and other members as necessary.</p> <p>Contractors: Develop a guide that highlights their role in combatting fraud.</p> <p>Public: Continue to publicise activities, successes, and prosecutions.</p>

Equality Impact Assessment Screening Form – 2017/8

Please ensure that you refer to the Screening Form Guidance while completing this form. If you would like further guidance please contact the Access to Services team (see guidance for details).

Section 1

Which service area and directorate are you from?

Service Area: Resources

Directorate: Finance

Q1(a) WHAT ARE YOU SCREENING FOR RELEVANCE?

Service/ Function	Policy/ Procedure	Project	Strategy	Plan	Proposal
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(b) Please name and describe here:

Anti-Fraud Plan for 2019/20: Outlines planned areas of activity for the Internal Audit Section's Fraud Function for 2019/20 and is designed to provide a strategic view of the areas that will be subject to examination.

Q2(a) WHAT DOES Q1a RELATE TO?

Direct front line service delivery	Indirect front line service delivery	Indirect back room service delivery
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (L)

(b) DO YOUR CUSTOMERS/CLIENTS ACCESS THIS...?

Because they need to	Because they want to	Because it is automatically provided to everyone in Swansea	On an internal basis i.e. Staff
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (L)

Q3 WHAT IS THE POTENTIAL IMPACT ON THE FOLLOWING...

	High Impact (H)	Medium Impact (M)	Low Impact (L)	Don't know (H)
Children/young people (0-18) →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Older people (50+) →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Any other age group →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Race (including refugees) →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Asylum seekers →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gypsies & travellers →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or (non-)belief →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual Orientation →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender reassignment →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Welsh Language →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Poverty/social exclusion →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Carers (inc. young carers) →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Community cohesion →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage & civil partnership →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and maternity →	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Q4 WHAT ENGAGEMENT / CONSULTATION / CO-PRODUCTIVE APPROACHES WILL YOU UNDERTAKE?

Please provide details below – either of your planned activities or your reasons for not undertaking engagement

None – Not required - financial and internal administration only

Q5(a) HOW VISIBLE IS THIS INITIATIVE TO THE GENERAL PUBLIC?

High visibility <input type="checkbox"/> (H)	Medium visibility <input type="checkbox"/> (M)	Low visibility <input checked="" type="checkbox"/> (L)
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(b) WHAT IS THE POTENTIAL RISK TO THE COUNCIL'S REPUTATION?
(Consider the following impacts – legal, financial, political, media, public perception etc...)

High risk <input type="checkbox"/> (H)	Medium risk <input checked="" type="checkbox"/> (M)	Low risk <input type="checkbox"/> (L)
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Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes No **If yes, please provide details below**
 Plan covers all Corporate Services

Q7 HOW DID YOU SCORE?
Please tick the relevant box

MOSTLY H and/or M → HIGH PRIORITY → EIA to be completed
 Please go to Section 2

MOSTLY L → LOW PRIORITY / NOT RELEVANT → Do not complete EIA
 Please go to Q8 followed by Section 2

Q8 If you determine that this initiative is not relevant for an EIA report, you must provide a full explanation here. Please ensure that you cover all of the relevant protected groups.

There are no equality implications identified.

Equality Impact Assessment Screening Form – 2017/8

Section 2

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email – no electronic signatures or paper copies are needed.

Screening completed by:
Name: Jeff Fish
Job title: Corporate Fraud Investigator
Date: 28/03/19
Approval by Head of Service:
Name: Ben Smith
Position: Chief Finance Officer and Section 151 Officer
Date: 28/03/19

Please return the completed form to accesstoservices@swansea.gov.uk

Agenda Item 9



Report of the Head of Adult Services

Audit Committee – 9 April 2019

Social Care Contracts – Update at April 2019

Purpose: To update on Adult Services Social Care compliance with Corporate CPR's and Public Contracts Regulations 2015

Report Author: Peter Field

Finance Officer: Chris Davies

Legal Officer: Caritas Adere

Access to Services Officer: Catherine Window

For Information

Background

Internal Audit on Social Care Contracts – Update at April 2019

1. Introduction

- 1.1 As a result of an internal audit on social care contracts carried out in December 2017 an assurance level of moderate was given.
- 1.2 An action plan was developed to address individual contracts identified as non-compliant with corporate CPRs and Public Contract Regulations 2015.
- 1.3 This action plan identified the following actions:
 - Review and update the contracts register to identify the 94 contracts stated as non-compliant;
 - Further develop the People Directorate Work Plan to build on the contracts register and forward plan for the procurement processes to prioritise compliance based on risk;
 - Prioritise re-tendering of contracts with large areas of spend;

- Report quarterly to the People Commissioning Group to enable progress to be monitored.

2. Progress at May 2018

- 2.1 An update report was provided to Audit Scrutiny Committee in May 2018 which confirmed the following:
- 2.2 Of the 94 non-compliant contracts 16 have ended and a programme of work identified to address all areas of non-compliance. The contracts register had been updated to reflect this and monitoring arrangements established via the People Commissioning Group. All actions had been completed.

3. Progress at December 2018

Residential Care Contracts identified as non-compliant

- 3.1 All residential care contracts are now compliant. - This has further reduced the number of non-compliant contracts by 22. An exemption from corporate CPRs has been drafted to reflect legislation that enables service users to choose their own care provider. This will enable direct award of contracts to care homes at the discretion of Director where:
 - i. the decision to award a social care Contract has been made on the Council's behalf (e.g. a court directed order);
 - ii. the award of an emergency social care Contract and/or individual placement if it is considered to be in the interest of the Council or necessary to meet its obligations under relevant legislation and demonstrates Value for Money.
 - iii. residential and nursing care contracts which the Council has a duty to provide if it is considered to be in the interest of the Council or necessary to meet its obligations under relevant legislation and demonstrates Value for Money.

Domiciliary Care Contracts identified as non-compliant

- 3.2 The original December 2017 report highlighted 32 non-compliant contracts. The current register records 12 non-compliant contracts. A further reduction of 20.
- 3.3 Re-procurement of domiciliary care contracts is expected to commence in December this year. This will lead to transfer of business to new providers via legally compliant contracts during Spring 2019.

Supported Living Contracts identified as non-compliant

- 3.4 4 supported living contracts were identified as non-compliant. These areas remain non-compliant but a legally compliant procurement framework has now been created and a re-procurement

programme established. This has been a complex exercise that has involved dividing Swansea into 16 zones for purchasing services in lots of 4, in 4 tranches over a 15 month period. This is scheduled to commence in Jan 2019 and will lead to legally compliant contracts, a more even distribution of spend amongst contracted providers and a more resilient market place.

4. Third Sector and other non-compliant contracts

- 4.1 In December '17 they were 9 contracts reported as non-compliant with third sector organisations and 1 non-compliant internal SLA. Progress in this areas has been slow. Partly due to changes in personnel, staff absences and competing priorities given the relatively low spend on these services. Contract reviews have commenced however and re-procurements strategies are being considered. Timescales for achieving compliant contracts are to be confirmed.

5. **Number of Non-Compliant Social Care Contracts at December '18**

- 5.1 The number of contracts reported as non-compliant reduced from 94 to 30. Every contract currently non-compliant with CPRs or Public Contract Regulations has been reported via a contract waiver to ensure justifications are defensible, risks are manageable and re-procurements arrangements are in place. These arrangements will continue to be monitored by the People Commissioning Group.

6. **Progress at April 2019**

Residential Care Contracts Identified as non-compliant

- 6.1 All residential Care Contracts are compliant (exemption now operates to exclude care homes from contract procedure rules on basis that competitive tendering is not required).

Domiciliary Care Contracts identified as non-compliant

- 6.2 The original December 2017 report highlighted 32 non-compliant contracts. In December 18 the update report highlighted 12 non-contracts. At April 19 there are 14 non-compliant contracts)2 have been contracted via direct award to help meet demand for services pending completion of re-procurement process.
- 6.3 Re-procurement of domiciliary care contracts has commenced as expected. Tender requirements have been advertised. Compliant contracts will be awarded in October '19.

Supported Living Contracts identified as non-compliant

- 6.4 4 supported living contracts were identified as non-compliant. 2 contracts remains non-complaint. A legally complaint procurement framework has now been created and a re-procurement

programme established. Re-procurement via the framework has commenced in January 19. Re-procurement will occur in 4 tranches. Contract awards will occur in May 2019 for tranche 1, September '19 for tranche 2, December '19 for tranche 3 and March 20 for tranche 4.

7. Third Sector and other non-compliant contracts

7.1 In December '17 there were 9 contracts reported as non-compliant with third sector organisations and 1 non-compliant internal SLA. Progress in this area has been slow. Partly due to changes in personnel, staff absences and competing priorities given the relatively low spend on these services. Contract reviews have stalled because of resource and personnel problems. Contract waivers have been submitted for some of these services and the number of non-compliant contracts featuring on the register is 5. Timescales for achieving compliant contracts are to be confirmed.

8. Equality and Engagement Implications

8.1 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

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

8.3 An EIA screening (Appendix 1) has been undertaken which shows that there are no equality and engagement implications in relation to this report.

9. Legal Implications

9.1 Approximately 21 contracts are non-compliant with corporate CPRs and Public Contract Regulations 2015. Where required, contracts which are non-compliant with CPRs or Public Contract Regulations have or are in the process of being reported via a contract waiver to ensure justifications are defensible, risks are manageable and re-procurement arrangements are in place. Where contracts are granted waivers this has the effect of removing non-compliant status on the contracts register.

10. Financial Implications

- 10.1 Re-commissioning of services to ensure legally compliant procurement processes is likely to have above inflation implications for the unit costs of services concerned (increases forecast to be in the region of £1.6m for 19/20). Strategies are in situ for managing rising costs. If these are not successful additional savings in other areas of Adult Services will need to be identified to comply with the requirements of the Medium Term Financial Plan.

Background papers: None.

Appendices: Appendix 1 – EIA Screening Form

Equality Impact Assessment Screening Form – 2017/8

Please ensure that you refer to the Screening Form Guidance while completing this form. If you would like further guidance please contact the Access to Services team (see guidance for details).

Section 1

Which service area and directorate are you from?

Service Area: Adult Services

Directorate: Social Services

Q1(a) WHAT ARE YOU SCREENING FOR RELEVANCE?

Service/ Function	Policy/ Procedure	Project	Strategy	Plan	Proposal
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(b) Please name and describe here:

Adult Services Social Care compliance with contract procedure rules and public contracts regs update report

Q2(a) WHAT DOES Q1a RELATE TO?

Direct front line service delivery	Indirect front line service delivery	Indirect back room service delivery
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (L)

(b) DO YOUR CUSTOMERS/CLIENTS ACCESS THIS...?

Because they need to	Because they want to	Because it is automatically provided to everyone in Swansea	On an internal basis i.e. Staff
<input type="checkbox"/> (H)	<input type="checkbox"/> (M)	<input type="checkbox"/> (M)	<input checked="" type="checkbox"/> (L)

Q3 WHAT IS THE POTENTIAL IMPACT ON THE FOLLOWING...

	High Impact (H)	Medium Impact (M)	Low Impact (L)	Don't know (H)
Children/young people (0-18) →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Older people (50+) →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Any other age group →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race (including refugees) →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asylum seekers →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Welsh Language →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers) →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community cohesion →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity →	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Q4 WHAT ENGAGEMENT / CONSULTATION / CO-PRODUCTIVE APPROACHES WILL YOU UNDERTAKE?

Please provide details below – either of your planned activities or your reasons for not undertaking engagement

Co-production arrangements are built into each process undertaken to re-commission each service type.

Q5(a) HOW VISIBLE IS THIS INITIATIVE TO THE GENERAL PUBLIC?

High visibility
 (H)

Medium visibility
 (M)

Low visibility
 (L)

Compliance with CPRs have limited public visibility.

(b) WHAT IS THE POTENTIAL RISK TO THE COUNCIL'S REPUTATION?
(Consider the following impacts – legal, financial, political, media, public perception etc...)

High risk
 (H)

Medium risk
 (M)

Low risk
 (L)

Q6 Will this initiative have an impact (however minor) on any other Council service?

Yes

No

If yes, please provide details below

Q7 HOW DID YOU SCORE?
Please tick the relevant box

MOSTLY H and/or M → HIGH PRIORITY → EIA to be completed
Please go to Section 2

MOSTLY L → LOW PRIORITY / NOT RELEVANT → Do not complete EIA
Please go to Q8 followed by Section 2

Q8 If you determine that this initiative is not relevant for an EIA report, you must provide a full explanation here. Please ensure that you cover all of the relevant protected groups.

The report merely outlines progress with ensuring all contracts are compliant with council CPRs and Public Contract regulations. Arrangements for ensuring compliance prioritise higher spend, higher risk contracts. Waivers have been submitted for contracts which are non-compliant whilst appropriate processes are followed to enable re-procurement to conclude. There no equalities impacts that arise from pursuing a process to procure services lawfully.

Section 2

NB: Please email this completed form to the Access to Services Team for agreement before obtaining approval from your Head of Service. Head of Service approval is only required via email – no electronic signatures or paper copies are needed.

Equality Impact Assessment Screening Form – 2017/8

Screening completed by:	
Name:	Peter Field
Job title:	PO Prevention, Wellbeing and Commissioning
Date:	29.03.2019
Approval by Head of Service:	
Name:	Deb Reed
Position:	Interim Head of Adult Services
Date:	02.04.19

Please return the completed form to accesstoservices@swansea.gov.uk

Agenda Item 10



Report of the Chief Auditor

Audit Committee – 9 April 2019

Internal Audit Charter 2019/20

Purpose:	This report outlines the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1 st April 2013 and presents an Internal Audit Charter for approval by the Committee.
Policy Framework:	None
Consultation:	Corporate Management Team, Legal, Finance, Access to Services
Recommendation(s):	It is recommended that the Committee approve the Internal Audit Charter 2019/20 as attached.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government.
- 1.2 The PSIAS were developed by CIPFA and the Chartered Institute of Internal Auditors (CIIA) and are mandatory for all providers of internal audit services in the public sector.
- 1.3 The standards are based on the mandatory elements of the global CIIA's International Professional Performance Framework with additional requirements to reflect the UK public sector.

1.4 The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector.
- Set basic principles for carrying out internal audit in the UK public sector.
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations.
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

1.5 The PSIAS were last updated in 2017 and consist of the following:

- Mission of Internal Audit
- Definition of Internal Audit
- Core Principles for the Professional Practice of Internal Auditing
- Code of Ethics
- International Standards for the Professional Practice of Internal Auditing

1.6 The PSIAS also require an external assessment of the internal audit function at least once every 5 years. The external assessment may either be a full assessment by a suitably qualified external assessor or a self-assessment with independent external validation.

1.7 The City and County of Swansea, along with the majority of all other local authorities in Wales, chose to undertake a self-assessment with the results being independently validated by another authority. Our validation visit was completed in January 2018 which concluded that the City and County of Swansea's Internal Audit Section is broadly compliant with the PSIAS and CIPFA Application Note with no significant deviations from the Standards being noted. The results of the peer review were reported to Audit Committee in April 2018.

2. Internal Audit Charter

2.1 One of the requirements of the PSIAS is that every internal audit provider in the UK public sector whether in-house, shared service or outsourced must have an Internal Audit Charter.

