



**Dinas a Sir Abertawe**

**Hysbysiad o Gyfarfod**

Fe'ch gwahoddir i gyfarfod

## **Pwyllgor Llywodraethu ac Archwilio**

**Lleoliad:** Ystafell Bwyllgor 5, Neuadd y Ddinas, Abertawe

**Dyddiad:** Dydd Mawrth, 20 Ebrill 2021

**Amser:** 2.00 pm

**Cadeirydd:** Paula O'Connor

### **Aelodaeth:**

Cynghorwyr: C Anderson, P M Black, D W Helliwell, T J Hennegan, P R Hood-Williams, P K Jones, J W Jones, E T Kirchner, M B Lewis, S Pritchard, A H Stevens, L V Walton a/ac T M White

Aelod Lleyg: Julie Davies

**Gwyllo ar-lein:** <https://bit.ly/3fuXxMC>

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### **Agenda**

	<b>Rhif y Dudalen.</b>
<b>1 Ymddiheuriadau am absenoldeb.</b>	
<b>2 Datgeliadau o fuddiannau personol a rhagfarnol.</b> <a href="http://www.abertawe.gov.uk/DatgeluCysylltiadau">www.abertawe.gov.uk/DatgeluCysylltiadau</a>	
<b>3 Cofnodion.</b> Cymeradwyo a llofnodi, fel cofnod cywir, gofnodion y cyfarfod(ydd) blaenorol.	<b>1 - 8</b>
<b>4 Adroddiad Archwilio Cymru - Cynllun Archwilio Dinas a Sir Abertawe 2020-2021.</b>	<b>9 - 28</b>
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<b>8 Audit Committee Action Tracker Report. (For Information) (Jeremy Parkhouse)</b>	<b>176 - 181</b>
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**Cyfarfod nesaf:** Dydd Mawrth, 18 Mai 2021 ar 10.00 am

*Huw Evans*

**Huw Evans  
Pennaeth Gwasanaethau Democrataidd  
Dydd Mawrth, 13 Ebrill 2021**

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**Cyswllt: Gwasanaethau Democrataidd: - 636923**

# Agenda Item 3



Dinas a Sir Abertawe

## Cofnodion Cyfarfod y Pwyllgor Archwilio

Ystafell Bwyllgor 5, Neuadd y Ddinas, Abertawe

Dydd Mawrth, 9 Mawrth 2021 am 2.00 pm

**Yn Bresennol:** P O'Connor (Cadeirydd) oedd yn llywyddu

### Y Cynghorydd(wyr)

C Anderson  
P R Hood-Williams  
M B Lewis  
T M White

### Y Cynghorydd(wyr)

P M Black  
P K Jones  
S Pritchard

### Y Cynghorydd(wyr)

D W Helliwell  
J W Jones  
L V Walton

### Aelod Lleyg

Julie Davies

### Swyddog(ion)

Simon Cockings  
Adam Hill  
Tracey Meredith  
Jeremy Parkhouse  
Richard Rowlands  
Ben Smith

Prif Archwiliwr  
Dirprwy Brif Weithredwr/Cyfarwyddwr Adnoddau  
Prif Swyddog Cyfreithiol  
Swyddog Gwasanaethau Democrataidd  
Rheolwr yr Uned Cyflwyno Strategol  
Prif Swyddog Cyllid / Swyddog Adran 151

### Sefydliadau Cynrychioliadol

Jason Garcia Wales Audit Office

**Ymddiheuriadau am absenoldeb:** Y Cynghorwyr T J Hennegan, E T Kirchner ac A H Stevens

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#### 44 Datgeliadau o fuddiannau personol a rhagfarnol.

Yn unol â'r Côd Ymddygiad a fabwysiadwyd gan Ddinas a Sir Abertawe, ni ddatganwyd unrhyw fuddiannau.

#### 45 Cofnodion.

**Penderfynwyd** cymeradwyo cofnodion cyfarfod blaenorol y Pwyllgor Archwilio fel cofnod cywir.

Nodwyd nad oedd y Cynghorydd P K Jones yn gallu bod yn bresennol yn y cyfarfod diwethaf gan ei fod yn cael brechiad COVID-19.

**46 Canolfan Wasanaeth - Adroddiad Dilydol y Gwasanaeth Datgelu a Gwahardd (DBS). (Sian Williams / Emma Johnson)**

Cyflwynodd Sian Williams, Rheolwr y Ganolfan Gwasanaeth ac Emma Johnson, Rheolwr Desg Gymorth y Ganolfan Gwasanaethau a'r GDG/GCC adroddiad diweddar ar y Ganolfan Wasanaeth, y Gwasanaeth Datgelu a Gwahardd (DBS).

Amlinellwyd bod y cynllun gweithredu, a ddrafftwyd yn dilyn barn archwilio gymedrol, wedi nodi 12 argymhelliad, rhoddwyd 10 ohonynt ar waith yn llawn, rhoddwyd 1 ar waith yn rhannol ac ni roddwyd 1 ar waith.

Cafodd y Pwyllgor yr wybodaeth ddiweddaraf am y sefyllfa bresennol, cynnydd hyd yma, cynnydd/newidiadau ychwanegol a'r heriau parhaus sy'n wynebu'r maes gwasanaeth. Tynnwyd sylw at y gwelliant a wnaed ers mis Hydref 2020, gan gynnwys cyhoeddi adroddiadau misol i Adnoddau Dynol ac ysgolion, yn ogystal â chyflwyno'r Gofrestr Asesu Risg i gryfhau'r broses gydymffurfio, a oedd wedi gweld gwelliant o 57% mewn datganiadau.

Cydnabu'r Pwyllgor y cynnydd a wnaed a thrafododd y canlynol: -

- Mynd i'r afael â'r 43% sy'n weddill mewn perthynas â datganiadau, gan gydnabod na chafwyd unrhyw wiriadau ar ddatganiadau o'r blaen.

Dywedodd y Prif Archwilydd, Simon Cockings, y byddai'r Archwiliad Mewnol yn ailedrych ar y Maes Gwasanaeth yn ystod y flwyddyn ariannol newydd.

Cydnabu'r Cadeirydd y gwaith a wnaed eisoes a diolchodd i'r swyddogion am eu hymdrechion. Ychwanegodd mai'r nod oedd dim goddefgarwch yn y maes hwn.

**Penderfynwyd ar y canlynol: -**

- 1) Atgoffa gweithwyr a rheolwyr ymhellach o'u cyfrifoldebau a'u rôl yn y broses GDG, a dylid eu hatgyfnerthu drwy'r Cyfarwyddwyr a'r Penaethiaid Gwasanaeth er mwyn sicrhau cysondeb a chadernid y broses;
- 2) Mae Gweithwyr a Rheolwyr yn parhau i adrodd i'r Tîm Rheoli Corfforaethol bob chwarter fel diweddariad pellach ar y sefyllfa ar draws yr Awdurdod.

**47 Adroddiad Methodoleg Cynllun Blynyddol Archwilio Mewnol 2021/22. (Simon Cockings)**

Cyflwynodd y Prif Archwiliwr, Simon Cockings, yr adroddiad a oedd yn rhoi crynodeb i'r Pwyllgor Archwilio am y fethodoleg a ddefnyddiwyd i lunio'r Cynllun Archwilio Mewnol Blynyddol cyn adrodd am Gynllun Blynyddol 2021/22 i'r pwyllgor i'w gymeradwyo ar 20 Ebrill 2021.

Ychwanegwyd bod Safonau Archwilio Mewnol y Sector Cyhoeddus (PSIAS) yn darparu fframwaith er mwyn cyflwyno gwasanaeth archwilio mewnol proffesiynol, annibynnol a gwrthrychol sy'n orfodol i bob darparwr archwilio mewnol yn sector cyhoeddus y DU. Un o ofynion y PSIAS yw bod rhaid llunio cynllun Archwilio Mewnol blynyddol yn seiliedig ar risgiau i bennu blaenoriaethau Archwiliad Mewnol,

ac i sicrhau cysondeb â nodau'r cyngor. Rhaid i'r cynllun gynnwys gwybodaeth archwilio ddigonol ar draws y cyngor cyfan er mwyn i'r Prif Archwiliwr allu rhoi barn flynyddol i'r cyngor trwy'r Swyddog Adran 151 a'r Pwyllgor Archwilio ynglŷn â'r amgylchedd rheoli sy'n cynnwys llywodraethu corfforaethol, rheoli risgiau a rheolaeth fewnol.

Rhoddwyd amlinelliad o fanylion Methodoleg y Cynllun Archwilio Mewnol a rhan o ofynion y PSIAS o ran cynllunio archwilio mewnol yn Atodiad 1, darparwyd manylion y Broses Cynllunio Archwilio Mewnol Blynyddol yn atodiad 2, y Cynllun Archwilio wedi'i Fapio yn erbyn Blaenoriaethau Corfforaethol yn Atodiad 3 a Map Sicrwydd Dinas a Sir Abertawe yn Atodiad 4.

Ychwanegwyd bod yr Ymarfer Ymgynghori ar gyfer Cynllun Archwilio 2021/22 wedi dechrau ym mis Hydref 2020 a'i fod wedi gweld nifer o archwiliadau newydd yn cael eu hychwanegu at y cynllun archwilio. Er bod Cynllun Archwilio 2021/22 yn cael ei ystyried ar hyn o bryd, rhagwelwyd y byddai'r archwiliadau arfaethedig, fel mewn blynyddoedd blaenorol, yn cael eu grwpio yn y categorïau cyffredinol canlynol: Archwiliadau llywodraethu a rheoli'r cyngor; archwiliadau sylfaenol; ac archwiliadau sy'n benodol i'r gwasanaeth.