2.2 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The guidance produced by CIPFA on implementing the PSIAS states that the Charter should:

- Recognise the mandatory nature of the PSIAS (the Core Principles for the Professional Practice of Internal Auditing, the

Code of Ethics, the Standards and the Definition of Internal Auditing).

- Define the scope of internal audit activities.
- Establish the responsibilities and objectives of internal audit.
- Recognise that internal audit's remit extends to the entire control environment of the organisation and not just financial controls.
- Define the terms 'board' and 'senior management' for the purposes of the internal audit activity.
- Establish the organisational independence of internal audit.
- Establish the accountability, reporting lines and relationships between the chief audit executive (Chief Auditor) and:
 - The board (Audit Committee).
 - Those to whom the Chief Auditor must report functionally.
 - Those to whom the Chief Auditor may report administratively.
- Set out the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of the paid service) with regards to internal audit.
- Define the role of internal audit in any fraud-related work.
- Set out the arrangements that exist within the organisation's anti-fraud and anti-corruption policies, requiring the Chief Auditor to be notified of all suspected or detected fraud, corruption or impropriety, to inform his or her annual internal audit opinion and the risk-based plan.
- Establish internal audit's right of access to all records, assets, personnel and premises, including those of partner organisations where appropriate, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
- Cover the arrangements for appropriate resourcing.
- Include arrangement for avoiding conflicts of interest if internal audit undertakes non-audit activities.

2.3 The Chief Auditor is required to review the Internal Audit Charter periodically and present it to the Corporate Management Team and Audit Committee for approval. The PSIAS state that final approval of the Internal Audit Charter resides with the Audit Committee.

2.4 The Internal Audit Charter 2019/20 for the City and County of Swansea's Internal Audit Section can be found in Appendix 1.

2.5 The Charter was approved by the Corporate Management Team on the 13th March 2019 and is now reported to the Audit Committee for approval.

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 Provision of an adequate and effective internal audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2005 as amended. For local government in Wales, the PSIAS is mandatory for all principal local authorities. An effective internal audit service also ensures that the Well-being Goals within the Well-being of Future Generations Act Wales (2015) are being met.

Background Papers: None

Appendices: Appendix 1 City and County of Swansea – Internal Audit Charter
2019/20



City and County of Swansea

Internal Audit Charter 2019/20

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government.
- 1.2 The PSIAS were adopted by the Relevant Internal Audit Standard Setters which is made up of 7 organisations including CIPFA and the Welsh Government.
- 1.3 The PSIAS were developed by CIPFA and the Chartered Institute of Internal Auditors (CIIA) and are mandatory for all providers of internal audit services in the public sector.
- 1.4 The PSIAS consist of the following:
 - Mission of Internal Audit.
 - Definition of Internal Audit.
 - Core Principles for the Professional Practice of Internal Audit
 - Code of Ethics.
 - International Standards for the Professional Practice of Internal Auditing.
- 1.5 One of the requirements of the PSIAS is that each internal audit provider must have an Internal Audit Charter which is a formal document that:
 - Defines the purpose, authority and responsibility for internal audit.
 - Establishes the internal audit activity's position within the organisation.
 - Authorises access to records, personnel and physical assets.
 - Defines the scope of internal audit activities.
 - Defines the nature of assurance and consulting activities.
- 1.6 The Internal Audit Charter must be reviewed periodically by the Chief Auditor and presented to the Corporate Management Team and Audit

Committee for approval. Responsibility for the final approval of the Internal Audit Charter resides with the Audit Committee.

2. Definition of Internal Audit

2.1 The statutory nature of Internal Audit is established by the following legislation:

- Section 151 of the Local Government Act 1972 which states that local authorities are required to make arrangements for the proper administration of its financial affairs and shall ensure that one of its officers has responsibility for the administration of those affairs. In Swansea, the Section 151 Officer is the Head of Financial Services & Service Centre.
- The Accounts and Audit (Wales) Regulations 2014 state that *'a larger relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control'*. The 2014 Regulations also say that *'a larger relevant body must, at least once a year, conduct a review of the effectiveness of its internal audit'*.

2.2 Against this statutory background, the PSIAS provides the following definition of internal audit:

- *'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.'*
- *'It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'*

2.3 The Mission of Internal Audit articulates what internal audit aspires to accomplish within an organisation. This Mission, as outlined in the latest version of the Standards is as follows:

'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'.

2.4 The Core Principles for the Professional Practice of Internal Auditing articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively. The Standards state that failure to achieve any of the Principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit's mission. The Core Principles are listed in Appendix A.

2.5 The PSIAS also includes a Code of Ethics which all internal audit staff are required to comply with. The principles which underpin the Code of Ethics are integrity, objectivity, confidentiality and competency. All audit staff are required to complete annual declarations to confirm that they

comply with the Code of Ethics. Further details on the Code of Ethics can be found in Appendix B.

- 2.6 Internal auditors are also expected to adhere to the requirements of any professional body that they are members of as well as the Council's Officers' Code of Conduct.
- 2.7 A number of generic terms are used throughout the PSIAS which must be defined in the Internal Audit Charter. The terms and how they are interpreted in the City and County of Swansea are shown in the following table:

PSIAS	City & County Swansea
Chief Audit Executive	Chief Auditor
Senior Management	Corporate Management Team
Board	Audit Committee

3. Role and Function of Internal Audit

- 3.1 A professional, independent and objective Internal Audit service is one of the key elements of good governance in local government with the foundation of an effective Internal Audit service being compliance with standards and proper practices.
- 3.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment comprising risk management, internal control and governance by evaluating its effectiveness in achieving the Council's objectives.
- 3.3 Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 3.4 It is management's responsibility to establish and maintain a sound control environment including risk management, internal control processes, accounting records and governance arrangements.
- 3.5 It is Internal Audit's role to review the established systems and advise management that suitable arrangements are in place and are operating properly. It is particularly important that the work of Internal Audit adds value to the services under review.
- 3.6 Internal Audit will work with management to improve the control environment and assist the Council in achieving its objectives.
- 3.7 The role undertaken by Internal Audit and the annual opinion on the control environment provided by the Chief Auditor which also informs the Council's Annual Governance Statement provides a vital assurance function over the Council's activities. This also assists in ensuring the

Council's Audit Committee discharges its responsibilities in line with the Committee's Statement of Purpose which can be found in Appendix D.

4. Scope of Internal Audit

- 4.1 The definition of Internal Audit established by the PSIAS covers the control environment of the Council as a whole.
- 4.2 This means that the scope of Internal Audit similarly covers the Council's operations as a whole and is not limited to the review of financial systems.
- 4.3 Financial Procedure Rule 12 – Internal Audit states that the Chief Auditor will maintain an adequate and effective Internal Audit service and provides authority to:
- Enter at all reasonable times on any Council premises or land.
 - Have access to, and removal if necessary into custody of, all records, documents and correspondence relating to any financial or other transaction of the Council.
 - Require and receive such explanations as are necessary concerning any matter under examination.
 - Require any employee of the Council to produce on demand cash, stores or any other Council property under his/her control.

5 Independence of Internal Audit

- 5.1 It is essential that Internal Audit is independent of the services it reviews and reports upon. Internal Audit must be seen to be independent and all staff must be free of any restrictions which prevent them acting in an independent and objective manner.
- 5.2 The Internal Audit Section is part of the Resources Directorate reporting to the Head of Financial Services & Service Centre.
- 5.3 The Chief Auditor has no other management responsibilities which restrict the independence of Internal Audit.
- 5.4 The Chief Auditor also has unrestricted access to the Chief Executive, Directors, Chief Officers and Heads of Service and may report to any level of management if this is considered necessary. Regular meetings are also held with the Council's external auditor.
- 5.5 The Chief Auditor reports functionally to the Audit Committee in his own name and has unrestricted access to the Chair of the Audit Committee and elected members. The Chief Auditor attends all Audit Committee meetings and contributes to the agenda.
- 5.6 All Internal Audit staff are required to declare any possible conflicts of interest, of whatever kind, which may impair their ability to demonstrate an impartial, unbiased and objective approach to their work on an

annual basis. Staff are also required to declare any potential conflicts of interest as they arise during the year. The declarations are considered by the Principal Auditor when allocating work to the individual Auditors and Senior Auditors to ensure any potential conflicts of interest are appropriately managed.

6 Consultancy Role of Internal Audit

- 6.1 In addition to the assurance function provided by Internal Audit, there are also occasions where it may also provide a consultancy or advisory role e.g. providing training or advice on controls for systems under development.
- 6.2 On such occasions, Internal Audit is providing advice and guidance and is not giving assurance. Where this occurs, Internal Audit always retains the right to review the service at a later date and make further recommendations.
- 6.3 Should a request be received for consultancy work of a significant nature which is not included in the annual plan, the work will not be accepted if it will restrict the ability to complete the required assurance work and deliver the annual internal audit opinion.

7 Fraud, Bribery and Corruption Role of Internal Audit

- 7.1 The establishment of systems and controls to prevent fraud, bribery and corruption is the responsibility of management.
- 7.2 Internal Audit will be aware of the risk of loss by fraud, bribery or corruption in all audit reviews undertaken and will report any exposure to the risk of loss.
- 7.3 Financial Procedure Rule 12 – Internal Audit requires any responsible officer who suspects financial irregularity to inform the Head of Financial Services & Service Centre immediately and to provide facilities for investigation in accordance with the Council's Anti-Fraud and Corruption Policy.
- 7.4 The details of any suspected or detected frauds will be considered when preparing the risk based Internal Audit Plan and will also inform the Chief Auditor's annual internal audit opinion.
- 7.5 The Council established a Corporate Fraud function with effect from 1st June 2015 based in the Internal Audit Section.
- 7.6 The Corporate Fraud function is responsible for raising the profile of fraud awareness and promoting an anti-fraud and corruption culture across the Council. Where appropriate the Corporate Fraud Investigators undertake or assist management in the investigation of suspected cases of fraud, corruption or bribery.

8 Internal Audit Resources

- 8.1 Internal Audit should be appropriately resourced to meet its objectives in terms of the number of staff, grades, qualifications, personal attributes and experience.
- 8.2 The PSIAS require the Chief Auditor to be professionally qualified and suitably experienced.
- 8.3 Risk assessment methodology is used to identify the level of audit coverage required to provide the annual internal audit opinion on the control environment.
- 8.4 A risk based annual Internal Audit Plan is produced which matches the required audit coverage to the available resources. The plan is approved by the Audit Committee and the Chief Auditor is required to bring to the attention of the Committee the potential consequences of any shortfall in resources which may impact on the provision of the annual opinion.
- 8.5 The annual plan will be constantly reviewed during the year in response to any changes e.g. vacancies, new risks, frauds and special investigations.
- 8.6 Quarterly reports showing progress made against the annual plan and identifying any required changes to the plan will be presented to the Head of Financial Services & Service Centre and the Audit Committee.

9 Quality Assurance and Improvement Programme

- 9.1 To ensure compliance with the PSIAS, the Chief Auditor must put in place a Quality Assurance and Improvement Programme (QAIP).
- 9.2 The QAIP must include both internal and external assessments of Internal Audit.
- 9.3 The internal assessment includes the ongoing supervision and review of work produced by Internal Audit staff as well as performance against targets and client feedback for each audit completed.
- 9.4 A periodic, internal self-assessment must also be undertaken to confirm compliance with the PSIAS. The results of the internal self-assessment are reported to the Head of Financial Services & Service Centre and Audit Committee as part of the Internal Audit Annual Report.
- 9.5 The PSIAS also require an external assessment at least once every 5 years. The external assessment may either be a full assessment by a suitably qualified external assessor or a self-assessment with independent external validation.

- 9.6 The results of the QAIP must be included in the Chief Auditor's annual report to the Audit Committee. The report must highlight any areas of non-conformance with any significant areas of non-conformance being included in the Annual Governance Statement.
- 9.7 Further details of the QAIP can be found in Appendix D.

Appendices: Appendix A – Core Principles of Internal Audit
 Appendix B – Code of Ethics
 Appendix C – Audit Committee Terms of Reference
 Appendix D – Quality Assurance & Improvement
 Programme (QAIP)

Core Principles for the Professional Practice of Internal Auditing

The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively. How an internal auditor, as well as an internal audit activity, demonstrates achievement of the Core Principles may be quite different from organisation to organisation, but failure to achieve any of the Principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit's mission *'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight'*.

The Core Principles are:

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives, and risks of the organisation.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organisational improvement.

Code of Ethics

Public sector requirement

Internal auditors in UK public sector organisations (as set out in the Applicability section) must conform to the Code of Ethics as set out below. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation

The purpose of the Institute's Code of ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Institute's code of ethics extends beyond the definition of internal auditing to include two essential components:

Components

1. Principles that are relevant to the profession and practice of internal auditing
2. Rules of Conduct that describe behaviour norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors

The Code of Ethics provides guidance to internal auditors serving others. 'Internal auditors' refers to Institute members and those who provide internal auditing services within the definition of internal auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide internal auditing services. For Institute members, breaches of the Code of Ethics will be evaluated and administered according to The Institute's Disciplinary Procedures. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable and therefore, the member liable for disciplinary action.

Public sector interpretation

The 'Institute' here refers to the IIA. Disciplinary procedures of other professional bodies and employing organisations may apply to breaches of

1. Integrity

Principle

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement

Rules of Conduct

Internal auditors:

- 1.1 Shall perform their work with honesty, diligence and responsibility
- 1.2 Shall observe the law and make disclosures expected by the law and the profession
- 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organisation.

2. Objectivity

Principle

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined

Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Rules of Conduct

Internal auditors:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- 2.2 Shall not accept anything that may impair or be presumed to impair their professional judgement.

- 2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review

3. Confidentiality

Principle

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so

Rules of Conduct

Internal auditors:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties
- 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

4. Competency

Principle

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Rules of Conduct

Internal auditors:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- 4.2 Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing
- 4.3 Shall continually improve their proficiency and effectiveness and quality of their services

Public sector requirement

Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*, further information on which can be found at www.public-standards.gov.uk

The 7 Principles of Public Life

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Audit Committee Terms of Reference

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.

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).

Quality Assurance & Improvement Programme

The Quality Assurance & Improvement Programme (QAIP) should be based on the following key elements to ensure compliance with the Standards:

- Supervision of the work undertaken by internal auditors as an ongoing process throughout the year.
- Internal reviews or self-assessments to appraise the quality of the audit work and compliance with the PSIAS which is usually undertaken on an annual basis.
- External reviews carried out by a qualified independent person to appraise the quality of the audit work and compliance with the PSIAS which must be completed at least once every 5 years.

Internal Assessment – Ongoing Review

The following systems and procedures have been established to form the internal assessment ongoing review element of the QAIP.

- Policies and procedures have been established to guide staff in the performance of their internal audit duties. Guidance in policies and procedures is provided to internal audit staff by the Chief Auditor, Principal Auditor and Senior Auditors. The Team also has access to a set of guidance notes and templates that are stored on a shared drive for staff to refer to when necessary.
- Audit work is allocated to staff based on their level of skills, experience and competence. A quarterly Audit Plan is prepared by the Principal Auditor which allocates audit assignments to staff and is reviewed by the Chief Auditor before being issued.
- A Lead Auditor is assigned to each audit and will be either the Principal Auditor or a Senior Auditor. The role of the Lead Auditor is to supervise and monitor progress in completion of the audit and to complete a quality assurance review to ensure that the work has been completed to the required level and complies with the PSIAS. The level of supervision required will depend upon the competence and experience of the auditor.
- The Lead Auditor will also review the draft and final report to ensure it fully reflects the findings of the audit and includes appropriate recommendations and level of assurance.
- All draft and final reports are subject to review by the Principal Auditor prior to being issued.
- A Quality Control Questionnaire is issued with the final report to the client to obtain their feedback on the audit. Any issues identified in the completed QCQ are discussed with the auditor and action taken where required.
- A comprehensive set of Performance Indicators are maintained. The PI's are measured at team and individual level with targets being set at the start of each year. The PI's measured at individual auditor level are monitored on a quarterly basis by the Principal Auditor and Chief Auditor and any

issues identified are discussed with the auditor and action taken where necessary. The team PI's are monitored annually and are reported to the Chief Finance Officer and the Audit Committee in the Internal Audit Annual Report.

- The Welsh Chief Auditors Group collects performance indicator information from across Wales which is used to compare performance against other similarly sized internal audit teams.
- Performance indicator information is also used as part of the annual appraisal process under the Employee Performance Management Policy. All employees receive an annual appraisal which is a competency based process that reviews performance and training and development needs.
- Use is made of available training programmes to keep staff up to date with professional practice and to meet any skill shortages identified. Particular use is made of the annual training programme put together by the South Wales Chief Auditors Group.

Internal Assessment – Periodic Review

The following systems and procedures have been established for the periodic internal assessment:

- A quarterly review of progress made against the Annual Audit Plan is made by the Chief Auditor to ensure the Section is meeting its aims and objectives. The results of the review are reported to the Chief Finance Officer and the Audit Committee in the quarterly Internal Audit Monitoring Report.
- The Chief Auditor completes an annual self-assessment of compliance with the PSIAS using the detailed checklist included in CIPFA's Local Government Application Note.
- The annual self-assessment also fulfils the requirement established in the Accounts and Audit (Wales) Regulations 2014 for an annual assessment of the effectiveness of the Internal Audit service.
- The results of the annual self-assessment are reported to the Chief Finance Officer and the Audit Committee as part of the Chief Auditors Annual Report.

External Assessment

An external assessment of compliance with the PSIAS must be completed at least once every 5 years and may either be a full external assessment or a self-assessment which is subject to independent external validation.

The format of the external assessment must be considered fully by the Chief Auditor and discussed with the Audit Committee. If an independent validation is to be used, the person or team appointed must be appropriately qualified, have sufficient knowledge of the PSIAS and there must be no conflicts of interest or impairment to objectivity.

The external assessment in Swansea was undertaken during quarter 3 and quarter 4 2017/18 with the preferred method being a self-assessment subject to an external validation using the peer review group established by the Welsh Chief Auditors Group. This approach was agreed with the Chief Finance Officer and was approved by Audit Committee on the 8 August 2017.

As agreed by the Welsh Chief Auditors Group, the external assessment saw Chief Auditors acting as independent assessors of other Internal Audit Sections arranged on a random basis.

The outcome of the external assessment was presented to the then Head of Financial Services & Service Centre (now the Chief Finance Officer), the Director of Resources and the Chief Executive on 28/03/18 and to Audit Committee on the 10/04/18. In summary, the peer review concluded that the City and County of Swansea's Internal Audit Section is broadly compliant with the PSIAS and CIPFA Application Note with no significant deviations from the Standards being noted.

The external assessment must be undertaken at least every 5 years, so the next assessment will be completed in 2022/23.

Reporting

The Chief Auditor will report the outcome of the periodic internal assessment to the Chief Finance Officer and the Audit Committee on an annual basis.

The results of the external assessment will also be reported to the Chief Finance Officer and the Audit Committee when received along with an Action Plan to address any issues raised in the report. The Action Plan will be subject to regular monitoring with progress being reported to the Chief Finance Officer and the Audit Committee.

The Chief Auditor will only use the phrase 'Conforms with International Standards for the Professional Practice of Internal Auditing' in reports where the results of the QAIP support the statement.



Report of the Chief Auditor

Audit Committee – 9 April 2019

Internal Audit Strategy & Annual Plan 2019/20

Purpose:	This report presents the Internal Audit Annual Plan and Internal Audit Strategy for 2019/20 to the Audit Committee for approval.
Policy Framework:	None
Consultation:	Corporate Management Team, Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that the Audit Committee approves the Internal Audit Plan and Strategy for 2019/20 as attached.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires a risk-based Internal Audit Plan to be prepared each year to determine the priorities of Internal Audit and ensure they are consistent with the Council's goals and objectives.
- 1.2 The Audit Plan must provide sufficient coverage across the whole of the Council's activities to allow the Chief Auditor to be able to give an opinion on the control environment including governance, risk management and internal control. The annual Internal Audit opinion which is delivered to the Section 151 Officer and the Audit Committee is a key input into the Council's Annual Governance Statement.

- 1.3 The PSIAS also require the Audit Plan to be linked to a high-level Audit Strategy which shows how the internal audit service will be delivered, how it will be developed in accordance with the Internal Audit Charter and how it links to the Council's objectives and priorities
- 1.4 The methodology used to prepare the Audit Plan was reported to the Committee at the meeting on 12th February 2019.
- 1.5 This report presents the Internal Audit Annual Plan and Strategy 2019/20 to Committee for approval.

2. Internal Audit Strategy and Annual Plan 2019/20

- 2.1 A risk-based Internal Audit Annual Plan is produced each year which is used to guide the work of the Internal Audit Section and ensure sufficient coverage of the Council to allow the Chief Auditor to deliver the annual opinion on the internal control environment as well as providing assurance to management, the Section 151 Officer and the Audit Committee.
- 2.2 The Internal Audit Annual Plan must incorporate or be linked to a strategic or high-level statement of how the work of Internal Audit will be delivered and developed in accordance with the Internal Audit Charter and how it links to the Council's goals and objectives. The Internal Audit Strategy 2019/20 is attached in Appendix 1.
- 2.3 For 2019/20, the Internal Audit Section is made up of 9.1 full time equivalents plus the Chief Auditor which is the same level of resources available in 2018/19. This gives a total number of available days of 2,366.
- 2.4 A summary of the Internal Audit Plan 2019/20 is shown in Appendix 2 and a list of audits planned for the year is shown in Appendix 3 along with the number of days planned for each audit as well as the perceived risk of each audit arising from the risk assessment process.
- 2.5 The Internal Audit Plan 2019/20 accommodates any audits which were deferred from the 2018/19 Plan where the risk justifies their inclusion.
- 2.6 The Plan includes time for all fundamental audits due in the year i.e. those systems that are so significant to the achievement of the Council's objectives that they are audited annually or every 2 years e.g. Employee Services, Accounts Receivable, Pensions Administration.
- 2.7 The Audit Plan has been reconciled to the available resources of 2,366 days by deferring 286 days of audits due in 2019/20. The basis for deciding which audits to defer has been discussed with the

Principal Auditor and Senior Auditors. In the majority of cases, those audits that have been deferred are those that were ordinarily due in the year (not deferred from 2018/19), and had received a high level of assurance when last reviewed and/or were classed as being low or medium risk.

- 2.8 The agreed approach in compiling the last two Audit Plans resulted in all low risk audits being deferred. However, it was noted that this resulted in some areas being left out of the audit cycle for a significant period of time. As a result, this methodology has not been continued for the 2019/20 plan and some low risk areas have been included to ensure adequate audit coverage across the organisation. The detailed discussions between the senior members of Audit Team have dictated which audit are included in the 2019/20 plan based on experience, knowledge of the areas concerned and consideration of any ad hoc issues or concerns that have arisen in the current year.
- 2.9 As detailed in the Audit Plan Methodology report presented to committee previously, an Assurance Mapping Exercise has also been undertaken to inform the Internal Audit Plan. An updated version of the Assurance Map can be found in Appendix 4.
- 2.10 As in previous years, progress made by the Internal Audit Section in achieving the Audit Plan will be reported to the Audit Committee on a quarterly basis.
- 2.11 It is the view of the Chief Auditor that the proposed Internal Audit Plan 2019/20 will provide sufficient audit coverage for the annual opinion on the control environment to be delivered to Council via the Section 151 Officer and Audit Committee.

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 Provision of an adequate and effective internal audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2005 as amended. For local government in Wales, the PSIAS is mandatory for all principal local authorities. An effective internal audit service also ensures that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are being met.

Background Papers: None

Appendices: Appendix 1 Internal Audit Strategy 2019/20
Appendix 2 Internal Audit Annual Plan 2019/20 – Summary
Appendix 3 Internal Audit Annual Plan 2019/20
Appendix 4 City and County of Swansea Assurance Map



Internal Audit Strategy 2019/20

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) set out the requirements for the Chief Auditor to prepare a risk-based Audit Plan to determine the priorities of Internal Audit, consistent with the Council's goals and objectives.
- 1.2 The Chief Auditor must review and adjust the Plan, as necessary, in response to changes in the Council's business, risks, operations and priorities.
- 1.3 The Audit Plan must incorporate or be linked to a strategic or high-level statement of how Internal Audit will be delivered and developed in accordance with the Internal Audit Charter and how it links to the Council's objectives and priorities. This Internal Audit Strategy provides the strategic, high-level statement.
- 1.4 The Internal Audit Strategy must be reviewed and updated on an annual basis as part of the audit planning process. The purpose of the Internal Audit Strategy and Plan is to:
 - Provide independent and objective overall assurance to the Council and senior management on the adequacy and effectiveness of the control environment including internal control, risk management and governance and to make appropriate recommendations for improvement.
 - Identify the key risks facing the Council to achieving its objectives and determine the corresponding level of audit resources.
 - Add value and support senior management in providing effective control and identifying opportunities for improving value for money.
 - Support the Section 151 Officer in fulfilling the statutory financial responsibilities.
 - Deliver an Internal Audit service that meets the requirements of the Accounts and Audit Regulations and complies with the PSIAS.
 - Optimise the use of audit resources available and provide an effective service.

2. Internal Audit Objectives

2.1 The PSIAS provides the following definition of internal audit

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'

2.2 The primary purpose of the Internal Audit Section is to provide assurance services which requires the Chief Auditor to provide an annual internal audit opinion based on an objective assessment of the control environment comprising governance, risk management and internal control.

2.3 Internal Audit also provides advisory or consulting services which are generally performed at the specific request of management with the aim of improving the control environment and providing advice on proposed changes and improvements.

2.4 Collectively the assurance and consultancy work undertaken by the Internal Audit Section must provide added value and improve the operations of the Council to comply with the definition of internal audit.

3. Internal Audit Resources 2019/20

3.1 The Internal Audit Section is made up of 9.1 full time equivalents in 2019/20 plus the Chief Auditor. The resources and staff structure remain unchanged from 2018/19.

3.2 The total number of days available is 2,366 and after allowing for non-productive days such as holidays, management and sickness gives 1,496 productive days available.

3.3 It is the Chief Auditor's view that there are sufficient skills, expertise and experience within the Section to provide the full range of audit reviews included in the Internal Audit Annual Plan 2019/20. In addition, it is envisaged that some staff will attend specific training courses throughout the year to further develop the skills within the team.

3.4 The Corporate Fraud Function is also managed by the Chief Auditor and includes two members of staff who are subject to a separate Corporate Fraud Plan. Inevitably there are many links and cross overs between the work of Internal Audit and Corporate Fraud.

4. Assurance Services

4.1 A risk-based Internal Audit Plan is prepared annually and is subject to continual review throughout the year. The Plan will be adjusted as

necessary in response to changes in the Council's business, risks, operations, programmes, systems and controls.

- 4.2 The Internal Audit Plan is subject to consultation with the Corporate Management Team prior to being approved by the Audit Committee. Any significant changes to the annual plan identified during the year will be reported to the Audit Committee.
- 4.3 The Audit Plan details the specific services, systems or establishments to be reviewed in the year. All audits will be performed with the aim of reviewing and evaluating the risk management, internal control and governance arrangements in place, in particular how those elements help achieve the Council's objectives.
- 4.4 A lead auditor is appointed for each audit review to assist in developing the scope of the audit and ensure there is appropriate focus on the key perceived risks, providing assurance and maximising any potential added value. An Audit Brief is prepared for each audit and agreed with management to ensure that the scope, objectives and approach are understood and agreed.
- 4.5 A draft report in a standard format is issued to the appropriate level of management to give them the opportunity to confirm the factual accuracy of the audit findings. The primary purpose of the audit report is to provide an independent and objective opinion on the framework of internal control, risk management and governance in operation and to address any weaknesses identified and to stimulate improvement.
- 4.6 Each audit will be given a Level of Assurance based on the findings of the audit. The Level of Assurance will be High, Substantial, Moderate or Limited.
- 4.7 The draft report will also include Management Action Plan containing recommendations to overcome any control weaknesses or areas of concern. Each recommendation will be classified according to risk and will be High, Medium, Low or Good Practice.
- 4.8 Service management will complete the Action Plan showing their response to each recommendation including the officer responsible for implementing the recommendation and the agreed implementation date.
- 4.9 Following the agreement of the draft report, a final report is issued to the service management and copied to the Head of Service. In the case of schools, the final report is issued to the Chief Education Officer, Headteacher and Chair of the Governing Body with a request that the full report is presented to the next meeting of the full Governing Body.
- 4.10 Where there has been a disagreement over the audits findings or the perceived risk of the recommendation, this will be recorded in the Action Plan to bring it to the attention of the Head of Service. If the Chief Auditor

feels that the risk arising from not implementing the recommendation is significant then this will be brought to the attention of the Section 151 Officer and the Audit Committee.

- 4.11 Any audit that receives a Moderate or Limited Level of Assurance is reported to the appropriate Directorate Performance and Financial Monitoring (PFM) meeting to ensure that the Corporate Director and Head of Service can monitor progress in implementing the agreed recommendations. A summary of the issues which led to the Moderate or Limited Level of Assurance is also reported to the Audit Committee in the quarterly Monitoring Reports. The relevant Cabinet Member is also included in the distribution list when the final report is issued.
- 4.12 The outcome of each audit, in particular the Level of Assurance is used by the Chief Auditor in preparing the annual opinion on the control environment which is reported to the Section 151 Officer and Audit Committee in the Internal Audit Annual Report. The annual opinion provides significant input into the Council's Annual Governance Statement.

5. Consultancy Services

- 5.1 In addition to assurance services, the Internal Audit Section also provides a range of consultancy services including:
- Advice and guidance to management in respect of a range of issues including system implementation, compliance with policies, regulations and procedures and internal control requirements.
 - Training.
 - Special investigations including fraud work undertaken by the Corporate Fraud Function.
- 5.2 Internal Audit operates in a consultancy role in advising management in relation to issues within its remit such as the implementation of appropriate controls for new projects, developments and systems.
- 5.3 As the level of consultancy work is unknown at the start of the year, a contingency item is included in the Annual Audit Plan to cover this work.
- 5.4 Any advice or recommendations made in the consultancy role is always made on the basis that they may be reviewed and amended in future as result of an assurance assignment.

6. Internal Audit Service Delivery

- 6.1 The provision of the Internal Audit service is through a directly employed in-house Internal Audit Team.
- 6.2 Given the range and complexity of areas to be reviewed, it is important that the Internal Audit Section includes suitably qualified, experienced

and trained staff. To comply with the PSIAS, the Chief Auditor must be a CCAB qualified accountant and be suitably experienced.