Ystyriwyd bod y broses asesu risg a'r rhaglen dreigl, yr ymarfer ymgynghori a'r adolygiad o'r cofrestrau risg yn pennu'r archwiliadau sy'n ofynnol yn y Cynllun Archwilio ar gyfer 2021/22 y bu'n rhaid eu paru wedyn â'r adnoddau archwilio sydd ar gael. Yr adnoddau archwilio a oedd ar gael yn 2021/22 oedd 9.1 cyfwerth ag amser llawn, ac eithrio'r Prif Archwilydd, a oedd heb newid ers 2020/21.

Dywedodd y Cadeirydd ei fod yn anodd gweld a oedd yr archwiliadau unigol yn ymdrin â phob maes risg, gan nad oedd amcanion pob archwiliad ar gael yn y cynllun ac na fyddai sicrwydd archwilio yn cael ei ddarparu i'r Pwyllgor nes bod yr holl waith wedi'i gwblhau.

**Penderfynwyd** nodi'r fethodoleg ar gyfer paratoi Cynllun Blynyddol Archwilio Mewnol 2021/22.

#### **48 Cynllun Blynyddol Archwiliad Mewnol Drafft 2021/22. (Simon Cockings)**

Cyflwynodd y Prif Archwiliwr y Cynllun Blynyddol Archwilio Mewnol Drafft ar gyfer 2021/22 i'w ystyried, cyn cyflwyno'r cynllun terfynol i'r pwyllgor ym mis Ebrill 2021 i'w gymeradwyo.

Roedd Atodiad 1 yn darparu'r Cynllun Blynyddol Archwilio Mewnol Drafft ar gyfer 2021/22 (Crynodeb) ac Atodiad 2 yn darparu'r Cynllun Blynyddol Archwilio Mewnol Drafft ar gyfer 2021/22.

Trafododd y pwyllgor y canlynol: -

- Yr her o gwblhau'r archwiliad o Gyflawni'n Well Gyda'n Gilydd – Adferiad mewn 10 niwrnod a'r cynllun wrth gefn a oedd wedi'i gynnwys yn y cynllun blynyddol, pe bai'n cymryd mwy o amser na'r amser a neilltuwyd;

- Sut yr oedd nifer y diwrnodau a neilltuwyd yn arwydd o'r amser tebygol y byddai'r archwiliad yn ei gymryd ac roedd cadarnhad yn destun trafodaethau pellach gyda swyddogion;
- Yr adolygiad o Reoli Risg, o dan y Pennaeth Cyfathrebu a Marchnata;
- P'un a oedd cynnwys Cyfrifon Derbyniadwy fel archwiliad sylfaenol risg uchel o ganlyniad i COVID-19, nifer digonol y diwrnodau sy'n ofynnol i gwblhau'r archwiliad, y gwaith a wnaed eisoes gan yr Archwilio Mewnol a sut roedd Cyfrifon Derbyniadwy yn archwiliad blynyddol.

Dywedodd y Cadeirydd fod y Prif Archwilydd wedi cadarnhau bod asesiad risg wedi'i gynnal ar gyfer y Cynllun drafft gan ddefnyddio ei wybodaeth archwilio gronol a'i werthusiad fel y gan fod y fframwaith sicrwydd a'r gofrestr risg yn dal i gael eu datblygu. Darparwyd sicrwydd drwy adroddiad Methodoleg y Cynllun Archwilio, a gynhaliwyd i lywio'r cynllun archwilio mewnol. Ychwanegodd fod dyfnder ac ehangder y cynllun yn heriol iawn i'r Tîm Archwilio Mewnol a gofynnodd i'r Prif Archwilydd sicrhau bod yr archwiliad o risgiau uchel yn ddigon trylwyr, hyd yn oed ar draul maint y cynllun cyffredinol.

Dywedodd y Prif Archwilydd mai blaenoriaeth Archwilio Mewnol oedd Lefelau 1 a 2, hyd yn oed pe bai'n arwain at ohirio Lefel 3 neu feysydd risg isel eraill.

**Penderfynwyd** nodi cynnwys y Cynllun Blynyddol Archwilio Mewnol Drafft.

#### **49 Meincnodi, Effeithlonrwydd a Gwerth am Arian. (Adam Hill)**

Cyflwynodd Adam Hill, Dirprwy Brif Weithredwr, adroddiad 'er gwybodaeth' a oedd yn rhoi trosolwg o sut y ceisiodd y cyngor gyflawni Gwerth am Arian, gan gynnwys rôl meincnodi, a pha wybodaeth oedd ei hangen i alluogi'r Pwyllgor Archwilio i gyflawni ei ddyletswyddau.

Amlinellodd yr adroddiad y cefndir deddfwriaethol, y diffiniad a'r hanes sy'n ymwneud â 'gwerth am arian', 'gwerth gorau' a meincnodi. Ychwanegwyd bod Deddf Llywodraeth Leol ac Etholiadau (Cymru) 2021, a fyddai'n disodli Mesur Llywodraeth Leol 2009, yn ei gwneud yn ofynnol i bob cyngor barhau i adolygu i ba raddau yr oedd yn cyflawni'r 'gofynion perfformiad' a hefyd yn cynnwys i ba raddau yr oedd yn defnyddio ei adnoddau yn economaidd, yn effeithlon ac yn effeithiol.

Esboniwyd ymhellach fod Deddf Llesiant Cenedlaethau'r Dyfodol yn darparu'r cyd-destun y dylai cyngorau fod yn cyflawni eu swyddogaethau ynddo, gan ddefnyddio eu hadnoddau a sicrhau bod eu llywodraethu'n effeithiol, gyda'r nod o fanteisio i'r eithaf ar eu cyfraniad i'r nodau llesiant. Gallai awdurdodau lleol gymhwyso'r meini prawf gwerth am arian a chynnwys cyfleoedd meincnodi fel rhan o'r broses honno.

Yn ogystal, darparwyd esboniadau ynghylch gwerth am arian – sut olwg sydd ar sefyllfa dda; sut olwg sydd ar Abertawe; yr hyn a adroddodd Swyddfa Archwilio Cymru; a rôl y Pwyllgor Archwilio, a ddisgrifiodd y trefniadau ariannol a llywodraethu y byddai angen eu hadnewyddu a'u gwella fel rhan o broses y cyngor wrth roi'r cynllun adfer a thrawsnewid Cyflawni'n Well Gyda'n Gilydd ar waith.

Trafododd y pwyllgor y canlynol: -

- Cefndir clybiau meincnodi a'u swyddogaeth;
- Diffiniad o werth am arian;
- Amlinellu'r 4 E – economi, effeithiolrwydd, effeithlonrwydd, Ecwiti (a chynaliadwyedd);
- Diffinio a mesur sut mae cwsmeriaid yr awdurdod yn sicrhau gwerth am arian a sut y cyflawnwyd hyn drwy grwpiau ffocws, ymgynghori a chyfathrebu â phreswylwyr;
- Roedd y cynllun gweithredu yn gysylltiedig â thargedau, gan ganiatáu amser i'r rhaglen roi sicrwydd a darparu diweddariadau yn y dyfodol ynghlŷn â chynnydd;
- Y gwersi a ddysgwyd o raglenni blaenorol, e.e. Abertawe Gynaliadwy, yn enwedig cael amserlenni realistig a chynigion wedi'u diffinio'n glir;
- Sut y cyfathrebodd y cyngor â'r cyhoedd ynghylch gwerth am arian drwy holiaduron amrywiol, arolygon ac adborth grŵp, gan gynnwys Cynghorwyr a phobl ifanc;
- Sut y mae'r Awdurdod wedi olrhain argymhellion perthnasol a geir yn adroddiadau Archwilio Cymru.

Dywedodd Jason Garcia, Swyddfa Archwilio Cymru, nad oedd holl argymhellion Archwilio Cymru yn eu hadolygiadau cenedlaethol/thematig yn berthnasol i'r Awdurdod. Ychwanegodd, o ran adroddiadau a oedd yn berthnasol, ei fod yn disgwyl i'r Awdurdod weithredu arnynt fel rhan o'i raglen waith ac i roi sicrwydd.

Dywedodd y Dirprwy Brif Weithredwr fod holl adroddiadau Archwilio Cymru wedi'u hadrodd i Bwyllgor y Rhaglen Graffu a bod gan adroddiadau perthnasol gynlluniau gweithredu a oedd yn cael eu monitro.

Dywedodd y Cadeirydd nad oedd yn ymwybodol o'r holl argymhellion perthnasol sy'n gysylltiedig ag adroddiadau Archwilio Cymru. Dywedodd hefyd y dylid eu holrhain yn yr un modd ag adroddiadau a gynhwyswyd yn Adroddiad Orlhain Camau Gweithredu'r Pwyllgor Archwilio gan fod nifer o'r argymhellion yn werth eu hystyried.

**Penderfynwyd** bod camau i olrhain argymhellion Archwilio Cymru yn parhau yn Adroddiad Orlhain Camau Gweithredu'r Pwyllgor Archwilio.