- 6.3 The training needs of Internal Audit staff are identified as part of the appraisal process and on an ongoing basis throughout the year. Staff are encouraged to undertake appropriate training including in-house and external courses, in particular those provided by the South Wales Chief Auditors Group, to ensure that their audit skills are enhanced and developed.
- 6.4 All Internal Audit staff are required to conform to the Code of Ethics included in the PSIAS and also any other codes published by any professional bodies of which they are members. An annual declaration of compliance with the PSIAS Code of Ethics is signed by all staff.
- 6.5 Internal Auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life i.e. the Nolan Principles.
- 6.6 The Internal Audit Section is independent and has no other management responsibilities which may impact on its independence. All Internal Audit staff are required to complete an annual Declaration of Interests which identifies any conflicts of interest which may impair their impartiality. Any declarations made are used when preparing the quarterly operational plans to prevent any impairment to independence arising.

7. Follow Up Audits

- 7.1 It is important that action is taken to ensure that agreed recommendations have been implemented within the agreed timescale. The Internal Audit Section has a risk-based follow up policy which dictates the type of follow up audit undertaken.
- 7.2 For all fundamental audits, a check is made during the year to ensure that all recommendations have been implemented within the agreed timescale. The results of this check are reported to the Audit Committee in the annual Recommendations Tracker Report.
- 7.3 Any audits that received a Moderate or Limited Level of Assurance are subject to a formal follow up visit within 6 months of the issue of the final report. Testing will take place to confirm that any High or Medium Risk recommendations have been implemented and confirmation will be sought from management that any Low Risk or Good Practice recommendations have been implemented.
- 7.4 The results of the follow up visit will be reported to the service management, Head of Service (or Chair of the Governing Body) and the Audit Committee.

7.5 Where an audit has received a High or Substantial Level of Assurance, no follow up audit is arranged but management are asked to confirm in writing that the recommendations have been implemented.

8. Reporting of Internal Audit Activity

8.1 An Internal Audit Monitoring Report is prepared on a quarterly basis and presented to the Section 151 Officer and the Audit Committee. The report shows the audits finalised in the quarter and the level of assurance given as well as the number of recommendations made and agreed.

8.2 The report will also include brief details of the audit findings for any audits which received a Moderate or Limited Level of Assurance. Any other work completed in the quarter and details of any follow up audits completed are also included in the report.

8.3 The Chief Auditor also produces an Annual Internal Audit Report which will include the annual opinion on the control environment. The Annual Report is presented to the Section 151 Officer and the Audit Committee.

8.4 The Annual Report will follow the requirements of the PSIAS and will include:

- An opinion of the overall adequacy and effectiveness of the framework of governance, risk management and internal control.
- Disclosure of any qualifications to the opinion together with the reasons for the qualification.
- A summary of the Internal Audit work completed from which the opinion is derived including any reliance placed on the work of other assurance providers.
- Any issues considered by the Chief Auditor to be particularly relevant to the Annual Governance Statement.
- A comparison of the work undertaken with the planned work, a summary of audit performance for the year including any performance indicators maintained and comments on compliance with the PSIAS and the Quality Assurance and Improvement Programme.

Internal Audit Annual Plan 2019/20 – Summary

Categories of Audit Work	Plan 2018/19	Plan 2019/20	
	Days	Days	%
People	298	322	13.6
Place	357	371	15.7
Corporate Services	315	250	10.6
Fundamental Audits	218	214	9.0
Contract Audit Systems	30	30	1.3
Computer Audits	117	75	3.2
Contract Audits	8	8	0.3
Cross Cutting Audits	50	110	4.6
Miscellaneous Audits	0	25	1.1
Projects & Special Investigations	123	91	3.8
Productive Days	1516	1496	63.2
Staff Training	76	76	3.2
Holidays, Sick & Special Leave	475	495	20.9
Admin, Planning, Control, Clerical Support etc.	219	219	9.3
Contingencies	64	64	2.7
Vacancies	0	0	0
Performance Management - Appraisals	16	16	0.7
Non Productive Days	850	870	36.8
Total Days	2366	2366	100

(Note: this has been included to allow comparison with the 2018/19 plan. Format will be amended in the next report for 2020/21 to reflect the change in the Senior Management Structure)

Days Covering Corporate Priorities	
Cross Cutting Audits	110
Section 151 Officer Assurance	377
Monitoring Officer Assurance	52
Education	177
Safeguarding	227
Poverty	175
Economy & Infrastructure	294
Resources & Biodiversity	48
Transformation & Council Development	143

(Note: the table records the number of days in the plan covering the areas above. Some audits cover multiple priorities as reflected in appendix 3 hence the number of days has been counted in each area)

Audit Title	Risk Rating	Status as at 01/04/19	Corporate Priority	Days
Level 1 – Cross Cutting Reviews – Council Governance & Control				
Corporate Governance	Med/High	Planned	Cross Cutting	20
Delegated Decision Making	New	Planned	Cross Cutting	10
Workforce Planning	New	Planned	Cross Cutting	10
Ethics & Values	New	Planned	Cross Cutting	15
Safeguarding	Med/Low	Planned	Cross Cutting	10
Information Governance	New	Planned	Cross Cutting	20
Corporate Performance Management	New	Planned	Cross Cutting	15
Added Value Work	n/a	Planned	Cross Cutting	10
Level 2 – Fundamental Systems - Section 151 Officer Assurance				
Financial Services & Service Centre				
Employee Services	Med/High	Planned	Section 151 Assurance	30
Pensions Administration	Med/High	Planned	Section 151 Assurance	20
Teachers Pensions	Med	Planned	Section 151 Assurance	15
Accounts Receivable	Med	Planned	Section 151 Assurance	35
NNDR	Med	Planned	Section 151 Assurance	22
Pension Fund Investments	Med/High	Planned	Section 151 Assurance	7
Housing Rents	Med	Planned	Section 151 Assurance	20
Housing & Council Tax Benefits	Med/High	Planned	Section 151 Assurance	40
Fixed Assets	Med	Planned	Section 151 Assurance	25
Level 3 – Service Level Audits – Other Assurance				
Education Planning & Resources				
Bishopston Primary	Med	Planned	Education	3
Cadle Primary	High	Planned	Education	3
Clwyd Community Primary	Med	Planned	Education	3
Crwys Primary	Med	Planned	Education	3
Cwmglas Primary	Med	Planned	Education	3
Glyncollen Primary	Med	Planned	Education	3
Grange Primary	Med	Planned	Education	3
Gwyrsoydd Primary	Med	Planned	Education	3
Hafod Primary	Med	Planned	Education	3
Morrison Primary	Med	Planned	Education	3
Pen y Fro Primary	Med	Planned	Education	3
Pengelli Primary	Med	Planned	Education	3
Pennard Primary	Med	Planned	Education	3
Pentrechwyth Primary	Med/Low	Planned	Education	3
Penyrheol Primary	Med	Planned	Education	3
Pondarddulais Primary	Med	Planned	Education	3
Seaview Community Primary	Med	Planned	Education	3

St Thomas Primary	Med/Low	Planned	Education	3
Waun Wen Primary	Med	Planned	Education	3
Wauanarlwydd Primary	Med	Planned	Education	3
YGG Felindre	Med	Planned	Education	3
YGG Pontybrenin	Med	Planned	Education	3
St David's RC Primary	Med	Planned	Education	3
St Joseph's Cathedral Primary	Med	Planned	Education	3
St Joseph's Catholic Primary	Med	Planned	Education	3
Bishop Vaughan Comprehensive	Med	Planned	Education	10
Morrison Comprehensive	Med	Planned	Education	10
Olchfa Comprehensive	Med	Planned	Education	10
Ysgol Gyfun Gwyr	Med	Planned	Education	10
Penybryn Special School	Med/High	Planned	Education	4
Achievement & Partnership Service				
Curriculum Support Unit inc. Welsh Service	New	Planned	Education	5
School Support Unit	Low	Planned	Education	5
Vulnerable Learner Service				
Swansea Pupil Referral Units	Med	Planned	Education, Safeguarding & Poverty	15
Education Grants & Other				
Additional Support for Disadvantaged Learners (G)	n/a	Planned	Education, Safeguarding & Poverty	5
Regional Consortia School Improvement (G)	n/a	Planned	Education, Safeguarding & Poverty	15
Pupil Deprivation (G)	n/a	Planned	Education, Safeguarding & Poverty	10
Schools Annual Report	n/a	Planned	Education, Safeguarding & Poverty	3
Child & Family Services				
Discretionary Payments	Med/High	Planned	Safeguarding	10
Emergency Duties Team	Low	Planned	Safeguarding	10
Use of Taxis Authorisation	Med/Low	Planned	Safeguarding	10
Adult Services				
Supporting People (G)	n/a	Planned	Safeguarding	10
Suresprung Supported Employees Claim Process (G)	n/a	Planned	Safeguarding	5
Flexible Support Service	Med	Planned	Safeguarding	10
Fforestfach Day Service	Low	Planned	Safeguarding	10
Social Services Directorate Services				
Client Property & Finance	High	Planned	Safeguarding	15
Business Support Team - Adult Services	New	Planned	Safeguarding	10
Application Controls - Paris System	Med	Planned	Safeguarding	5
Poverty & Prevention				
Adult Prosperity & Wellbeing Service	Low	Planned	Poverty	5

Young Peoples Service	Med	Planned	Poverty	15
Info-Nation	Med	Planned	Poverty	10
Community Safety	Med/Low	Planned	Poverty	10
Lifelong Learning Service	Med	Planned	Poverty	10
Building Services				
Heol y Gors - Plant & Transport	Med	Planned	Economy & Infrastructure, Safeguarding	7
Property Services				
Estates Management & Quadrant Rents	Med	Planned	Economy & Infrastructure	10
Waste Management & Parks				
Waste Management	Med	Planned	Economy & Infrastructure	10
Street Cleaning	Med	Planned	Economy & Infrastructure	10
Highways & Transportation				
Service Support	Low	Planned	Economy & Infrastructure	15
Transport Support	Med	Planned	Economy & Infrastructure	10
Concessionary Bus Fares	Med	Planned	Economy & Infrastructure	5
Recovery of Abandoned Vehicles	Med/Low	Planned	Economy & Infrastructure	5
Swansea City Bus Station	Med	Planned	Economy & Infrastructure	8
Advance Payments Code	Med	Planned	Economy & Infrastructure	8
CTU Fleet Maintenance	Med/High	Planned	Economy & Infrastructure	15
CTU Fuel	Med	Planned	Economy & Infrastructure	10
CTU Stores	Med	Planned	Economy & Infrastructure	8
Transport Depot	Med	Planned	Economy & Infrastructure	15
Live Kilometre Support (G)	n/a	Planned	Economy & Infrastructure	5
Housing & Public Health				
Penlan District Housing Office	Med	Planned	Poverty, Safeguarding	15
Gorseinon District Housing Office	Med	Planned	Poverty, Safeguarding	10
Furniture Store & Tenancy Scheme	Low	Planned	Poverty, Safeguarding	12
Tenancy Support Unit & SPG	Low	Planned	Poverty, Safeguarding	10
Housing Partnerships	Med	Planned	Poverty, Safeguarding	10
Food & Safety Division	Low	Planned	Poverty, Safeguarding	10
Pollution Control Division	Med/Low	Planned	Poverty, Safeguarding	10
Cultural Services				
Community Parks Development & Community Buildings	Low	Planned	Economy & Infrastructure	15
Foreshores & Lettings: Sports Permits	Low	Planned	Economy & Infrastructure	10
Active Swansea	Med	Planned	Economy & Infrastructure	5
Spot Checks	Med	Planned	Economy & Infrastructure	5
Grand Theatre	Med/High	Planned	Economy & Infrastructure	15
Grand Theatre & Glyn Vivian Catering	New	Planned	Economy & Infrastructure	5
Literature Officer	Low	Planned	Economy & Infrastructure	5
Libraries Administration	Med/Low	Planned	Economy & Infrastructure	10

Special Events	Med	Planned	Economy & Infrastructure	15
Passport to Leisure	Low	Planned	Economy & Infrastructure	10
Tourism Marketing	Med/Low	Planned	Economy & Infrastructure	10
Planning & City Regeneration				
Sustainable Development	Low	Planned	Economy & Infrastructure, Resources & Biodiversity	8
Economic Development Administration	Med/Low	Planned	Economy & Infrastructure, Resources & Biodiversity	10
External Funding Team	Med/High	Planned	Economy & Infrastructure, Resources & Biodiversity	5
Planning Services Administration & Fees	Med	Planned	Economy & Infrastructure, Resources & Biodiversity	15
Section 106 Agreements	Med/High	Planned	Economy & Infrastructure, Resources & Biodiversity	10
Communications & Marketing				
Communications & Public Relations	Med	Planned	Transformation & Council Development	10
Design Print	Med	Planned	Transformation & Council Development	15
Financial Services & Service Centre				
Cashiers Office	Med/High	Planned	Section 151 Assurance	10
Write-Off Requests	n/a	Planned	Section 151 Assurance	5
Cashiers Write-off's	n/a	Planned	Section 151 Assurance	5
Insurance	Med	Planned	Section 151 Assurance	10
Taxation VAT	Med	Planned	Section 151 Assurance	10
Pension Fund Other Transactions	Med	Planned	Section 151 Assurance	10
Trusts & Charities	Med	Planned	Section 151 Assurance	10
Budget Strategy & Management	New	Planned	Section 151 Assurance	10
Direct Payments - Adult and Child & Family	Med	Planned	Section 151 Assurance	15
Welcome Break	Low	Planned	Section 151 Assurance	5
Debt Recovery	High	Planned	Section 151 Assurance	20
Employee Vetting (DBS)	High	Planned	Section 151 Assurance	10
Purchase Cards	Med	Planned	Section 151 Assurance	15
Digital & Transformation				
Information Management	Med	Planned	Transformation & Council Development	10
Legal, Democratic Services & Business Intelligence				
Coroners Service	Med	Planned	Monitoring Officer Assurance	12
Debt Recovery Process	High	Planned	Monitoring Officer Assurance	10
Review of Legal Files	New	Planned	Monitoring Officer Assurance	10
Commercial Services				
Cultural Services Contracts Review	New	Planned	Section 151 Assurance	10
Chief Transformation Officer Audits				

Corporate Complaints	Med	Planned	Transformation & Council Development	8
Welsh Translation Unit	Med	Planned	Transformation & Council Development	10
CRM System Application Controls	New	Planned	Transformation & Council Development	10
Risk Management	Med/High	Planned	Section 151 Assurance	10
Contract Audits				
Legal Pre-Contract Acceptance of Tenders	Med	Planned	Monitoring Officer Assurance	20
Procurement Contract Register	Med	Planned	Transformation & Council Development	10
Final Accounts	n/a	Planned	Section 151 Assurance	3
Appraisal of Contractors for Tenders	n/a	Planned	Section 151 Assurance	5
Computer Audits				
PC Controls	Med/High	Planned	Transformation & Council Development	5
Network Controls - Corporate & Education	Med	Planned	Transformation & Council Development	10
Internet Controls - Education Network	Med/Low	Planned	Transformation & Council Development	10
Libraries Public Access Network	Med/Low	Planned	Transformation & Council Development	5
E-Commerce Controls - Web Development	New	Planned	Transformation & Council Development	10
Physical & Environmental Controls and VSE	Med/High	Planned	Transformation & Council Development	10
Computer Operations	Med/High	Planned	Transformation & Council Development	5
Change Control	Med	Planned	Transformation & Council Development	5
Change Control - Oracle	Med/High	Planned	Transformation & Council Development	5
Use of Idea - Data Extraction	n/a	Planned	Section 151 Assurance	5
Use of Idea - Data Matching NFI 2018	n/a	Planned	Section 151 Assurance	5
Projects & Special Investigations				
Unpresented Cheques	n/a	Planned	Section 151 Assurance	5
NFI 2018/19	n/a	Planned	Section 151 Assurance	20
Galileo Management System	n/a	Planned	Section 151 Assurance	10
Annual Plan & Annual Report	n/a	Planned	Section 151 Assurance	5
Annual Consultation Exercise	n/a	Planned	Section 151 Assurance	10
Health & Safety Group	n/a	Planned	Section 151 Assurance	3
Recommendation Tracker Exercise	n/a	Planned	Section 151 Assurance	5
Follow-ups	n/a	Planned	Section 151 Assurance	20
Purchase Cards - Transaction Sample Reviews	n/a	Planned	Section 151 Assurance	10
Petty Cash Investigations	n/a	Planned	Section 151 Assurance	3
Miscellaneous Audits				
sQuid System Review	New	Planned	Section 151 Assurance	10

Brexit	New	Planned	Section 151 Assurance	5
City Deal Review Outcomes - Follow-up	New	Planned	Section 151 Assurance	5
Sustainable Swansea	New	Planned	Transformation & Council Development	5

Corporate Priorities

Safeguarding – Safeguarding People from Harm

Education – Improving Education and Skills

Economy & Infrastructure – Transforming our Economy and Infrastructure

Poverty – Tackling Poverty

Resources & Biodiversity – Maintaining and Enhancing Swansea’s Natural Resources and Biodiversity.