## 50 **Gwrth-dwyll. (Er Gwybodaeth) (Adam Hill)**

Cyflwynodd y Dirprwy Brif Weithredwr, gyda chefnogaeth y Prif Archwilydd a Jeff Fish, Ymchwilydd y Tîm Twyll Corfforaethol, adroddiad 'er gwybodaeth' a oedd yn darparu cynllun gweithredu o ganfyddiadau adroddiad Archwilio Cymru - 'Gwella ein Perfformiad' – Mynd i'r Afael â Thwyll yng Nghymru ac Ymatebion Hierarchaeth Cwestiynau Cam 2 Gwrth Dwyll a lywiodd ddatblygiad yr adroddiad Gwella ein Perfformiad.

Roedd yr adroddiad yn darparu cefndir i adroddiad Archwilio Cymru - Gwella ein Perfformiad – Mynd i'r Afael â Thwyll yng Nghymru (GEP), roedd Atodiad 1 yn darparu'r adroddiad llawn ac amlinellodd Atodiad 2 y cwestiwn Hierarchaeth, a

ddefnyddiwyd fel gwaith maes i ateb y cwestiwn "a yw'r trefniadau ar gyfer atal twyll a chanfod twyll yn y sector cyhoeddus yng Nghymru yn effeithiol?"

Dywedodd y Prif Archwilydd fod Swyddogaeth Twyll yr Awdurdod yn gryf iawn ac y byddai hyn yn cael ei chryfhau wrth symud ymlaen. Cydnabu fod y rhan fwyaf o'r gwaith yn adweithiol ac y byddai'n well ganddo wneud gwaith mwy rhagweithiol. Diolchodd i swyddogion y Tîm Twyll Corfforaethol am eu gwaith gydag adnoddau cyfyngedig.

Ychwanegodd Ymchwilydd y Tîm Twyll Corfforaethol fod prosesau trwyadl ar waith a ddilynwyd gan y tîm ac ychwanegodd fod materion gallu'n effeithio ar y gwaith rhagweithiol yr oedd y tîm yn gallu ei gwblhau. Amlinellodd hefyd y gwaith a wnaed gan y tîm i gynorthwyo ymateb yr Awdurdod i bandemig COVID-19.

Trafododd y pwyllgor y canlynol: -

- Gwerthuso'r gwaith sydd i'w wneud gan fod swyddogion wedi bod yn gweithio mewn meysydd eraill ar gyfer yr Awdurdod a sut y byddai dadansoddiad llawn yn cael ei gyflawni yn ddiweddarach yn y flwyddyn;
- Materion gallu sy'n ymwneud â'r ffaith mai dim ond 2 aelod o staff oedd gan y tîm a'r adolygiad parhaus o'r gwasanaeth;
- Sut y byddai pandemig COVID-19 yn effeithio ar ffigurau wrth symud ymlaen;
- Enghreifftiau o feysydd newydd o dwyll posib o ganlyniad i'r pandemig;
- Y dyddiadau heriol yn y Cynllun Gweithredu.

Soniodd Ben Smith, Prif Swyddog Cyllid/Adran 151 am y cynnydd mewn atgyfeiriadau twyll, yn enwedig mewn meysydd newydd fel grantiau busnes a chydabu faterion gallu'r Tîm Twyll Corfforaethol. Diolchodd hefyd i'r swyddogion am eu hyndrechion i roi sicrwydd gwerthfawr i'r Awdurdod.

Canmolodd y Cadeirydd y gwaith sy'n cael ei gwblhau a gofynnodd i'r Adroddiad Blynyddol a gynhyrchwyd gan y Tîm Twyll Corfforaethol gael ei gyflwyno ar ddiwedd Haf 2021, os oes modd.

**Penderfynwyd** bod yr Adroddiad Blynyddol ar Dwyll Corfforaethol yn cael ei gyflwyno i'r Pwyllgor ar ddiwedd Haf 2021, os oes modd.

**51 Adroddiad Archwilio Cymru - Crynodeb o Archwiliad Blynyddol Dinas a Sir Abertawe ar gyfer 2020. (Jason Garcia)**

Cyflwynodd Jason Garcia, Swyddfa Archwilio Cymru, Grynoded Archwilio Blynyddol Dinas a Sir Abertawe 2020 a ddangosodd y gwaith a gwblhawyd ers yr Adroddiad Gwelliant Blynyddol diwethaf, a gyhoeddwyd ym mis Mawrth 2020.

Amlinellwyd bod SAC yn cwblhau gwaith bob blwyddyn i gyflawni'r dyletswyddau canlynol:

- Archwilio Cyfrifon
- Gwerth am Arian



- Gwelliant Parhaus
- Egwyddor Datblygu Cynaliadwy

Darparwyd manylion canfyddiadau Archwiliad o Gyfrifon 2019-20 Cyngor Dinas a Sir Abertawe. Roedd yr adroddiad hefyd yn amlinellu'r gwaith canlynol a wnaed:

- Archwiliad Llesiant Cenedlaethau'r Dyfodol – Trosglwyddo cyfleusterau hamdden i bartner cyflenwi newydd y cyngor;
- Gwelliant Parhaus;
- Sefydlogrwydd Ariannol (Mawrth 2020);
- Menter Twyll Genedlaethol;
- Arolygiaethau Eraill;
- Astudiaethau Llywodraeth Leol;
- Gwaith wedi'i gynllunio ar gyfer 2020-2021.

Trafododd y pwyllgor effaith pandemig COVID-19, a fydd yn effeithio'n arbennig ar Gyfrifon 2020-21.

Soniodd y Cadeirydd am y negeseuon cadarnhaol a geir yn yr adroddiad.

**Penderfynwyd** nodi cynnwys yr adroddiad.

## **52 Deddf Llywodraeth Leol ac Etholiadau (Cymru) 2021. (Er Gwybodaeth) (Tracey Meredith)**

Cyflwynodd Tracey Meredith, Prif Swyddog Cyfreithiol/Swyddog Monitro, ddiweddariad 'er gwybodaeth' i'r pwyllgor ynghylch newidiadau deddfwriaethol i gylch gorchwyl, aelodaeth ac enw'r Pwyllgor Archwilio.

Amlinellwyd bod Deddf Llywodraeth Leol ac Etholiadau (Cymru) 2021 wedi dod yn gyfraith ym mis Ionawr 2021 a darparwyd manylion am y rhannau hynny a fyddai'n cael yr effaith fwyaf ar yr awdurdod, gan gynnwys Rhan 1 – Etholiadau, Rhan 3 - Hyrwyddo Mynediad i Lywodraeth Leol a Rhan 6 - Perfformiad a Llywodraethu.

Ychwanegwyd y byddai enw a chylch gwaith y pwyllgor yn newid o 1 Ebrill 2021 a bod newidiadau eraill yn ymwneud ag aelodaeth i fod i ddod i rym o fis Mai 2022.

Roedd y cylch gorchwyl diwygiedig, gan gynnwys y newid i enw'r pwyllgor, i'w weld yn Atodiad 1. Gan fod y diweddariadau hyn yn adlewyrchu newidiadau deddfwriaethol, byddai'r Swyddog Monitro yn gwneud y newidiadau angenrheidiol i'r Cyfansoddiad o dan ei phwerau a nodir yn Erthygl 15 o'r Cyfansoddiad. Byddai'r newidiadau'n cael eu hadrodd i'r cyngor er gwybodaeth.

Tynnodd y Swyddog Monitro sylw at y ffaith y byddai angen newidiadau pellach i'r cylch gorchwyl ac y byddai'n trafod gyda'r Dirprwy Brif Weithredwr yr angen i ddod ag adroddiad pellach yn ôl i'r pwyllgor. Byddai angen ystyried maint y pwyllgor yng ngoleuni'r gofyniad deddfwriaethol y byddai angen i draean o'r aelodaeth fod yn Aelodau Lleyg o fis Mai 2022. Teimlai'r Swyddog Monitro a Jason Garcia, Swyddfa

Archwilio Cymru, fod pwyllgor llai yn gweithio'n well drwy ganolbwyntio ar faterion ond mater i'r pwyllgor a'r cyngor fyddai hynny.

Tynnodd y Swyddog Monitro sylw hefyd at y ffaith nad oedd y cylch gorchwyl wedi'i adolygu ers blynnyddoedd lawer a byddai'n trafod gyda'r Dirprwy Brif Weithredwr gan ei bod o'r farn bod angen cyflwyno adroddiad pellach i'r Pwyllgor sy'n canolbwyntio ar ofynion Canllawiau CIPFA.

Trafododd y pwyllgor y canlynol: -

- Amserlen cyflwyno'r newidiadau;
- Aelodaeth y Pwyllgor ar ôl 2022 a'r cydbwysedd gwleidyddol;
- Cyfrifoldeb cynyddol y pwyllgor a chyfrifoldebau hyfforddi a gyflwynwyd gan y Ddeddf newydd;
- Darpariaeth hyfforddiant yn y dyfodol a hyfforddiant CIPFA.

Soniodd y Cadeirydd am yr anghenion hyfforddi ychwanegol wrth symud ymlaen ac awgrymodd y dylid anfon unrhyw sylwadau neu geisiadau am hyfforddiant at y Swyddog Gwasanaethau Democrataidd.

**Penderfynwyd ar y canlynol: -**

- 1) Cyflwyno adroddiad i'r pwyllgor ymhen tua 3 mis ynghylch Cylch Gorchwyl diwygiedig y pwyllgor yn unol â chanllawiau CIPFA;
- 2) Caiff adroddiad ei ddwyn yn ôl i'r pwyllgor ynghylch aelodaeth y pwyllgor yn y dyfodol ymhen tua 5 mis.