Transformation & Council Development – Transformation and Future Council Development.

City & County of Swansea Assurance Map

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
Corporate Risk Register														
<p>Regional Working (CR101)</p> <p>Category: Corporate Governance</p> <p>Last updated: 18/02/19</p> <p>Page 141</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 & 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
Corporate Risk Register															
Financial Control and Sustainable Swansea (CR80) Category: Corporate Finance Last updated: 16/11/18 Page 142	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 . First budget monitoring report due to go to Audit Committee in April, with future budget reports included in the 2019/20 workplan.	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
Corporate Risk Register															
City Centre (CR81) Category: Corporate Plan Priorities Last updated: 16/11/18 Page 143	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.	Some work may be required to follow up on review findings	Some time has been allocated in 2019/20 Audit Plan to allow for possible work required to follow up on Internal and WG review outcomes	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	
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					Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
						Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
Corporate Risk Register														
Safeguarding (CR82) Category: Corporate Plan Priorities Last updated: 16/11/18 Page 144	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.	Included on the 2019/20 Audit Plan.	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	
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						Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
							Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
Corporate Risk Register															
<p>Pupil attainment and achievement (CR83)</p> <p>Category: Corporate Plan Priorities</p> <p>Last updated: 16/11/18</p> <p>Page 145</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 & 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 & 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 & 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	
Corporate Risk Register															
Tackling poverty (CR84) Category: Corporate Plan Priorities Last updated: 16/11/18 Page 146	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.	Medium	Medium	Amber	David Howes	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.		Scrutiny Inquiry undertaken 2016 and report recommendations largely accepted.	Tackling Poverty PDC in place with appropriate agendas and involvement.	Various audits in Audit Plan for Poverty & Prev.			Range of Poverty & Prevention audits in the plan to be completed as part of the rolling audit schedule.	Poverty & Prevention audits due in 2019/20	Poverty & Prevention Audits – Tackling Poverty

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
Corporate Risk Register															
Workforce Strategy (CR85) Category: Corporate Governance Last updated: 16/11/18 Page 147	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	
Corporate Risk Register															
<p>Digital, data and cyber security (CR86)</p> <p>Category: Corporate Governance</p> <p>Last updated: 16/11/18</p>	<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. DPO largely independent and annual report to be presented to Cabinet & Scrutiny.</p>	<p>Information Management Annual Report to be presented to Cabinet from 2018/19.</p>	<p>Information Management Annual Report to be presented to Scrutiny from 2018/19.</p>	<p>Mandatory data protection training for staff / Councillors. GDPR Compliance monitoring/ reporting through P&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>New cross cutting Info. Governance audit is also included for review in 2019/20 audit plan.</p>	Service Specific – Digital & Transformation and IT Audits – Transformation and Future Council Development

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
Corporate Risk Register														
Emergency Planning, Resilience and Business Continuity (CR87) Category: 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	
Corporate Risk Register															
Health & Safety (CR88) Category: Corporate Governance Last updated: 16/11/18 Page 150	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	
Corporate Risk Register															
<p>New legislative and statutory requirements (CR89)</p> <p>Category: Corporate Governance</p> <p>Last updated: 16/11/18</p> <p>Page 151</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>	<p>All reports for Cabinet/ Council have legal implications.</p>		<p>Appraisals and identification of training needs.</p>	<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	
Corporate Risk Register															
Decision to leave the European Union (BREXIT) (CR90) Category: Corporate Finance Last updated: 16/12/18 Page 152	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.	Unknown at present what audit work may be required.	Some time has been allocated in 2019/20 Audit Plan to allow for possible work required in relation to BREXIT.	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	
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						Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance					
							Council/Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
Corporate Risk Register															
Tax evasion (CR91) 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.

Agenda Item 12



Report of the Chief Auditor

Audit Committee – 9 April 2019

DBS Process Update

Purpose:	At Audit Committee's request, this report provides an overview of the DBS verification process.
Report Author:	Emma Johnson
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar
For Information	

1. Introduction

1.1 As requested at the last Audit Committee meeting, the Service Centre Helpdesk & DBS/SCW Manager was asked to provide a briefing note to the Committee outlining the Council's DBS verification process.

1.2 The briefing note can be found in Appendix 1.

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 – DBS New Starter and Renewal Process Briefing Note

Report to: Chief Auditor

Subject: Disclosure and Barring Service (DBS) - New Starter and Renewal Procedure

Introduction

The Disclosure and Barring Service (DBS) is an executive non-departmental public body, sponsored by the Home Office.

The DBS helps employers make safer recruitment decisions.

As an employer, we are legally responsible for making sure the job role is eligible for a Standard or Enhanced DBS check before each application is countersigned. The job is evaluated against the DBS eligibility criteria by the Service Centre Helpdesk & DBS/SCW Manager.

EBulk

Ebulk is the electronic DBS system on which all DBS records are administered and held. It replaced the paper DBS system in March 2015. Our system is hosted by Powys County Council. There are three user levels on the system:

1. Applicant – this is the person who is applying for the DBS check
2. Verification Officer – this is the person who is undertaking the ID verification (the Contact Centre, Schools and Foster Swansea are our main Verification Officers)
3. Administrator – the Service Centre Helpdesk are the main system administrators for Swansea Council

New starters to the Council

The Job Description details what level of DBS is required. It is also held on Oracle in the position requirement field.

When the Manager completes the successful candidate form to inform the Workforce Transactional Team of a new starter, if the position requires a DBS check (the team checks the JD for the requirement), the Workforce Transactional Team complete an Upload to Ebulk Form and email it to the Service Centre Helpdesk for processing.

The Service Centre Helpdesk then sets up the applicant on Ebulk and the applicant is sent an electronic link to complete their DBS. The manager is also added to the application so they are copied in to the process and receive the electronic certificate once the process is complete.

This process applies to all new starters and volunteers, including Schools where the role is eligible for a DBS check. The individual school would email the Upload to Ebulk

Form to the Service Centre Helpdesk rather than the Workforce Team, as they control the recruitment process.

If an applicant does not have an email address then the managers/school email address is used and the manager/school completes the application form with the applicant.

If an applicant does not have access to a PC, the form can be completed on a mobile device (iPad, smart phone etc), at the Contact Centre (there is a PC available just for DBS purposes) or with their manger/school and they would use their PC.

Renewal Process

The DBS Policy states DBS checks are to be renewed every three years.

The DBS Renewal Report is extracted from Oracle on a monthly basis.

The DBS Renewal Report details all employees who have a DBS check to be renewed in four months or less – it looks at the date of issue on the certificate to work out the four month ruling.

From the DBS Renewal Report, the DBS Bulk Upload spreadsheet is completed and mass uploaded to the Ebulk system.

The employee is then sent an electronic link to complete their DBS check, and the manger is copied in on the process. This process is exactly the same as a new starter – there is no differentiation on the Ebulk system.

If, on the DBS Renewal Report there is no email address held for the employee, then the supervisor on Oracle's email address is used. It is the supervisors responsibility to work with their employee so the DBS is completed in a timely manner.

There are some departments where the department manager has requested that all applications are sent to their email address as the majority of the employees in that particular area don't have regular access to a computer. This should ensure that there are no delays to the DBS process.

When an employee's renewal is set up, the employee's record on Oracle is updated with the date it was uploaded for monitoring purposes.

When the certificate is returned, Oracle is updated with the certificate information. The employee will then 'falloff' the report until renewal is due in 3 years time.

Oracle

Oracle has two fields that are updated by the Service Centre Helpdesk for recording employee DBS details:

- CRB1 – this holds the date the DBS was set up on Ebulk. It is also extracted when the DBS Renewal Report is run so we can clearly see when the applicant was set up. This allows us to email employees if they have not completed a specific part of the DBS process to remind them of what needs to be done next.

- CRB2 – this holds the DBS certificate information. This field is available to managers and employees via Self Service and it's this function that has replaced the need for renewal reports to be sent out.

Schools

As the monitoring function is not currently available to Schools, each School has a designated Service Centre Helpdesk Officer (SCHO) and spreadsheet where the school employee details are held along with their DBS information. Renewals are set up exactly the same on the system. Instead of the manager being copied in to the DBS process on Ebulk, the school Verification Officer is listed as they manage the DBS process for their school.

Agenda Item 13



For Information Report from the Service Improvement & Finance Scrutiny Performance Panel – 20 March 2019

Audit Committee – 9 April 2019

Progress Towards Meeting the Welsh Housing Quality Standard

Purpose: To provide an update on progress towards meeting the Welsh Housing Quality Standard.

Report Authors: Mark Wade & David Bratley

Finance Officer: Amanda Thomas

Legal Officer: Lyndsay Thomas

Access to Services Officer: Rhian Millar

For Information

1. Introduction

- 1.1 The update on progress towards meeting the Welsh Housing Quality Standard reported to the Service Improvement & Finance Scrutiny Performance Panel on 9 April 2019 is attached for information at Appendix 1.

2. Equality and Engagement Implications

- 2.1 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 issues contained within this report.

Background Papers: None

Appendices: Appendix 1 - Report from the Service Improvement & Finance Scrutiny Performance Panel – 20 March 2019.



Report of the Cabinet Member for Homes and Energy

To the Service Improvement and Finance Scrutiny Performance Panel –
20th March 2019

Progress towards Meeting the Welsh Housing Quality Standard

Purpose:	To brief the Service Improvement and Finance Scrutiny Performance Panel on 20 th March 2019
Content:	An update on progress towards meeting the Welsh Housing Quality Standard
Councillors are being asked to:	Consider the information provided and to forward views to the Cabinet Member via a letter from the Panel Convener
Lead Councillor:	Councillor Andrea Lewis, Cabinet Member for Homes and Energy
Lead Officer & Report Author:	Mark Wade and Dave Bratley Tel: 01792 635215 E-mail: dave.bratley@swansea.gov.uk
Finance Officer:	Amanda Thomas
Legal Officer:	Lyndsay Thomas
Access to Services Officer:	Rhian Millar

1. Background

- 1.1 The Council has a statutory obligation to meet the Welsh Housing Quality Standard (WHQS) by the end of December 2020. In 2018, the Welsh Audit Office (WAO) undertook a review to determine whether the Council has effective arrangements in place to meet the Welsh Housing Quality Standard (WHQS) by 2020.
- 1.2 Overall, the findings were positive and the WAO confirmed that the Council has a sound approach to meeting the Welsh Housing Quality Standard by December 2020. The WAO came to this conclusion because:

- The Council's approach to WHQS is generally well-integrated into its strategic housing function, but some key plans need to be updated;
- The Council has comprehensive stock condition information about its homes that effectively shapes its investment programme to meet the WHQS;
- The Council has a programme in place to achieve the WHQS by December 2020, but delivery of the programme will be challenging and there is little room for any slippage;
- More timely reporting and monitoring of the Council's progress in meeting the WHQS is necessary to ensure it meets the standard by December 2020, and that tenants are aware of the progress being made;
- Most tenants WAO spoke to are satisfied with the quality of improvement works done to their homes by the Council, and with the housing service they receive;
- Most tenants WAO spoke to felt that the Council takes their views into consideration, but the Council could strengthen tenant engagement and make sure tenants are clear about why improvement works are needed.

The full WAO report is set out in appendix A.

- 1.3 In terms of suggested improvements WAO noted the Council needs more up to date plans, tenant engagement and focus on contracts and timescales. The attached action plan in appendix B highlights the Council's response to WAO's key recommendations. This focuses on methods for reporting progress, effective monitoring, procurement, updating key plans, information and engagement with tenants.
- 1.4 WHQS compliance is an integral part of the Local Housing Strategy, is a key component of the Housing and Public Health Service Plan and is governed by a WHQS Compliance Policy. The Council periodically engages a third party specialist to measure the condition of the housing stock; this provides an independent assessment on the levels of WHQS compliance and identifies future repair and investment needs required to meet the WHQS. A financial business plan is prepared annually to ensure sufficient investment is available to deliver the detailed programme of repairs and improvements.
- 1.5 Arrangements for monitoring WHQS include reporting compliance levels on an annual basis internally and to the Welsh Government. Progress on repairs and improvements, designed to bring homes up to the standard, are reported quarterly internally and to the Welsh Government.
- 1.6 Tenants are informed about the WHQS programmes and progress via the tenant magazine Open House, the Council's website, tenant groups and individually when major repairs are planned for their home.

2. WHQS Measurement

- 2.1 The WHQS sets out its requirements across six main themes including good state of repair; safe and secure; adequately heated, fuel efficient and well insulated, up to date kitchens and bathrooms; located in safe and attractive environments and suit the specific requirements of the household. Compliance is reached when all elements within these themes are considered to be in reasonable condition and performing as intended. The level of compliance is recorded via house condition surveys and updated once major repairs and improvements are completed.

2.2 Within the WHQS guidance document is the facility to record elements as ‘acceptable fail’. The document recognises that it may not be possible to bring all elements up to the standard and landlords are permitted to report these as one of the following acceptable fails categories: cost of remedy; timing of remedy; residents’ choice; and physical constraint. Elements that cannot be brought up to the WHQS continue to be repaired and maintained to ensure homes remain safe.

3. WHQS Compliance

3.1 The figures set out below show the level of overall WHQS compliance as well as compliance for individual WHQS elements and acceptable fails. The figures are based on work completed up to the end of January 2019 and will be expected to change further by the end of the financial year once all completed work is signed off.

3.2 There are 4,301 fully compliant properties with a further 9,227 properties that are almost compliant but contain one or more elements that are classed as acceptable fail.