**53 Monitro Refeniw a Chyllideb Gyfalaf - 3ydd Chwarter. (Er Gwybodaeth) (Ben Smith)**

Cyflwynodd Ben Smith, Prif Swyddog Cyllid/Adran 151 adroddiad Monitro'r Gyllideb Refeniw a Chyfalaf – 3<sup>ydd</sup> Chwarter 'er gwybodaeth'.

Cyfeiriodd at y materion parhaus sy'n ymwneud â pandemig COVID-19 a'r gwelliant diweddar o ganlyniad i £10 miliwn ychwanegol o gyllid gan Lywodraeth Cymru.

**54 Adroddiad Orlhain Camau Gweithredu'r Pwyllgor Archwilio. (Er gwybodaeth) (Jeremy Parkhouse)**

Darparwyd Adroddiad Orlhain Camau Gweithredu'r Pwyllgor Archwilio 'er gwybodaeth'.

**55 Cynllun Gwaith y Pwyllgor Archwilio. (Er Gwybodaeth) (Jeremy Parkhouse)**

Adroddwyd am Gynllun Gwaith y Pwyllgor Archwilio 'er gwybodaeth'.

Daeth y cyfarfod i ben am 3.43 pm

**Cadeirydd**

## 2021 Audit Plan – City and County of Swansea

Audit year: 2020-21

Date issued: April 2021

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

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# 2021 Audit Plan

## About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

## My duties

- 2 I complete work each year to meet the following duties:

## Audit of financial statements

- 3 Each year I audit the Council's financial statements to make sure that public money is being properly accounted for.

## Value for money

- 4 The Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.

## Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Council has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Council is likely to (or has) met these requirements. Some requirements of the Measure will cease during 2021-22 due to changes in legislation arising from the Local Government and Elections (Wales) Act 2021. However, I anticipate that during 2021-22 I will still be required to audit the council's published assessment of its performance that covers the 2020-21 year.

## Sustainable development principle

- 6 Public bodies need to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

## Impact of COVID-19

- 7 The COVID-19 pandemic continues to have a significant impact across the United Kingdom and on the work of public sector organisations. As in 2020, it is likely to significantly impact on the preparation of the 2020-21 accounts and my financial audit and performance audit work.
- 8 Recent developments in relation to a vaccine programme indicate that the Welsh Government's restrictions on movement and anticipated sickness absence levels are expected to ease through 2021. However, I recognise that there remains significant uncertainty and I understand that many local authorities may not be able to prepare accounts in line with the timetable set out in the Accounts and Audit (Wales) Regulations 2014. As well as the delivery of my statutory responsibilities as the Auditor General, my priority is to ensure the health, safety and well-being of Audit Wales staff, their families and those of our partners elsewhere in the public service at this incredibly challenging time.
- 9 Audit Wales staff will continue to work flexibly to deliver the audit work set out in this plan. In response to the government advice and subsequent restrictions, we will continue to work remotely, building on the arrangements made in 2020, until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 10 Consequently, while this audit plan sets out an initial timetable for the completion of my audit work, the ongoing uncertainties around the impact of COVID-19 on the sector mean that some timings may need to be revisited. My audit team will discuss any amendments required to the proposed timetable with the authority as the 2021 position becomes clearer.

## Audit of financial statements

- 11 It is my responsibility to issue a certificate and report on the financial statements. This includes:
  - an opinion on the on the 'truth and fairness' of the Council's financial statements for the financial year ended 31 March 2021; and
  - an assessment as to whether the Council's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Council.
- 12 In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:
  - certifying a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts;

- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
  - auditing the Council’s pension fund accounts (a separate audit plan has been prepared for the audit of the pension fund);
  - the independent examination of Swansea Bay Port Health Authority’s annual return; and
  - the certification of a number of grant claims and returns as agreed with the funding bodies.
- 13 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. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 14 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 15 There have been no limitations imposed on me in planning the scope of this audit.
- 16 I will also report by exception on a number of matters which are set out in more detail in our Statement of Responsibilities, along with further information about my work.

## Audit of financial statements risks

- 17 The following table sets out the significant risks I have identified for the audit of the Council.

### Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
<b>Significant risks</b>	
<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"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> </ul>



	<ul style="list-style-type: none"> <li>• review accounting estimates for biases;</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<p><b>Impact of COVID-19</b></p> <p>The COVID-19 national emergency continues and the pressures on staff resource and of remote working may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers, eg around estimates and valuations, may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>The COVID-19 pandemic will have a significant impact on the risks of material misstatement and the shape and approach to my audit. The Welsh Government has made available various funding streams to the Council. In some cases, these monies provide financial support to the Council itself. In other cases, the funds have been administered by the Council, making payments to third parties on behalf of the Welsh Government. The amounts involved are material to the accounts. There is a risk of incorrect accounting treatment for this funding depending on whether it constitutes a principal or agency arrangement.</p> <p>There are other audit risks specifically linked to COVID-19. These include:</p> <ul style="list-style-type: none"> <li>• potential year-end valuation uncertainty of property, plant and equipment;</li> <li>• estimation of accrued annual leave and bad debt provisions;</li> </ul>	<p>We will identify the key issues and associated risks and plan our work to obtain the assurance needed for our audit.</p>

- accounting treatment for the establishment of the Bay Studios field hospital; and
- verification of existence of property, plant and equipment.

### Other areas of audit attention

#### City deal

City deals are arrangements negotiated with government that give greater accountability for actions in return for new powers to help encourage growth and jobs. The Swansea Bay City Deal (the City Deal) involves 4 local authorities. The authorities have established a joint committee to oversee delivery of a range of programmes 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 £241 million is provided by Welsh Government, £637 million provided by private funding and £396 million provided by public funding. This significant programme will have financial, governance and delivery risks that need to be managed. Going forward, there will be a number of accounting issues to address.

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 existing and proposed financial and governance arrangements.

#### McCloud judgement

In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.

In December 2018, the Court of Appeal ruled that the ‘transitional protection’ arrangements amounted to unlawful discrimination.

Consultations on proposed remedies for the Local Government, Police and Fire

My audit team will review the provision previously made in relation to the McCloud judgement and will monitor progress on the outcome of the consultation to be applied in the LG pension schemes.

pensions schemes closed in October 2020. The Government recently announced its proposed remedy for this judgement and final details are expected to be published during 2021.

The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.

### **Capital expenditure on the Swansea Central Phase 1 project**

The Council has continued to progress the Swansea Central Phase 1 project over the past 12 months. This project will have incurred significant levels of capital expenditure at the reporting date with this expenditure being included in assets under construction (AUC).

Some of the expenditure may not satisfy the criteria of being capital expenditure and there is a risk that this expenditure is not classified correctly between capital and revenue in the financial statements.

The timing of the AUC valuations must also ensure that figures included in the financial statements reflect conditions as at 31<sup>st</sup> March 2021

My team will:

- undertake detailed audit testing of a sample of transactions to ensure that capital expenditure is correctly classified in the financial statements.
- review valuations of a sample of AUC to ensure these reflect conditions as at the reporting date

### **Consideration of related parties and senior officer remuneration disclosures**

We consider related party transactions and senior officer remuneration disclosures to be material by nature. As such, it is important that the Council maintains:

- an accurate register of declared interests' covering both the declarations made by relevant officers and Councillors; and
- Remuneration information covering senior officers.

There is a risk that not all relevant disclosures are included in the 2020-21 financial statements.

My audit team will assess the related party and senior officer remuneration disclosures to confirm they are accurate, complete and in accordance with the Code.

## Other matters

18 There are some further matters on which my audit team will undertake early work in preparation for the 2021-22 audit.

### Exhibit 2: Other matters

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Other matters	
<p>CIPFA/LASAAC has once again deferred the introduction of IFRS 16 until 1 April 2022. The authority will, however, need to undertake considerable work to identify leases, and the COVID-19 pandemic may pose implementation risks.</p>	<p>My team will undertake some early work to review the Council's preparedness for the introduction of IFRS 16 Leases.</p>
<p><b>Introduction of the Oracle Cloud based system</b></p> <p>The introduction of a new cloud based financial system in October 2021 will constitute a significant change to the management and reporting of financial information at the Council. The Council will be required to undertake considerable work to ensure the effective implementation of the new system.</p>	<p>My team will:</p> <ul style="list-style-type: none"> <li>continue to liaise with key officers to monitor the progress of the Oracle Cloud implementation ahead of its introduction.</li> <li>undertake some early work to test the effectiveness of the transition between financial systems including secure transfer of data</li> </ul>

## Performance audit

19 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out on **page 4** in relation to value for money and sustainable development.

20 In response to the pandemic, I have adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. My work on recovery planning, COVID-19 learning and my assurance and risk assessment work are examples of this. This has enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats.