3.3 Levels of compliance for individual elements are contained in the following table:

WHQS Element	Properties Fully Compliant	Properties with an Acceptable Fail
Roofing	13,110	418
Windows	13,526	2
Doors	13,462	66
Kitchens	9,695	3,833
Bathrooms	7,520	6,008
Heating Systems	13,239	289
Energy Rating	9,855	3,673
Electrical Systems	13,399	129
Smoke Alarms	13,340	98
Gardens	5,608	7,920

4. Conclusion

4.1 The Council has in place strategic, financial and operational arrangements to deliver WHQS compliance by the deadline and the WAO audit in 2018 confirmed these are all generally well integrated.

4.2 The WAO found tenants are satisfied with the improvements works to their home.

4.3 Following the WAO recommendations, the Council has developed an action plan focusing on improving methods for reporting progress, effective monitoring, procurement, updating key plans, supplying information and engaging with tenants.

5.0 Equality and Engagement Implications

5.1 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.

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

5.2 Tenants and leaseholders have been engaged as part of the Council's Tenant Participation Strategy.

5.3 An EIA screening has been undertaken and there are no equality implications as it reports on a recent audit and the current level of WHQS compliance. Specific equality issues are met at the point of delivery of WHQS improvement programmes.

6. Legal implications

6.1 WG have powers under the Housing (Wales) Act 2014 if there is a failure to meet the statutory obligation referred to above.

7. Financial Implications

7.1 There are no financial implications associated with this report

Glossary of terms:

WHQS	Welsh Housing Quality Standard
WAO	Welsh Audit Office

Background papers: None

Appendices:

- Appendix A: Findings from the Welsh Audit Office Report on Welsh Housing Quality Standard
- Appendix B: Welsh Audit Action Plan December 2018

Report of the Welsh Audit Office:



Archwilydd Cyffredinol Cymru
Auditor General for Wales

Welsh Housing Quality Standard Review including Council tenants' views – **City and County of Swansea Council**

Audit year: 2017-18

Date issued: November 2018

Document reference: 842A2018-19

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

The team who delivered the work comprised Katherine Simmons, Lisa McCarthy, Ron Price, Sara-Jane Byrne under the direction of Jane Holownia.

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Tenants are satisfied with the improvement works and the Council has a sound approach to meeting the Welsh Housing Quality Standard by December 2020, but it needs more up-to-date plans, tenant engagement and focus on contracts and timescales to achieve it

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The Council's approach to WHQS is generally well-integrated into its strategic housing function, but some key plans need to be updated. 7

The Council has comprehensive stock condition information about its homes that effectively shapes its investment programme to meet the WHQS 7

The Council has a programme in place to achieve the WHQS by December 2020, but delivery of the programme will be challenging and there is little room for any slippage 8

More timely reporting and monitoring of the Council's progress in meeting the WHQS is necessary to ensure it meets the standard by 2020, and that tenants are aware of the progress being made 9

Most tenants we spoke to are satisfied with the quality of improvement works done to their homes by the Council, and with the housing service they receive 9

Most tenants we spoke to felt that the Council takes their views into consideration, but the Council could strengthen tenant engagement and make sure tenants are clear about why improvement works are needed 10

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Summary report

Summary

What we looked at

- 1 We reviewed the Council's arrangements to meet the Welsh Housing Quality Standard (WHQS) by the Welsh Government's deadline of 2020. This included the quality of plans and programmes, housing stock condition information, monitoring and scrutiny arrangements, tenant satisfaction and the way in which WHQS was making a difference to tenants' lives.
- 2 The findings in this report are based on fieldwork that we undertook during the period April 2018 to August 2018, and a telephone survey of tenants and leaseholders. We spoke to 680 tenants and leaseholders as part of this telephone survey.

Why achieving WHQS is important

- 3 Achieving WHQS is a key element of the Welsh Government's vision for housing in Wales. This standard is intended to set in place a common target standard for all social housing in Wales, and the Welsh Government expects all social housing landlords in Wales to adopt the standard and devise programme for bringing their homes up to the standard as soon as possible but by 2020 at the latest. The Welsh Government considers homes fully compliant when they meet all the individual elements of the standard around the condition, age and safety of the internal and external parts of the dwelling and elements like safe electrics, smoke alarms and energy efficiency requirements are met.
- 4 As at the 31 March 2018 the Council owned 13,528 dwellings, of which 3,415 dwellings were fully compliant with the WHQS and 193 dwellings were not compliant. The Council identified that 9,920 dwellings were compliant subject to acceptable fail guidance. The Welsh Government considers homes fully compliant when they meet all individual elements of the standard. But, social landlords may record one or more element as an acceptable fail, where achieving the standard for an individual element is not possible. The Welsh Government defines what can be determined as an acceptable fail.

Examples of acceptable fails include the cost or timing of the work, residents' choice not to have the work done or where there are physical constraints to the work. Where a dwelling contains one or more acceptable fails, but all other elements are compliant, the Welsh Government deems the dwelling compliant subject to acceptable fails.

How we approached the review

- 5 To inform our findings we reviewed a range of Council documents and interviewed a selection of senior officers, members and operational staff, and held focus groups with tenants both of traditional council housing and from sheltered housing schemes. Additionally, we carried out a telephone survey of tenants using an independent contractor. The telephone survey engaged 680 respondents divided between tenants and leaseholders and was carried out between 24 April and 9 May 2018. We have referenced the findings of the telephone survey, where relevant, in the body of this report and include an infographic page summarising our findings at [Appendix 1](#).
- 6 We also commissioned Tai Pawb, Diverse Cymru and Ethnic Minorities and Youth Engagement (EYST) Wales to undertake two focus groups: one with disabled Council tenants and one with BME council tenants. Despite considerable effort by all parties, including engaging with the Council's tenant participation team, the numbers of participants at the two focus groups was disappointing. Five tenants attended the BME focus group and one tenant attended the disabled tenants focus group. We have made a reference to a view of the BME focus group within the report but given the levels of participation it is difficult to draw any representative findings from these additional focus groups. We have provided a summary of the findings from the additional focus groups to Council officers.

Overall finding

- 7 Our review sought to answer the question: Does the Council have effective arrangements in place to meet the Welsh Housing Quality Standard (WHQS) by 2020?
- 8 Overall, we found that: Tenants are satisfied with the improvement works and the Council has a sound approach to meeting the Welsh Housing Quality Standard by December 2020, but it needs more up-to-date plans, tenant engagement and focus on contracts and timescales to achieve it. We came to this conclusion because:
- The Council's approach to WHQS is generally well-integrated into its strategic housing function, but some key plans need to be updated;
 - The Council has comprehensive stock condition information about its homes that effectively shapes its investment programme to meet the WHQS;
 - The Council has a programme in place to achieve the WHQS by December 2020, but delivery of the programme will be challenging and there is little room for any slippage;
 - More timely reporting and monitoring of the Council's progress in meeting the WHQS is necessary to ensure it meets the standard by December 2020, and that tenants are aware of the progress being made;
- Most tenants we spoke to are satisfied with the quality of improvement works done to their homes by the Council, and with the housing service they receive; and
- Most tenants we spoke to felt that the Council takes their views into consideration, but the Council could strengthen tenant engagement and make sure tenants are clear about why improvement works are needed.

Proposals for Improvement

Exhibit 1: proposals for Improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement

- P1 The Council should provide more timely and transparent reporting of progress on WHQS to members and tenants.
- P2 The Council should ensure there is effective monitoring and scrutiny of its progress so that any issues can be resolved quickly.
- P3 The Council should procure any outstanding works as soon as possible and ensure there is robust monitoring of contracts so that works are completed on time and to the level of quality agreed.
- P4 The Council should improve on its current arrangements to publicise arrangements for disruption payments to tenants in a clear, understandable and transparent way, and make sure tenants are aware of what they can and cannot claim for.
- P5 The Council should strengthen how it engages with its tenants, including ensuring tenants are clear why and when works are being undertaken.
- P6 The Council should update key plans, such as the Repairs, Maintenance and Improvement policy and the Housing Revenue Account (HRA) asset management plan.

Detailed report

Tenants are satisfied with the improvement works and the Council has a sound approach to meeting the Welsh Housing Quality Standard by December 2020, but it needs more up-to-date plans, tenant engagement and focus on contracts and timescales to achieve it

The Council's approach to WHQS is generally well-integrated into its strategic housing function, but some key plans need to be updated

9 In reaching this conclusion we found that:

- Robust, comprehensive and wide-ranging plans are in place to support the Council's ambition to meet the WHQS by December 2020. These include the Swansea Housing Strategy 2015-2020, Housing Revenue Business Plan 2017-18, WHQS compliance policy and the Council's capital housing investment programme. However, the Council needs to review and update some plans, such as the

- Repairs, Maintenance and Improvement policy and the Housing Revenue Account (HRA) asset management policy.
- The Council is taking an elemental approach to bringing its homes up to the WHQS, having largely completed the essential external works to dwellings and now focusing on kitchen and bathroom programmes leading up to the December 2020 deadline.
- The WHQS programme supports other Council housing priorities, such as energy efficiency, the safety of high rise blocks of flats including fire safety, and ensuring that homes are weather proof and resilient.

The Council has comprehensive stock condition information about its homes that effectively shapes its investment programme to meet the WHQS

10 In reaching this conclusion we found that:

- Stock condition surveys have been carried out by external consultants every five years.
- Stock condition surveys have covered the key elements of WHQS compliance.

Stock condition surveys are supported by regular in-house surveys which have also covered Energy Performance Certification (EPCs) and asbestos type and location surveys.

- The Council uses the stock condition information to inform its Capital Housing Investment Programme.

The Council has a programme in place to achieve the WHQS by December 2020, but delivery of the programme will be challenging and there is little room for any slippage

11 In reaching this conclusion we found that:

- The Council has a capital programme in place which sets out the work needed to be completed in each property to meet the December 2020 deadline. The majority of this work has now been procured except for some garden fencing and external property work. However, the Council now only has 26 months to complete all the necessary works, including commissioning any outstanding works. The Council cannot risk there being any delays in completing the programme. It needs to ensure there is robust procurement and contract management in place to do this.

- Financial assumptions and budgets are contained in the HRA business plan.
- Kitchens, bathrooms and ancillary work will be undertaken in 6,330 dwellings between 2018 and December 2020. The WHQS is scheduled and planned to be achieved by December 2020.
- All void empty properties are bought up to the WHQS prior to re-letting unless they are soon to be completed within the primary WHQS capital programme. However, the Council recognises this has impacted upon the length of time taken to re-let void properties, and it needs to consider how it can improve this.
- An effective gas servicing regime to meet statutory landlord responsibilities is in place.
- Additional fire safety measures have been, or are programmed to be, installed in high rise blocks. This includes sprinkler systems, additional fire doors and awareness raising in conjunction with Mid and West Wales Fire and Rescue Service.
- A back-fill programme plan is in place for those properties where tenants have initially refused WHQS work, or where access is difficult or not convenient.
- The Council has worked effectively with its leaseholders to ensure that work is not held up. The Council has provided loans and financial support to those leaseholders unable to pay for work to communal areas of buildings.

More timely reporting and monitoring of the Council's progress in meeting the WHQS is necessary to ensure it meets the standard by December 2020, and that tenants are aware of the progress being made

12 In reaching this conclusion we found that:

- The Council has reported and updated public information on progress against the WHQS in a limited way. For example, there has been a lack of information reported on the numbers and reasons for acceptable fails, and what category they fall into under WHQS guidance. The WHQS performance figures released by Welsh Government show that as of March 2018, the Council has 9,920 homes subject to acceptable fails. This equates to 73% of the Council's housing stock. It is, therefore, important that the Council reports the reasons for these acceptable fails. This will enable the Council to determine what future actions it can take to make those homes currently

classed as acceptable fails into homes fully compliant with the WHQS. For example, those homes which are currently deemed as acceptable fails due to current tenant choice.

- Our telephone survey of a sample of Council tenants found that there was limited awareness of the WHQS programme among tenants. 24% of respondents confirmed that they had been contacted by the Council about WHQS and 66% said they had not been contacted. For those who have had improvement works, there seems to have been a lack of communication about the reasons for the planned works. Around half of respondents (48%) recall that the Council explained why the improvement works were needed but 43% had not been told.
- The Council's Overview and Scrutiny Committee established a WHQS Scrutiny Working Group, and undertook a review of WHQS in March 2016. However, there has been little scrutiny of this major Council programme since that time. There has been limited reporting on the WHQS to the Council's performance panels. Given that the Council must achieve the WHQS by December 2020, it is important that there is robust monitoring and challenge of progress, but we found limited evidence that this was happening.

Most tenants we spoke to are satisfied with the quality of improvement works done to their homes by the Council, and with the housing service they receive

- 76% of respondents to our telephone survey confirmed that the WHQS improvement works were completed on time.
- 76% of respondents confirmed that they were satisfied with the quality of improvements, and 14% were dissatisfied.

- A significant majority of tenants are satisfied with the condition of the kitchens, bathrooms and outside of their homes. 73% are satisfied with their kitchen, 74% satisfied with their bathroom, and 69% satisfied with the outside of their home.
- 83% of respondents are satisfied with their neighbourhood as a place to live.
- 80% of respondents are satisfied with the housing service they receive from the Council, highlighting a good base to work from to make any further future improvements. Around one in ten are unsure (11%) or dissatisfied (9%) with the service received from the Council.
- The Council has done significant work to improve health, safety and security of those people living in high rise blocks of flats.
- District Housing Managers draw up lists of bids for environmental improvements on estates in conjunction with tenants, for example, to identify areas that require additional play facilities. The Council has provided financial support to pay for these programmes of improvement on a regular basis.
- About one in three tenants we spoke to as part of our telephone survey reported concerns with heating systems and damp in their homes. Of the 680 respondents, 30% find it difficult to heat their home during winter. 45% of respondents were concerned about the lack of, or poor, draught proofing. 34% of respondents reported damp, with the most visible signs being mould and wet patches.

Most tenants we spoke to felt that the Council takes their views into consideration, but the Council could strengthen tenant engagement and make sure tenants are clear about why improvement works are needed

13 In reaching this conclusion we found that:

- The Council has a range of ways in which it engages with its tenants:
 - The use of Tenant Liaison Officers to give an interface between the Council, contractors and the individual tenant generally works well.

- Follow up visits by the Council’s technical staff are made to tenants at the completion of improvement works, but further checking of any snagging items or defects is required to ensure that all work is completed to tenants’ satisfaction. Concerns about this aspect of improvement works has been identified in the Council’s tenants’ satisfaction survey results and was expressed by Tenants at our focus groups.
- the Council’s ‘Open House’ magazine provides a range of information about tenant related issues and helpful hints and guidance.
- The Council has undertaken Tenant Satisfaction surveys on a regular basis which gives the Council sufficient information about the areas where tenants believe that improvement to services should occur.
- The Council did a tenant satisfaction survey in 2017. 2,618 tenants responded to this survey. The survey found that 80% of tenants who responded were satisfied with the condition of their home, while 20% were dissatisfied. Of the 2,618 respondents, 40% had not seen an improvement to their house or estate. Of those tenants who had received improvements to the inside of their homes, approximately 22% were not satisfied with the end result. The Council should consider how it can address tenants’ concerns, particularly as the bulk of the WHQS work (kitchens and bathrooms) is now being done within tenants’ homes.
- The Council has not systematically analysed the reasons and factors contributing to the concerns of its’ tenants, expressed through the Council’s own tenant satisfaction survey, about the quality and timeliness of work carried out by contractors.
- Whilst the Council has a Tenant Participation Strategy covering the period 2015-18, it is limited in scope and information, including how resources will be used to support priorities. The Council has indicated that a new strategy will be produced during 2018, and this will be an opportunity to extend the ways on which it consults, engages and involves tenants.
- Our telephone survey found that:
 - 61% of respondents said that the Council included them in the design or specification of any improvement works, but 35% said they were not.
 - 85% of tenants we spoke to as part of our telephone survey said that they can quickly and easily contact the Council at a time that is convenient to them.
 - 62% of tenants we spoke to are satisfied the Council takes their views into consideration, and listens and acts upon them, although 21% are unsure. The remainder are dissatisfied (17%) suggesting there is work to do on engagement.