- 21 For 2021-22, I intend to build on this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly. As part of this approach, I anticipate that a significant proportion of my local performance audit programme will be delivered through the Assurance and Risk Assessment Project, that will be ongoing throughout the year.
- 22 Given the high degree of commonality in the risks facing councils at this time I also intend to deliver a number of thematic projects examining risks common to all councils.
- 23 I have consulted public bodies and other stakeholders on how I will approach my duties in respect of the Wellbeing of Future Generations (Wales) Act 2015. This consultation was extended due to the pandemic.
- 24 In my consultation I have set out and sought views on proposals to:
- a) continue to undertake specific examinations to assess the setting of well-being objectives and how steps are being taken to meet them, respectively;
  - b) integrate the examination of steps alongside value for money studies and local audit work, wherever possible; and
  - c) strengthen and expand the co-ordination of work with the Future Generations Commissioner.
- 25 I will be writing to the 44 public bodies designated under the Act setting out the results of the consultation and how I intend to approach this work over the reporting period 2020-2025.
- 26 In view of the above factors I intend to retain a high degree of flexibility in my local performance audit programme at the Council and will continue to update the Council as the audit programme changes.
- 27 For 2020-21 this work is set out below.

### Exhibit 3: Performance Audit Programme 2021-22

This table summarises the performance audit programme for 2021-22

Performance audit programme	Brief description
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Further details to follow
Improvement reporting audit	Audit of discharge of duty to publish an assessment of performance

<p>Assurance and Risk Assessment</p>	<p>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.</p> <p>At Swansea Council the project is likely to focus in particular on:</p> <ul style="list-style-type: none"> <li>• Financial position</li> <li>• Self-assessment arrangements</li> <li>• Recovery planning</li> <li>• Implications of the Local Government and Elections (Wales) Act</li> <li>• Carbon reduction plans</li> </ul>
<p>Springing Forward – Examining the building blocks for a sustainable future</p>	<p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.</p>
<p>Review of the Transformation Project</p>	<p>We will work alongside the Council in the review of its Transformation Project to provide critical friend challenge at key milestones.</p>

## Certification of grant claims and returns

- 28 I have been requested to undertake certification work on the Council's grant claims and returns as set out in **Exhibit 4**.

#### Exhibit 4: summary of grant claim certification work

This table summarises my 2020-21 programme of grant claim certification work

Name of scheme	Period of scheme
Housing Benefit Subsidy	2020-21
Teacher's Pension Return	2020-21
Non-Domestic Rates return	2020-21
Pooled Budget Memorandum Account	2020-21
Social Care Wales Workforce Development Programme	2020-21

## Statutory audit functions

29 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.

30 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

- 31 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, 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 document;
  - 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;
  - Internal Audit’s planned programme of work is complete and management has responded to issues that may have affected the financial statements; and

## Fee

- 32 Your estimated fee for 2021 is set out in **Exhibit 5**. This represents a 1% increase compared to your actual 2020 fee.
- 33 Our audit of accounts fee for last year was estimated at £237,000. We delivered the audit of accounts for a fee of £229,000 and therefore presented a refund of circa £8000 to the Council. Given the extent of the audit risks relating to COVID-19 as presented in Exhibit 1, our fee estimate is to maintain the fee for the audit of accounts at £237,000 for the audit of the 2020-21 financial statements.

### Exhibit 5: audit fee

This table sets out the proposed audit fee for 2021, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts <sup>2</sup>	237,000	229,000

<sup>1</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you.

<sup>2</sup> Payable November 2020 to October 2021.



Performance audit work <sup>3</sup>	99,310	99,310
Grant certification work <sup>4</sup>	30,000	34,234
Other financial audit work <sup>5</sup>	1,887	1,887
<b>Total fee</b>	<b>368,197</b>	<b>364,431</b>

34 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 Council.

35 Further information on my [fee scales and fee setting](#) can be found on our website.

## Audit team

36 The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

### Exhibit 6: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Huw Rees	Engagement Director	02920 320599	Huw.rees@audit.wales
Anthony Veale	Engagement Lead (Financial Audit)	02920 320585	Anthony.veale@audit.wales
Jason Garcia	Audit Manager (Financial Audit)	02920 829313	Jason.garcia@audit.wales
Daniel King	Audit Lead (Financial Audit)	02920 829373	Daniel.king@audit.wales

<sup>3</sup> Payable April 2021 to March 2022.

<sup>4</sup> Payable as work is undertaken.

<sup>5</sup> Independent examination of Swansea Bay Port Health Authority's annual return

Non Jenkins	Audit Manager (Performance Audit)	02920 320595	Non.jenkins@audit.wales
Justine Morgan	Audit Lead (Performance Audit)	02920 320567	Justine.morgan@audit.wales

## Timetable

- 37 The key milestones for the work set out in this plan are shown in **Exhibit 7**. As highlighted earlier, there may be a need to revise the timetable in light of developments with COVID-19.
- 38 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act. The current COVID restrictions may impose restrictions on the Authority's ability to facilitate the inspection of accounts. Therefore, we have not yet set a date for the exercise of electors' rights and will continue to monitor the situation before confirming a date with you. We anticipate that we will be in a position to agree a date with you in late May 2021.

### Exhibit 7: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	April 2021	April 2021

<p><b>Audit of Financial statements work:</b></p> <ul style="list-style-type: none"> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> <li>• Financial Accounts Memorandum</li> </ul>	<p>January 2021 – August 2021</p>	<p>July 2021</p> <p>July 2021</p> <p>November 2021</p>
<p><b>Performance audit work:</b></p> <ul style="list-style-type: none"> <li>• Annual Audit Summary</li> <li>• Well-being of Future Generations</li> <li>• Assurance and risk assessment</li> <li>• Thematic Work – Springing Forward – Examining the Building Blocks for a Sustainable Future</li> <li>• Review of the Transformation Project</li> <li>• Local Projects TBC</li> </ul>	<p>Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each study.</p>	
<p><b>Grants certification work</b></p> <ul style="list-style-type: none"> <li>• Housing Benefit</li> <li>• Non-Domestic rates</li> <li>• Teacher’s Pension</li> <li>• Pooled Budget Memorandum Account</li> <li>• Social Care Wales Workforce Development Programme</li> </ul>	<p>October – December 2021</p>	<p>November – December 2021</p>
<p><b>Other financial audit work</b></p> <ul style="list-style-type: none"> <li>• Whole of Government Accounts submission review</li> <li>• Swansea Bay Port Health Authority – Review of annual return</li> </ul>	<p>September 2021</p> <p>August – September 2021</p>	<p>October 2021</p> <p>September 2021</p>
<p>Annual Audit Summary</p>	<p>December 2021</p>	<p>December 2021</p>

2022 Audit Plan

February 2022

February 2022

- 39 I can confirm 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.





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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

# Agenda Item 5



## Report of the Chief Auditor

Audit Committee – 20 April 2021

### Internal Audit Section – Fraud Function Anti-Fraud Plan for 2021/2022

<b>Purpose:</b>	This report sets out the planned areas of activity for the Internal Audit Section's Fraud Function for 2021/22 and is designed to provide a strategic view of the areas that will be subject to examination.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance, Access to Services
<b>Recommendation(s):</b>	It is recommended that Committee review, discuss and approve the Anti-Fraud Plan for 2021/22.
<b>Report Author:</b>	Jeff Fish / Jonathon Rogers
<b>Finance Officer:</b>	Simon Cockings
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	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 Policy<sup>2</sup>
- 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*'<sup>1</sup> of public life which are:

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

## 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 Finance and S151 Officer and the Chief Auditor consider 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 The fraud risks associated with Covid 19 have proven to be significant and it is anticipated that continued reactive resources will need to be diverted during 2021/2022 but it is forecast that this demand will diminish as the year progresses.

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<sup>1</sup> 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>

<sup>2</sup> This policy is continually reviewed and is due to be revised 2021/2022.



- 2.4 Additionally, the AFP for 2021/2022 will incorporate those works streams directly attributable to or are supported by the Fraud Function that were reported to Audit Committee 09/03/21. A copy of the Action Plan from the report can be found in Appendix 1
- 2.5 These works streams arose as a result of the Auditor General for Wales reports of June 2019 and July 2020 which gave an overview of the scale of fraud in the Welsh Public Sector and sought to encourage Local Authorities to strengthen their strategic leadership, coordination and oversight for counter-fraud. A copy of the Audit Wales Report 'Raising Our Game – Tackling Fraud' can be found in Appendix 2.
- 2.6 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.
- 2.7 Actions of the Fraud Function which overlap with Human Resources & Organisational Development (HROD) functions (and vice versa) will be subject to the *'Memorandum of understanding and expectations'*, which aims to:
- Address the potential overlap between disciplinary and criminal investigations / offences.
  - Clarify the roles of HROD and the Fraud Function, in particular the meaning, remit and purpose of the HROD 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 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*'.
- CIPFA's March 2020 report 'Tackling fraud in the public sector - a local government perspective'
- '*CIPFA Fraud and Corruption Tracker (CFact) Results 2020*'  
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.
- '*Review into the risks of fraud and corruption in local government procurement A commitment from the UK Anti-Corruption Strategy 2017- 2022*'
- 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.
- 'Cross-Government Fraud Landscape Annual Report 2019' published by the Cabinet Office

#### **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. Integrated Assessment 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.
- Deliver better outcomes for those people who experience socio-economic disadvantage

The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

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

The IIA indicated that there are low impacts on any identified group and the plan applies equally to all. Public consultation and engagement is not required for the plan. All WFG considerations are positive and the risk identified is low. The overall impact of the plan is positive as it will support the Authority in its requirement to protect public funds. (See Appendix 4 for IIA)

## **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 - Report to Audit Committee 9<sup>th</sup> March 2021(Action Plan)  
Appendix 2 - Raising our Game – Audit Wales Report 2020.  
Appendix 3 - Anti-Fraud Risk Assessment Checklist 2021/22.  
Appendix 4 - Anti-Fraud Statement 2021/22.  
Appendix 5 - Anti-Fraud Plan 2021/22  
Appendix 6 - Equality Impact Assessment Screening Form



## Report of the Deputy Chief Executive

Audit Committee – 9 March 2021

### Counter Fraud

**Purpose:** The report provides an action plan from the findings of the Audit Wales report 'Raising Our Game' – Tackling Fraud in Wales and The Counter Fraud Phase 2 Question Hierarchy Responses which informed the development of the Raising Our Game report.

**Report Author:** Adam Hill

**Finance Officer:** Ben Smith

**Legal Officer:** Tracey Meredith

**Access to Services Officer:** Rhian Millar / Catherine Window

#### For Information

#### 1. Background – Raising Our Game –Tackling Fraud in Wales (ROG)

- 1.1 The Crime Survey for England and Wales recognises fraud as being one of the most prevalent crimes in society today. Figures could be anywhere between £100 million and £1 billion.
- 1.2 Fraudsters appear the very instant that an opportunity presents itself. Recently, there has been an explosion in fraudulent activity, and especially in cybercrime, during the current COVID-19 pandemic
- 1.3 Public sector bodies can mitigate these risks by having the right organisational culture supported by strong counter-fraud arrangements.
- 1.4 In June 2019 the Auditor general published a report giving an overview of the scale of fraud in the Welsh Public Sector, together with a description of counter-fraud arrangements across the Welsh Government, the NHS and Local Government. A further report was published in July 2020 which was based on a more extensive programme of field work, and identified a range of opportunities to improve on the current national position, including:

- strengthening strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;
- increasing counter-fraud capacity and capabilities, especially across local government, and exploring the potential for sharing resources and expertise across public bodies;
- getting the right balance between proactive and reactive counter-fraud activities;
- improving awareness-raising and staff training in counter-fraud
- better evaluation of fraud risks and sharing of fraud information, both within and across sectors.

1.5 The full report can be found in Appendix 1.

## **2. Counter Fraud Phase 2 (CFP2)**

2.1 The Wales Audit Office (now Audit Wales) produced a question Hierarchy (see appendix 2), which was used as fieldwork to answer the question “are arrangements for preventing fraud and detecting fraud in the Welsh public sector effective?” in particular:

- Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?
- Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?
- Does the organisation have a sound policy framework to support effective counter-fraud arrangements?
- Does the organisation have an effective fraud risk assessment together with appropriate responses to emerging issues?
- Does the organisation’s internal control environment support effective arrangements for preventing and detecting fraud?
- Does the organisation have an appropriate response to fraud?
- Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?

2.2 This information and responses along with the evidence was used as part of the fieldwork to inform the “Raising Our Game” report and recommendations.

## **3.0 Action Plan**

The 2 documents identified improvements or recommendations. Set out below are the actions which relate to Swansea Council.

CFP2 No.	ROG No.	Question	Improvements identified	Action	Timescale / Responsible Officer
<b>1</b>	<b>Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?</b>				
1.1	R2	Do those charged with governance in the organisation promote a clear message in terms of having a zero tolerance of fraud?	It would be more effective for the CMT to take a proactive role in promoting the consequences of fraudulent behaviour within their service areas	Add to PFM meetings as well as 151 Officer bringing regular update as part of the agenda for CMT - Finance update.	Immediate effect CMT
1.2	R2	Does the organisation's senior leadership team and management actively promote the importance of a good anti-fraud culture?	SLT set a good tone from the top that fraud will not be tolerated, however they could take a more proactive role in actively promoting the message.	CMT will, through the reporting structure, identify areas where fraud has been identified and where appropriate promote through the various media channels and internally	Immediate effect CMT / Head of Communications and Marketing.
1.3	R6	Are all staff required to attend fraud and ethics awareness training so that roles and responsibilities are clear?	Fraud awareness training is not undertaken on an annual basis.	To consider how this could be introduced as an online e-learning package in collaboration with fraud Team.	September 2021 HR & OD Manger
<b>2</b>	<b>Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?</b>				
2.5	R11	Does the organisation have an annual programme of proactive counter-fraud work (i.e. fraud prevention work) which covers the risks identified in the risk assessment with ring fenced days for proactive	There are no ring-fenced days for proactive work to be undertaken given the limited resources much of the work completed is reactive.	As part of developing the forward work programme that identifies proactive work this will be reviewed to see what proactive or how this can be included.	October 2021 Chief Auditor

		work to be undertaken?			
<b>3</b>	<b>Does the organisation have a sound policy framework to support effective counter-fraud arrangements?</b>				
3.1	R5	Does the organisation have a counter-fraud strategy in place to address identified risks which is communicated across the organisation and is overseen by those charged with governance?	It would be more effective to include fraud risk within the corporate risk register to ensure that the risk is highlighted and disseminated across the organisation	Corporate risk Register to be reviewed and risk added.	April 2021 Deputy Chief Executive / Chief Finance Officer
3.2	R2	Does the organisation have a code of conduct which sets out clearly for employees and contractors which behaviours are acceptable and unacceptable and includes a section for reporting and addressing conflicts of interests?	There is a limited reference to anti-fraud procedures in the Code of Conduct.	The code of conduct will be amended with a section included on Fraud.	June 2021 HR &OD Manager / CFT / Chris Williams
<b>4</b>	<b>Does the organisation undertake an effective fraud risk assessment together with appropriate responses to emerging issues?</b>				
4.1	R3	Does the organisation undertake a regular and comprehensive fraud risk assessment which is shared and discussed with the Board/Senior Management Team/Audit Committee?	Fraud risk is not assessed on a Senior Management Level as part of the Corporate Risk Register.	Corporate risk Register to be reviewed and risk added.	April 2021 Deputy Chief Executive / Chief Finance Officer

4.2	R4	Does the organisation consider fraud risk as part of the overall risk management process?	The Council have not included fraud risk within the Corporate Risk Register which is overseen by the Senior Management Team	Corporate risk Register to be reviewed and risk added.	April 2021  Deputy Chief Executive / Chief Finance Officer
5	<b>Does the organisations internal control environment support effective arrangements for preventing and detecting fraud?</b>				
5.2	R4	Does internal audit look at fraud risks and test controls designed to prevent and detect fraud as part of its annual programme of work?	There is no specific reference to fraud risk detection in the internal audit work programme	The current testing of controls does cover this but it is not specifically stated in the audit programme. All tests are designed to ensure controls are effective and hence preventing fraud.	Chief Auditor to consider this during the year.
5.4	R12 / R13	Does the organisation regularly use data analysis/matching (outside NFI) to validate data and detect potentially fraudulent activity?	The Benefits team use Data Tank to establish any fraud risk. No other data analysis/matching exercise is used.	Review of system to be undertaken and identify if any other analysis / matching would be beneficial	October 2021 Chief Finance Officer
6	<b>Does the organisation have an appropriate response to fraud?</b>				
6.1	R5	Does the organisation have an appropriate fraud response plan that is communicated to all staff which makes clear that all allegations of fraud will be investigated?	There is no specific fraud response plan in place at Swansea Council	Development and implementation plan to be developed mapped out details and timescales and any additional resource required to	August 2021  Chief Auditor



				deliver a fraud response plan	
6.2	R5	Does the organisation take action to ensure that allegations of fraud, including anonymous allegations are assessed in line with the fraud response plan?	No set policy in place about how the investigation will take place	Development and implementation plan to be produced mapping out details and timescales and any additional resource required to deliver a fraud response plan including investigation policy	August 2021 Chief Auditor / Chief Finance Officer
6.3	R5	Does the organisation have documented procedures in place for conducting fraud investigations which follow proper professional practice?	The Council have no documented procedures in place for conducting fraud investigations which follow proper professional practice	Development and implementation plan to be produced mapping out details and timescales and any additional resource required to deliver investigation policy for conducting fraud investigations	August 2021 Chief Auditor / Chief Finance Officer
6.4	R5	Does the organisation effectively investigate allegations of fraud in line with their procedures?	The Council have no documented procedures in place for conducting fraud investigations which follow proper professional practice	Development and implementation plan to be produced mapping out details and timescales and any additional resource required to deliver investigation policy for conducting fraud investigations.	August 2021 Chief Auditor / Chief Finance Officer

7	<b>Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?</b>				
7.3	R7	Does the organisation provide an appropriate level of information to an Audit Committee to enable it to discharge its duties in relation to counter-fraud?	The Audit Committee should take a more proactive role in helping to promote a good anti-fraud culture.	The audit committee and chair to be made aware of opportunities throughout the year	Ongoing Chief Auditor.
<b>Key to recommendation or question numbers:</b>					
CFP2 = Counter Fraud Phase 2 Question Hierarchy Responses					
ROG = Raising Our Game – Tackling Fraud In Wales					

#### 4. Equality and Engagement Implications

- 4.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
- 4.2 Our Equality Impact Assessment process ensures that we have paid due regard to the above. There are no direct equality implications.

#### 5. Legal Implications

- 5.1 There are no legal implications.

#### 6. Financial Implications

- 6.1 There are no financial implications.