- The findings from our focus groups with a small number of BME tenants also suggested that the Council needs to consider how it can improve its engagement with tenants whose first language is not English or Welsh.
- Disruption payments are made to many tenants who are receiving work to their homes. In 2017-18 payments totalling £443,250 were made to 2,571 households. However, it was evident from our focus groups with tenants that there was some confusion about these disruption payments.

- The arrangements and approval for disruption payments should be revisited by the Council, and information provided to tenants should be made clearer on the subject. It was evident from our focus groups with tenants that there was some confusion about these disruption payments.

Appendix 1

Infographic summarising the key findings from our telephone survey

Exhibit 1: infographic summarising the key findings from our telephone survey with a sample of the Council's housing tenants



Most tenants we spoke to find their homes warm enough in winter but some told us they had problems with damp



HEATING

70% of tenants do not find it difficult to heat their homes in the winter



DAMP

34% of tenants we spoke to said they have damp in some parts of their homes. In most cases, tenants identified the damp through visible mould and had reported the problem to the Council

Tenants we spoke to don't always get the information that they need about WHQS



INFORMATION

24% of tenants told us that the Council has told them about WHQS



EXPLAINING THE NEED FOR THE WORKS

48% of tenants who have had works told us that the Council explained why the improvement works were needed



NEXT TWO YEARS

38% of tenants we spoke know if the Council will be making any improvements to their homes in the next 2 years, 39% told us they didn't know and 23% didn't know/couldn't remember



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

The telephone interviews for **City and County of Swansea Council** ran from **24th April** until **9th May** 2018.

The Auditor General requested a sample of around 5% of all of the Council's tenants and leaseholders. The sample of **680** respondents was divided between tenants and leaseholders based on the WHQS compliance status of the **9,072** (general needs and sheltered housing) and **501** leaseholder properties that the Council provided. Properties can be fully compliant, non-compliant or acceptable fails. The sample also reflects the WHQS status of properties across the area based on the data provided by the Council. **639** tenants and **41** leaseholders responded to the survey.

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Appendix B

Action plan in response to WAO report on Welsh Housing Quality Standard Review including Council Tenants' views.

The following information details key actions which the Housing service will put in place to deliver improvements as a result of the feedback received from the Wales Audit Office.

Proposals for improvement identified by WAO	Actions	Officer responsible/By when
<p>P1 The Council should provide more timely and transparent reporting of progress on WHQS to Members and tenants.</p>	<ul style="list-style-type: none"> • Update existing stock condition data with the results from the latest survey to provide an up to date record of condition and WHQS compliance in April 2019. Provide a summary of the current position to: <ul style="list-style-type: none"> ➤ Cabinet Member ➤ Housing Futures Programme Board ➤ Housing Futures Member/Officer steering group ➤ Ward members ➤ Website/Open House ➤ Tenant Groups • Ensure acceptable fail reasons are communicated clearly as to what they are and how they will be treated in future in Feb/March 2019: Specific explanation as to what they are, how they are applied, current levels and plans for the future set out to: <ul style="list-style-type: none"> ➤ Housing Futures Programme Board ➤ Housing Futures Member/Officer steering group ➤ Include a section in the HRA capital programme report to Council ➤ Website/Open House ➤ Tenant Groups 	<p>Dave Bratley April 2019</p> <p>Dave Bratley Feb/March 2019</p>

	<ul style="list-style-type: none"> • A progress update is on the website detailing information on the various components of WHQS. It was included in the July 2018 edition of Open House and further information is included in the early 2019 edition. • Following submission of stats to Welsh Government Aug/Sept each year, compliance/Acceptable Fails annual data will be circulated to: <ul style="list-style-type: none"> ➤ The Cabinet Member and Ward members ➤ Housing Futures Programme Board ➤ Housing Futures Member/Officer steering group ➤ Updates in Open House magazine and website ➤ Reported to Tenant groups • Undertake review of Compliance policy by July 2019 for consideration by Cabinet/Council 	<p>Dave Bratley Sept 2019</p> <p>Peter Williams July 2019</p>
<p>P2 The Council should ensure there is effective monitoring and scrutiny of its progress so that any issues can be resolved quickly.</p>	<ul style="list-style-type: none"> • An annual position statement about progress in delivering WHQS by the 2020 target is scheduled on the Scrutiny Work Programme 2019/20 and will be reported to the Service Improvement & Finance Panel. • Reporting on WHQS progress and levels of compliance are formally embedded in existing governance arrangements. These include; <ul style="list-style-type: none"> ➤ Quarterly reports to Welsh Government on programme progress are reported to the Joint Housing Programme Forum, Housing Futures Programme Board and Housing Futures Member/Officer steering group 	<p>Mark Wade March 2019</p>
<p>P3 The Council should procure any outstanding works as soon as possible and ensure there is robust monitoring of contracts so that works are completed on time and to the level of quality agreed.</p>	<ul style="list-style-type: none"> • We have a detailed procurement programme in place for the work that is required to enable us to complete all elements of the WHQS by 31st December 2020. • A large amount of the work is carried out by our own internal work force giving us greater control, visibility and certainty on progress and completion timescales. • Every external contract is monitored on a monthly basis to ensure that agreed timescales are met and appropriate action taken if contracts fall behind for any reason, daily checks are carried out by the Clerk of the Works in relation to progress and quality of work and their findings are reported back to the contract QS who will challenge the contractors if there are any discrepancies. 	<p>Nigel Williams Actions are ongoing</p>

	<ul style="list-style-type: none"> • All contracts are monitored through a Programme Tracker, any that have a significant change from one month to the next are escalated to the Head of Service, an explanation for the change has to be provided along with a plan on how the contract will be brought back on track. • Quarterly monitoring reported to Welsh Government and Joint Housing Programme Forum 	
P4 The Council should improve on its current arrangements to publicise arrangements for disruption payments to tenants in a clear, understandable and transparent way, and make sure tenants are aware of what they can and cannot claim for.	<ul style="list-style-type: none"> • Information about Disturbance Allowance is discussed with the tenant at the 10 week visit pre-construction phase and sums to be paid confirmed in the Major Works Agreements and Kitchen & Bathroom brochure. • The narrative in the above documents will be reviewed and made clearer, where possible. • An additional letter will be attached to tenant BACS forms to confirm the payment process and how much the tenant is entitled. • Disturbance Allowance information has been added to Housing Services website • A consultation event will be undertaken with Tenant groups in January 2019 to consider how this could be further improved. 	Dave Meyrick January 2019 and ongoing
P5 The Council should strengthen how it engages with its tenants, including ensuring tenants are clear why and when works are being undertaken	<ul style="list-style-type: none"> • All tenants are informed by letter, usually a minimum of 12 weeks before commencement of work is undertaken at their homes. Letters have been reviewed to ensure a wider explanation is given about why the work is required • In subsequent home visits, tenants are informed of the work to be carried out and this information is confirmed in Major Works Agreement documents and brochures. This engagement will continue in its current format. • The Kitchen and bathroom schedules are on the Council website however these may not be widely accessed. Signposting tenants to this information has been included in the Open House magazine, the Council's face book page and information in the District Housing offices. • The introduction of a Housing Facebook page will also help improve how the information about the works is communicated. • New tenants are advised at sign up on works scheduled to be completed • Proposed works are also discussed at tenant groups. 	Dave Meyrick Actions are ongoing
P6 The Council should update key plans, such as the	<ul style="list-style-type: none"> • HRA Asset management plan to be completed by April 2019 • Repairs ,Maintenance and Improvements Policy to be completed by July 2019 	Peter Williams April/July 2019

Repairs, Maintenance and Improvement policy and the Housing Revenue Account (HRA) asset management plan		
Additional Issues raised by the WAO	Actions	Officer responsible/By when
All void empty properties are brought up to the WHQS prior to re-letting unless they are soon to be completed within the primary WHQS capital programme. However, the Council recognises this has impacted upon the length of time taken to re-let void properties, and it needs to consider how it can improve this.	<ul style="list-style-type: none"> • A Housing Commissioning review commenced in September 2018 and changes/improvements to the Voids and letting process will be considered and implemented in 2019/2020. 	Jane Harris By end of 2020
Of the 680 tenants that the WAO spoke to about 1 in 3 tenants reported concerns with heating systems and damp in their home.	<ul style="list-style-type: none"> • All tenants are encouraged to report any concerns they have with their home to the repairs contact centre. Articles on condensation issues are regularly included in the Open House magazine to raise awareness regarding the accuracy of identifying damp problems as very often it could be condensation caused by lack of ventilation /lifestyle etc. An article has been included in the latest issue. • The Council continues to take a proactive approach to improving its homes and energy rating. The housing stock has already reached a key standard of energy efficiency (average SAP is now 65) and the current kitchen and bathroom programme includes mechanical ventilation which removes airborne moisture and reduces condensation. 	Lynda Grove Ongoing action Dave Bratley ongoing works scheduled in Capital programme

<p>Follow up visits by the Council's technical staff are made to tenants at the completion of the improvement works, but further checking of any snagging items or defects is required to ensure that all work is completed to tenants satisfaction. Concerns about this aspect of improvement works has been identified in the Council's tenants' satisfaction survey results and was expressed by Tenants at our focus group.</p>	<ul style="list-style-type: none"> • Clerk of Work will return to property after the snagging list issued is confirmed complete by the contractor. • Completion Certificates will be withheld until CoW is satisfied work is completed to the required standard. • Work quality complaints made by tenants on the Housing Services questionnaire will continue to be referred to technical officers and contractors for further investigation. • A further procedure be jointly developed with Building Services by June 2019 to ensure feedback is provided about each complaint, to confirm action required and determine if complaints justified. 	<p>Andrew Jackett/Dave Meyrick June 2019</p>
<p>The Council did a tenant satisfaction survey in 2017. 2,618 tenants responded to this survey. The survey found that 80% of tenants who responded were satisfied with the condition of their home, while 20% were dissatisfied. Of the 2,618 respondents, 40% had not seen an improvement to their house or estate. Of those tenants who had received improvements to the inside of their homes, approximately 22% were not satisfied with the end result. The Council</p>	<ul style="list-style-type: none"> • Further analysis of tenant dissatisfaction will be carried across individual contractors to identify trends in perceived service weakness. • Undertake a review of how contractors are deploying tenant liaison staff, to ensure they are meeting contractual obligations. • Initial findings suggest main tenant dissatisfaction is due to lack of liaison by contractor's staff while work is and progress and failing to complete work within timescales set out. • Carry out a review of completion times to determine if there are discrepancies between number of working days recorded in the contractor's site diary and working days recorded on completion certificate. 	<p>Andrew Jackett/Dave Meyrick June 2019</p>

<p>should consider how it can address tenants' concerns, particularly as the bulk of the WHQS work (kitchens and bathrooms) is now being done within tenants' homes. The Council has not systematically analysed the reasons and factors contributing to the concerns of its' tenants, expressed through the Council's own tenant satisfaction survey, about the quality and timeliness of work carried out by contractors.</p>		
<p>Whilst the Council has a Tenant Participation Strategy covering the period 2015-18, it is limited in scope and information, including how resources will be used to support priorities. The Council has indicated that a new strategy will be produced during 2018, and this will be an opportunity to extend the ways on which it consults, engages and involves.</p> <p>The findings from our focus groups with a small number of BME tenants also</p>	<p>The Welsh Government introduced the requirement to implement Tenant Participation strategies and action plans in 2007 over 3 year cycles. Whilst this is no longer a national requirement, the Council has continued to implement a strategy and action plan as best practice since then. The main purpose of the strategy is to actively encourage tenant involvement to help the continuous improvement of housing services. The current strategy is the Council's 4th since 2008 and these have all been developed with a Tenant Steering group, other existing groups and as a result of tenant surveys.</p> <ul style="list-style-type: none"> • The 2019-2021 strategy is currently being drafted, following its development with existing tenant groups, feedback from a comprehensive questionnaire to all tenants and face to face surveys in District Housing Offices. Findings from the surveys highlight that 81% do not want to get involved in issues that affect their home and area. • However the new strategy will continue to look at ways that encourage more tenants and increase the numbers under represented to get involved via closer working with Local Area Co-ordinators, the introduction of a Housing Facebook 	<p>Lynda Grove Action is ongoing</p>

<p>suggested that the Council needs to consider how it can improve its engagement with tenants whose first language is not English or Welsh.</p>	<p>page to promote whats happening in the local area, a survey will be undertaken with the Council's Disability Liaison Group and Regional BME network etc.</p> <ul style="list-style-type: none"> • All tenants get individual visits prior to works commencing and Improvement officers make all the necessary arrangements to ensure communication is offered in alternative formats/liaise with family members and utilise the telephone translation line. • Officers across Housing services offer all service users/tenants information in the language of their choice from the time they access a service/sign up for a property. However we will continue to improve all methods of communication via working with BME tenants who are on existing groups and also promote the telephone translation service etc. 	
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Report of the Chief Transformation Officer

Audit Committee – 9 April 2019

Monthly Corporate Risk Tracking March 2019

Purpose: This report presents the status of risk three Corporate Risks as at 29/03/19 that Audit Committee has prioritised and decided to track each month in order to provide further 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 decided on the 11th December 2018 to prioritise and track each month three Corporate Risks in order to give further assurance that the risk management process is being followed.

2. Corporate Risks – monthly tracking

2.1 The Committee decided to track each month the following Corporate Risks:

- CR80 - **Financial Control and Sustainable Swansea**
- CR81 – **City centre**
- CR90 (and supplementary risk CR102) - **Decision to leave the European Union (BREXIT)**

2.2 This report at Appendix A describes the status of each risk as at March 2019 (as at 28/03/19).

3. Equality and Engagement Implications

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

4. Legal Implications

4.1 There are no legal implications.

5. Financial Implications

5.1 There are no financial implications.

Background papers: None.

Appendices: Appendix A - Corporate Risk Register extract dated 28/03/19

Monthly Corporate Risk Register Report – 28th March 2019

Risk Id	Risk Title	Category	Responsible Officer	Date Last Updated	Updated By	Overall RAG
CR 80	Financial Control and Sustainable Swansea	Corporate Finance	ben smith	13/02/2019	BEN.SMITH	R
CR 81	City Centre	Corporate Plan Priorities	martin nicholls	26/03/2019	MARTIN.NICHOLLS	A
CR 90 / 102	Decision to leave the European Union (BREXIT)	Corporate Finance	adam hill	28/03/2019	RICHARD.ROWLANDS	R

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

All the above refreshed for 2019-20 budget round including launch of Zero Based Budget as next phase of Sustainable Swansea

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.