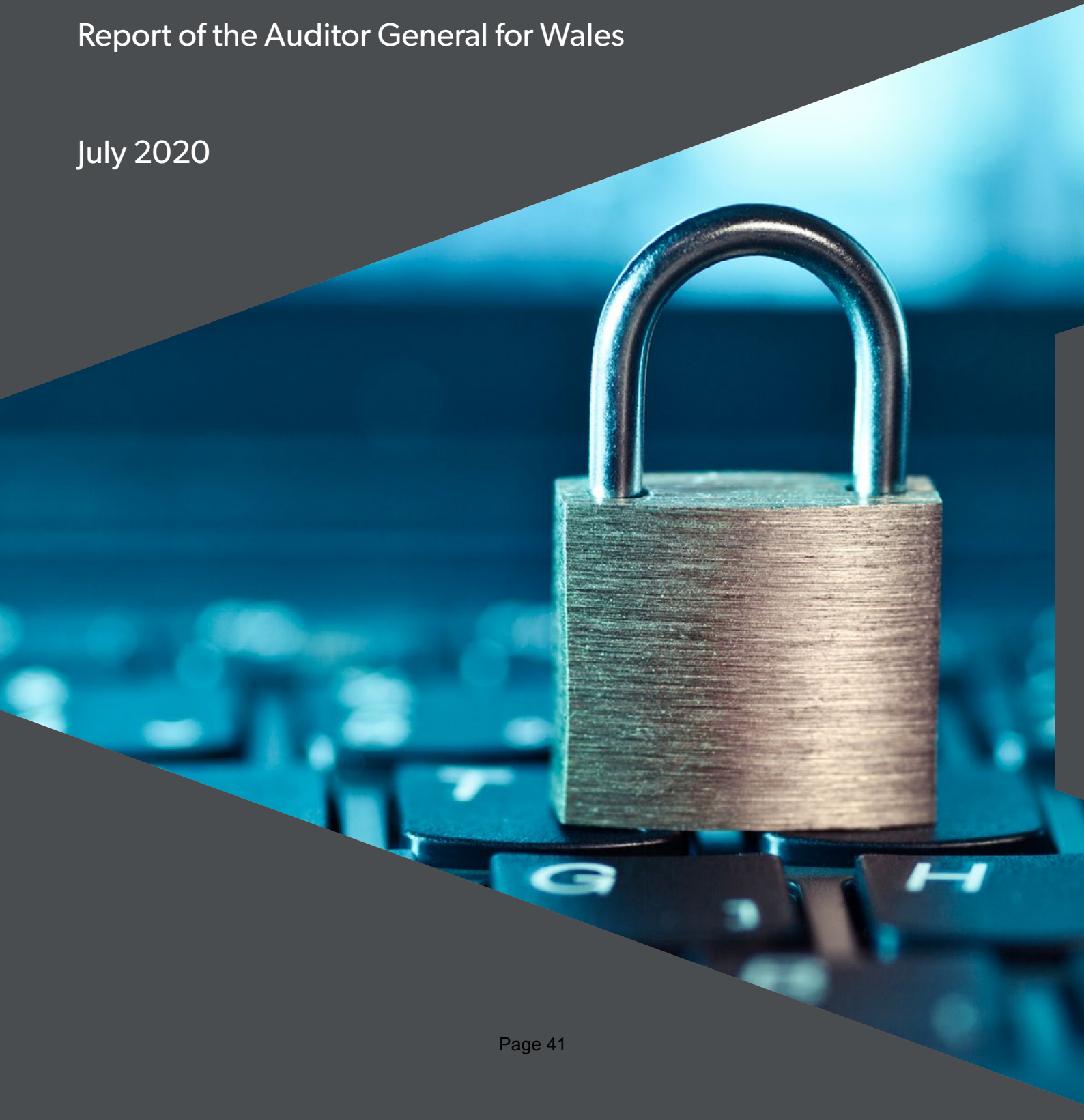
**Background papers:** None.

**Appendices:** Appendix 1: Raising Our Game – Tackling Fraud In Wales  
Appendix 2: Counter Fraud Phase 2 Question Hierarchy Responses.

# 'Raising Our Game' Tackling Fraud in Wales

Report of the Auditor General for Wales

July 2020



This report has been prepared for presentation to the Senedd under the Government of Wales Acts 1998 and 2006 and the Public Audit (Wales) Act 2004.

The Audit Wales study team comprised Rachel Davies, Christine Nash and Ian Hughes, under the direction of Mike Usher.

The Auditor General is independent of the Senedd and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the Senedd on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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# Foreword by the Auditor General

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- 1 In June 2019, I published a report giving an overview of the scale of fraud in the Welsh public sector, together with a description of counter-fraud arrangements across the Welsh Government, the NHS and Local Government. I noted that the sums lost annually in Wales to fraud and error are significant – and could be anywhere between £100 million and £1 billion. The Crime Survey for England and Wales recognises fraud as being one of the most prevalent crimes in society today.
- 2 However, some senior public sector leaders are sceptical about the levels of fraud within their organisations. As a result, they are reluctant to invest in counter-fraud arrangements and assign a low priority to investigating cases of potential fraud identified to them by the National Fraud Initiative, even though there are many examples of a good return on investment in this area. Their stance runs contrary to all the research being done by recognised leaders in the field such as CIPFA and the UK Government's Counter Fraud Function. This latest report, which examines the effectiveness of counter-fraud arrangements at over 40 public-sector bodies in Wales, has found that where such scepticism arises, it is not based on any significant local counter-fraud work or robust fraud risk assessments.
- 3 But we also know that fraudsters appear the very instant that an opportunity presents itself. Fifteen individuals have to date been jailed for fraud in the light of the Grenfell fire tragedy. Fraudsters and scammers were quickly on the scene earlier this year whilst the flooding in South Wales was ruining the homes and lives of local people. There has been an explosion in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic. I welcome the proactive steps which the Welsh Government has taken to raise awareness across the public sector in Wales about this risk.

- 4 Public sector bodies can mitigate these risks by having the right organisational culture supported by strong counter-fraud arrangements. Many local authorities have invested so little in counter-fraud arrangements that they have only a few of the key components in place. Whilst the position is generally much more robust across the NHS in Wales, there is still a challenging agenda to make counter-fraud fit for the next decade where globalisation and the advent of digital technology have created new risks, and opportunities, for the fraudsters.
- 5 I was heartened to see the Welsh Government's positive response to my 2019 report and, following the one-day conference organised by the Public Accounts Committee in July 2019, the Permanent Secretary's commitment (see **Appendix 2**) to provide Wales-wide leadership in raising the profile of counter-fraud activity.
- 6 In this latest report, based on a more extensive programme of field work, we identify a significant range of further opportunities to improve on the current national position, including:
  - a strengthening strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;
  - b increasing counter-fraud capacity and capabilities, especially across local government, and exploring the potential for sharing resources and expertise across public bodies;
  - c getting the right balance between proactive and reactive counter-fraud activities;
  - d improving awareness-raising and staff training in counter-fraud; and
  - e better evaluation of fraud risks and sharing of fraud information, both within and across sectors.
- 7 There is also significant potential for Wales to take advantage, where appropriate, of many of the counter-fraud initiatives underway across the wider UK public sector. These include the recent establishment of a recognised government counter-fraud profession, with defined competencies and career paths, and the increasing focus on tackling fraud by smarter use of data analytics.

- 8 As I publish this report, Wales continues to grapple with the effects of the COVID-19 pandemic. This report contains a timely illustration of some of the ways in which fraudsters have moved rapidly in recent months to exploit the pandemic for criminal gain. I have already taken steps to extend the scope of our National Fraud Initiative (NFI) to enable local authorities in Wales to undertake eligibility checks on applications for COVID-19 support grants. I am also proposing to mandate that all local authorities, together with the Welsh Government, should submit COVID-19 grant and payment data to the NFI, to help identify fraudulent applications.



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**Adrian Crompton**

Auditor General for Wales



# Summary and recommendations

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## Ensuring that the arrangements for preventing and detecting fraud in the Welsh public sector are effective

This report examines seven '**key themes**' that all public bodies need to focus on in raising their game to tackle fraud more effectively:

- leadership and culture;
- risk management and control frameworks;
- policies and training;
- capacity and expertise;
- tools and data;
- collaboration; and
- reporting and scrutiny.

For each theme in turn, the report examines:

- why it is important;
- what our audit fieldwork identified in terms of current working practices and their effectiveness across the 40 Welsh public sector bodies that we examined (listed in **Appendix 1**); and
- what needs to happen next to generate improvement.

Our **recommendations for improvement** which are addressed to all public bodies in Wales within the Auditor General's remit, are as follows:

## Theme

## What needs to happen next?

### Leadership and Culture



- R1** The Welsh Government should enhance its strategic leadership of counter-fraud across the public service in Wales, playing a coordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities.
- R2** All public bodies should champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.

### Risk management and Control framework



- R3** All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.
- R4** Fraud risk assessments should be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.

### Policies and Training



- R5** All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.
- R6** Staff working across the Welsh public sector should receive fraud awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.
- R7** Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.

## Theme

## What needs to happen next?

### Capacity and Expertise



- R8** All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.
- R9** All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.
- R10** All public bodies should consider models adopted elsewhere in the UK relating to the pooling /sharing of resources in order to maximise the availability of appropriately skilled staff.

### Tools and Data



- R11** All public bodies need to develop and maintain dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action and re-enforces the tone from the top that the organisation does not tolerate fraud.
- R12** All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.