BGS 13/2/19 - final settlement £1.5m better than provisional - this had been fully factored into Dec Cabinet budget report. Capital settlement for next 3 years £20m better than provisional, saving £1.5m in borrowing costs per annum longer term. Again fully factored into December Cabinet report.

Feb 19 - 3rd quarter budget monitoring indicates no material improvement - S151 action to ensure budget technically balances for 18/19 - downside is increases risks faced in 2019/20 budget round.

Feb 19 - current budget and mtfp reports going through Scrutiny and Cabinet and Council process. Publication for Special Cabinet missed publication deadline for February Audit Committee. Will follow to next Audit Committee (April).

Responsible Officer: ben smith

Current Likelihood: Very High

Current Impact: Very High
Overall RAG Status: Red
Report Date: 28/03/2019 12:33:18

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 agreement in place
- City Centre Strategic Framework and resources to deliver it.
- Political mandate, leadership and support.
- Development advisory group in place
- Positive coms attracting inward investment opportunities
- 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
- Financial commitment through the councils capital and revenue programme and EU/WG funding streams

Updated 26th March 2019 MPN

Actions to be taken:

- Cabinet approved funding via FPR 7 for next stage of projects on the 21st June 2018.
- Cabinet approved City Deal joint committee report on the 21st June 2018 with Council on the 26th July. Joint committee and ESB now constituted.
- Full planning permission obtained for phase 1 October 2018.
- Cabinet approved the FPR7 report on the 29th November to continue with detailed design and delegate decision on enabling works to section 151 officer.
- Contract award report for PCSA contractor appointment (stage 1) completed January 2019.

- Regional scrutiny now constituted.
- Amendment made to City Deal business case following meeting with WG/UK government Nov 2018. Final approval of business case sought from Joint committee on the 28th March for formal sign off.
- Phase 2 scheme included in DiT Wales investment portfolio launched in MIPIM in March 2019.
- Approval to proceed to PIN notice to seek joint venture partners for strategic assets.

Next steps

- Formal approval of business case for phase 1 city deal including receipt of terms.
- Finalise cost certainty and seek FPR approval (June /July 2019)

Updated 26th March 2019 MPN (no change in ratings)

Responsible Officer: martin nicholls

Current Likelihood: High

Current Impact: Medium

Overall RAG Status: Amber

Report Date: 28/03/2019 12:33:18

CR 90 / 102: Decision to leave the European Union (BREXIT)

Risk Description:

New Description 23/01/19 (see below) - If there is continuing uncertainty from the decision to exit the European Union (BREXIT), then the Council will not be able to prepare as effectively as it would like to in order to ensure service continuity and to safeguard the financial / economic, social, environmental and cultural well-being of citizens and resident EU nationals.

Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR64. (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 Description revised on 23/01/19 following approval by cross-departmental Brexit Steering Group on 21/01/19.

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've 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.
Internal steering group focused on preparedness across the organisation and linking through to external groups set up and meeting monthly with action log to ensure measures are put in place and tracked.

Updated 28/03/19 RR

- Ensured that organisations supplying Agency Workers to the Council are complying with Government advice, guidance and rules concerning the employment and status of resident EU nationals
- Draft communications plan and portal for Brexit related internal and external communication and information, including the dissemination of Welsh and UK Government advice developed.

Actions to be taken:

- Lobby via WLGA, professional associations for locally retained business rates.
- 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 (COMPLETE).
- Undertake a BREXIT impact assessment (COMPLETE).

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 consequential - 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.

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 (COMPLETE - Description revised 23/01/19).
- 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 –

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

RR 28/01/18 - New controls added following Brexit Steering Group held on 21/01/19. Progress to be reviewed at the next meeting on 26/02/18.

- List all the groups that are meeting with internal and external partners to discuss and respond to Brexit.
- Develop a single communications plan and portal for Brexit related internal and external communication and information, including the dissemination of Welsh and UK Government advice (DRAFT COMPLETE 22/03/19).
- Direct communication with partners through the Local Resilience Forum.
- Revise and fully test Business Continuity Plans (as well as the Port Authority), including the robustness of supplier and partner arrangements.
- Ensure that organisations supplying Agency Workers to the Council are complying with Government advice, guidance and rules concerning the employment and status of resident EU nationals (COMPLETE 26/02/19).
- Establish a working group to prepare an action plan to manage and support the affected EU resident Council workforce and the implications for service delivery.
- Establish a gap analysis to identify all programmes and projects dependent upon EU funding & create a list of strategic options post 2020.
- Procurement - identify level of exposure amongst suppliers and alternative arrangements (especially in services to vulnerable people) should supply be disrupted.

AH 7/3/2019 - This is all covered through the Brexit Steering group with officers allocated responsibility for managing and acting on each point above and feeding back to the steering group.

RR 28/03/19 - controls and actions updated.

Responsible Officer: adam hill

Current Likelihood: Very High

Current Impact: Medium

Overall RAG Status: Red

Report Date: 28/03/2019 12:33:18

Agenda Item 15



Report of the Chief Auditor

Audit Committee – 9 April 2019

Audit Committee – Action Tracker

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

AUDIT COMMITTEE ACTION TRACKER 2018/19	
Action	Outcome
12/02/19 Min 74 – WAO Proposals for Improvement Report	
Appendix A to the report is to be distributed to the Committee Members by the Strategic Delivery & Performance Manager.	
12/02/19 Min 75 – Overview of the Status of Risk Report Q3 2018/19	
The Strategic Delivery & Performance Manager to report back on the percentage of staff who have completed Health & Safety training.	
The Strategic Delivery & Performance Manager is to report when the annual report on regional working identified in CR101 will be reported to Council.	
12/02/19 Min 76 – WAO Audit Committee Update Report February 2019	
The WAO Assurance and Risk Assessment Review be reported to the next scheduled meeting in April.	
12/02/19 Min 77 – Internal Audit Monitoring Report Q3 2018/19	
A review of the DBS Protocols is to be included in the 2019/20 Audit Plan.	The DBS Audit had already been included in the proposed Internal Audit Plan for 2019/20. CLOSED
The Chief Auditor investigates the DBS protocols and procedures, particularly in schools / cleaning services.	Explanatory briefing report was requested from the Service Centre Helpdesk & DBS/SCW Manager outlining the DBS protocols, procedures and controls. Reported to Committee in April. - CLOSED
The Chief Auditor is to provide feedback on the results of the follow up audit undertaken on the Cleaning Services audit.	Follow up completed. Feedback provided at the April meeting. - CLOSED
12/02/19 Min 78 – Internal Audit Plan Methodology Report	
The Assurance Map is to be revised to reflect comments made by the Chair where appropriate and also responses received from CMT and Risk Managers. MAP is also to be updated to reflect the fact that periodic budget variation reports have not been presented to the Committee to date. (Note the first report is due at the April meeting and are included in the 2019/20 workplan).	An updated Assurance Map provided at the April meeting as an appendix to the Audit Plan 2019/20. - CLOSED
12/02/19 Min 79 – WAO Reports	
Scrutiny are to ensure any reports presented to Audit Committee for information after they have been presented to Scrutiny include an explanatory cover report.	Scrutiny/ Corporate Performance Manager have been made aware of this request for future reports. CLOSED
12/02/19 Min 80 – Audit Committee Action Tracker Report	

<p>An update to be provided regarding the progress of Procurement Team providing dedicated support to schools. Note that the updated catalogue for schools was scheduled to be reported to Committee in April.</p>	<p>As per Head of Commercial Services 06/03/19: The Procurement Service / Commercial Services have engaged with Schools to provide an enhanced procurement service for all Schools (which was requested). However, due to the nature of the funding system and 'delegated budgets' Schools would then have to pay for this service, but Schools have not decided to do so - discussions are on-going on this matter and it is hoped that it can be resolved, but funding is the key issue. The Director of Education, Nick Williams, noted some months ago that there may have been grant funding available to offset Schools' costs and help facilitate a way forward, but the Education Service's Head of Funding and Information Unit has since confirmed that the Welsh Government funding will be allocated toward a different priority.</p> <p>A list of contracts was provided to Schools last year for their review and to the Audit committee at its last request. The contract list provided for Schools is the corporate contract list – in order to use one or more of the contracts Schools would need to contact the procurement team as these are central contracts that affect many departments and so we would not allow different parts of the organisation to access them directly without overview and an assessment of appropriateness (this is normal practice that applies to all Council departments and Services).</p> <p>Schools are no longer waiting for an updated catalogue, discussions are now in relation to the provision and financing of a more intensive support function. -CLOSED</p>
<p>An update to be provided on the use of supply / agency staff by schools and establishing the spend against supply / agency costs.</p>	<p>Principal Finance Partner for Schools agreed to provide this information via the PSO's. Information has been received. Chair has requested a report from Head of Commercial Services in relation to Supply Procurement.</p>
<p>12/02/19 Min 81 – Audit Committee Workplan</p>	
<p>Trusts and Charities, Treasury Management and Budget Variation reports are to be added to the Audit Committee Workplan.</p>	<p>These have been included in the draft workplan for 2019/20. CLOSED</p>
<p>11/12/18 Min 57 – Wales Audit Office Annual Audit Letter</p>	
<p>The Committee is to be updated regarding budget variations.</p>	<p>See also Min 51 on 09/10/18 – this will be addressed in the budget monitoring reports that will be brought to Committee. First report due at April meeting, and included in the 2019/20 workplan. -CLOSED</p>
<p>11/12/18 Min 59 – Overview of the Overall Status of Risk – Quarter 2 2018/19</p>	
<p>A Risk Report be provided to every scheduled Audit Committee. The Risk Report must include Budget / Sustainable Swansea, City Deal / City Centre and Brexit.</p>	<p>Q3 Risk Report 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. CLOSED</p>
<p>The contents of the Risk Register requires enhancement.</p>	<p>Currently under review.</p>

11/12/18 Min 61 – Trusts and Charities	
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. Has been added to the Audit Committee Workplan. CLOSED
11/12/18 Min 62 – Treasury Management Annual Report 2017/18	
Regular Treasury Management updates are to be provided to the Committee.	Deputy Chief Finance and Deputy 151 Officer informed. Has been added to the Audit Committee Workplan. CLOSED
11/12/18 Min 67 – Internal and External Audit Recommendation Follow Up Process	
Wales Audit Office reports received by Scrutiny Programme Committee also be reported to Audit Committee for information only.	Reports will be presented to Audit Committee after they have been presented to Scrutiny Committee. Process now in place. CLOSED
11/12/18 Min 68 – Internal Audit Annual Plan 2018/19 Monitoring Report	
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
09/10/18 Min 47 – Internal Audit Monitoring Report	
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
09/10/18 Min 50 – Annual Report of School Audits 2017/18	
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. Update 06/03/19 – No longer applies, please see narrative in Min 80 12/02/19. - CLOSED
09/10/18 Min 51 – WAO Annual Improvement Report 2017/18	
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
09/10/18 Min 52 – WAO Update October 2018	
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
09/10/18 Min 54 – Audit Committee Workplan	
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
14/08/18 Min 31 – Draft Audit Committee Annual Report 2017/18	

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
14/08/18 Min 32 – Audit Committee Performance Review 2017/18 Action Plan	
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
14/08/18 Min 33 – Internal Audit Annual Report 2017/18	
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
17/07/18 Min 20 – Draft Annual Governance Statement 2017/18	
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
17/07/18 Min 20 – Draft Statement of Accounts 2017/18	
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
26/06/18 Min 17 – Audit Committee Review of Performance 2017/18	
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
12/06/18 Min 5 – Internal Audit Monitoring Report Quarter 4 2017/18	
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
12/06/18 Min 6 – Social Care Contracts Audit	
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 provided at the April 2019 meeting. –CLOSED
12/06/18 Min 9 – 2016/17 Performance Review Update Report	
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
12/06/18 Min 12 – Overall Status of Risk Report Q4 2017/18	
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

AUDIT COMMITTEE ACTION TRACKER 2017/18	
Action	Outcome
10/04/18 Min 73 – Work of Policy Development & Delivery Committees	
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
10/04/18 Min 72 – Key Risks	
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
10/04/18 Min 77 – Internal Audit Plan 2018/19	
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
10/04/18 Min 80 – Audit Committee Performance Review 16/17 Update	
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
08/03/18 Min 67 – Internal Audit Monitoring Report – Moderate Reports	

<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>08/03/18 Min 67 – Internal Audit Monitoring Report – Moderate Reports</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>08/03/18 Min 68 – Amendments to Contract Procedure Rules</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>12/12/17 Min 53 – Good Governance When Determining Significant Service Changes</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>12/12/17 Min 56 – Internal Audit Monitoring Report Q2 17/18</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>26/09/17 – Procurement in Schools</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>11/07/17 – Performance Review Development of the Audit Committee</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
11/07/17 Min 16 – Draft Statement of Accounts	
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
20/06/17 Min 5 – Work Programme	
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

Agenda Item 16



Report of the Chief Auditor

Audit Committee – 9 April 2019

Audit Committee – Workplan 2018/19

Purpose:	This report details the Audit Committee Workplan to May 2019.
Report Author:	Simon Cockings
Finance Officer:	Simon Cockings
Legal Officer:	Tracey Meredith
Access to Services Officer:	Rhian Millar
For Information	

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
Training	Audit Committee Initial Training Risk Management		Financial Management & Accounting Governance	Internal Audit	External Audit	Counter Fraud			
Governance	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	Governance Update – Deputy Chief Executive
Internal Audit	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 DBS Process Update
Risk Management & Performance	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	Key Risks Update Report
Counter Fraud					Corporate Fraud Annual Report 2017/18				Corporate Fraud Annual Plan 2019/20
External Audit		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

Financial Reporting			Draft Statement of Accounts 2017/18 - CCS Letters of Representation CCS & Pension Fund	Draft Statement of Accounts 2017/18 - Pension Fund			Review of Reserves Report. Trusts & Charities Update Report. Treasury Management Annual Report		Budget Report
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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**

Key Finding	Proposed Actions	Target Date	Progress Update 31/01/19
Assurance Framework – 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. Lead Office: Chief Executive	September 2018	Ongoing
Risk Register – 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. Lead Officer: Strategic Delivery & Performance Manager	August 2018	Complete Committee received register details on 14/08/18.
Annual Governance Statement (AGS) – 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. Lead Officer: Head of Legal, Democratic Services & Business Intelligence	September 2018	Complete 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.
Benchmarking – 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. Lead Officer: Head of Democratic Services	December 2018 September 2018	Ongoing Completed 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

Key Finding	Proposed Actions	Target Date	Progress Update 31/01/19
<p>Council Objectives – 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 & Business Intelligence and the Governance Group.</p> <p>Lead Officer: Head of Legal, Democratic Services & Business Intelligence</p>	September 2018	<p>Complete Amended version of the AGS included commentary to reflect this, as approved by Committee on 23/08/18.</p>
<p>Partnerships – 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>Lead Officer: Chief Executive / Head of Legal, Democratic Services & Business Intelligence.</p>	December 2018	<p>Ongoing</p>
<p>Reporting – 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>Lead Officer: Strategic Delivery & Performance Manager.</p>	December 2018	<p>Ongoing Email sent to RR 16/08/18, expected by December.</p>
<p>Recommendations – 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>Lead Officer: Chief Auditor, Chief Finance Officer</p>	December 2018	<p>Ongoing 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>Wales Audit Office (WAO) escalation process – 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>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.</p>
<p>Meeting with WAO – 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>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.</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).