### Collaboration

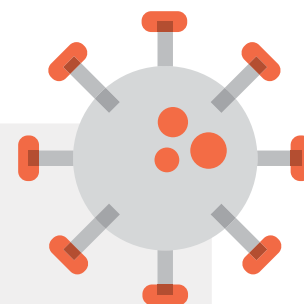


- R13** Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.

### Reporting and Scrutiny



- R14** Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.
- R15** Audit committees must become fully engaged with counter-fraud, providing support and direction, monitoring and holding officials to account.



## **The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis**

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We know from experience that fraudsters appear the very instant that an opportunity presents itself. Fifteen individuals have to date been jailed for fraud in the light of the Grenfell fire tragedy. Fraudsters and scammers were quickly on the scene earlier this year whilst the flooding in South Wales was ruining the homes and lives of local people.

Predictably, there has been an explosion in fraudulent activity, and especially in cyber crime, during the current COVID-19 pandemic.

The first reported positive cases of COVID-19 were reported in the UK on 31 January 2020. By this time the fraudsters and scammers had mobilised and were already hard at work.

The first fraud report relating to COVID-19 was received on February 9 by Action Fraud, the UK's fraud reporting centre. Since that time, the number of reports has increased significantly across the UK – the media reporting an unprecedented number of scams linked to the virus.

We have seen examples of good practice by some public bodies and organisations in Wales in identifying the fraud risks and sharing them with other bodies and citizens. The Welsh Government is liaising with the UK Cabinet Office and is sharing its guidance and learning on counter-fraud with the rest of the public service in Wales, including Local Authority Counter Fraud leads. Welsh Government officials have agreed to maintain and develop this group post-COVID. The intelligence obtained from these meetings has also assisted the Head of Counter Fraud with fraud intelligence sharing with Cabinet Office and the three other devolved administration fraud leads.

But has the Welsh public sector response been more reactive than proactive? What can we do better? Whilst globalisation has benefited the fraudsters it can also be to the advantage of counter-fraud specialists; we had early notice of scams from thousands of miles away a few weeks before the first case of COVID-19 was identified in the UK.

## **The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis**

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We believe that the COVID-19 pandemic provides an important opportunity for the Welsh counter-fraud community to come together (by appropriate means) and reflect on the speed and effectiveness of its response to the scammers and fraudsters.

The key issues and recommendations set out in this report could help set an agenda or framework for such an event. There has never been a timelier opportunity for Welsh public sector leaders and counter-fraud specialists to consider how to:

- create stronger strategic leadership, coordination and oversight for counter-fraud across the Welsh public sector;
- make best use of counter-fraud capacity and capabilities and explore the potential for shared arrangements, resources and expertise;
- get a better balance between proactive and reactive counter-fraud activities;
- raise awareness amongst employees and provide the necessary training to those most likely to come across a fraud; and
- evaluate fraud risks more effectively and share fraud information both within and across sectors.

So, what do we already know about the fraudsters' response to the pandemic?

The mobilisation of fraudsters has benefited from a number of factors, for example:

- more people are spending time online to shop and socially interact. Elderly people are seen as particularly vulnerable, being generally less computer literate and more susceptible to scams such as phishing emails and ordering fake products such as face masks and sanitisers.
- working patterns have changed at short notice which can leave weaknesses in processes and procedures.
- an unprecedented amount of public money has been put into a range of new and innovative financial support schemes to businesses and individuals.

## **The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis**

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Fraudsters and scammers mobilised quickly for a number of reasons:

- they are very good at evaluating risks and exploiting vulnerabilities which can be at a process or at an individual level;
- they have well-established tools and methodologies and can adapt them at short notice to a new opportunity; and
- they do not recognise geographical boundaries and can be effective individually and by collaborating with like-minded individuals.

There are more examples of COVID-19 frauds and scams coming to light than can be mentioned here. There are, however, a number of themes emerging:

- the early reports related to the sale of Personal Protective Equipment such as face masks and hand sanitiser and testing kits. Typically, the items were fake or often failed to arrive after payment had been made<sup>1</sup>.
- the next to emerge were phishing emails. For example, one claiming to be from the Department for Work and Pensions (DWP) asking the individual for debit or credit card details by saying that they are entitled to a council tax refund.
- as the attentions and resources of organisations were diverted to new ways of working and many staff were laid off, the incidence of cyber security attacks to steal business-sensitive and personal data increased.
- with more people working from home following the UK-wide lockdown, phishing campaigns then targeted applications that are being relied upon during remote working, in particular popular conference calling applications and parcel delivery firms.

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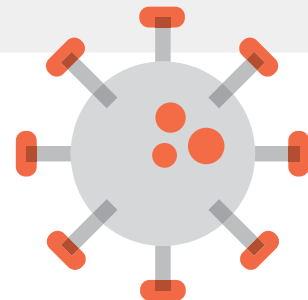
<sup>1</sup> NHS in Wales introduced arrangements to mitigate against this fraud risk and it did not become an issue.

### **The COVID-19 pandemic: a case study in how scammers and fraudsters are ready to exploit a crisis**

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- as the national focus turned to test and track, the fraudster's net became wide and indiscriminate, as shown by a fake text message attempting to dupe people into believing they have been in contact with someone who has tested positive for the virus, directing recipients to a website for more information. The link is then used to harvest personal and financial data.

A world-leading counter-fraud response would mean that counter-fraud specialists had identified the risks at least at the same pace as the fraudsters, if not sooner. It would also mean they had the right tools to prevent and detect fraudsters exploiting any new opportunities; and that the counter-fraud response was mobilised rapidly through effective collaboration and information sharing.





# Culture and leadership across the Welsh public sector

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01



## Why is it important?

- 1.1 The Crime Survey for England and Wales recognises fraud as one of the most prevalent crimes in society today. Every pound stolen from the public sector means that there is less to spend on key services such as health, education and social services. Public sector bodies can mitigate the risks from fraud by having the right organisational culture supported by effective counter-fraud arrangements.
- 1.2 Strong leadership sets the appropriate tone from the top of an organisation and plays a crucial part in fostering a culture of high ethical standards. It is important that senior management leads by example and sends a clear message that fraud will not be tolerated either from inside or outside of the organisation. A strong tone at the top can raise the profile of fraud risks and promote the best standards and approaches in counter-fraud work.

## What did we find?

- 1.3 Other than in the NHS there is an absence of any overarching strategic approach, guidance, coordination and oversight.
- 1.4 In NHS Wales, the NHS Counter Fraud Service<sup>2</sup> provides leadership, specialist investigation skills, support and guidance to the sector and a Counter Fraud Steering Group<sup>3</sup> provides strategic direction and oversight. This leadership model delivers a coordinated approach to counter-fraud across the NHS in Wales and a good counter-fraud culture complemented by inbuilt scrutiny of the arrangements. The legal framework specific to the NHS Wales and the levels of investment give counter-fraud a high profile and robust enforcement and recovery mechanisms. At a local level, strategic leadership was evident within Health Boards through the dissemination of a consistent message, both internally and externally, that fraud is not tolerated.

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2 Which is hosted by the NHS Wales Shared Services Partnership

3 A sub-group of the All Wales Directors of Finance Forum

- 1.5 Across local authorities there is an absence of sector-wide strategic leadership, guidance, coordination and oversight of counter fraud. Within the individual authorities we found statements espousing a zero tolerance of fraud in policies and strategic documents. But there is much more that can be done to re-enforce the tone from the top at a practical level. We found examples where the leadership team actively promotes the importance of a good anti-fraud culture through awareness campaigns, newsletters to staff and active engagement with counter-fraud teams. But we also found in many authorities that there was little evidence that the message is driven down from the top and little priority is given to counter-fraud work. There were often competing priorities and, as a result, little time was given to counter-fraud and it often had a low profile.
- 1.6 In Central Government, the position is mixed. Within Welsh Government, we found evidence that counter-fraud is taken seriously, and a small team has achieved many successful outcomes, albeit its emphasis leans towards reactive rather than proactive work. We have been encouraged to see that the Welsh Government has accepted both of the recommendations made by the Public Accounts Committee following our first report. However, there remains a leadership gap that still needs to be addressed.
- 1.7 Across the other central government bodies that we examined, counter-fraud is not always given such a high priority. One reason for this appears to be the very low incidence of fraud being identified and reported; this poses the difficult question of whether this is due to a lack of investment in counter-fraud or a genuine low incidence of crime taking place. However, this latter explanation runs contrary to all the research being done by recognised leaders in the field such as CIPFA and the National Crime Agency.

- 1.8 The threat posed by fraud is also getting greater recognition within the UK. The UK government, for example, is working to make central government, and the public sector more widely, a place where fraud is actively found and robustly dealt with. It is transforming its whole approach to counter-fraud by:
- a establishing a counter-fraud function;
  - b developing and launching a Government Functional Standard (GovS013);
  - c establishing a 'Government Counter Fraud Profession' to develop people and increase capability;
  - d providing expert advice to the rest of government on how to deal with fraud;
  - e delivering specialist services to assist public bodies; and
  - f collaborating with overseas governments to bring further expertise to the UK.

## What can the Welsh public sector do to improve?

### Recommendations

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- R1** The Welsh Government should enhance its strategic leadership of counter-fraud across the public service in Wales, playing a co-ordinating role where it can, while recognising that individual bodies remain responsible for their own counter-fraud activities. In doing so it could consider:
- forming strategic partnerships with the key players nationally and internationally;
  - developing and delivering an all Wales counter-fraud strategy and vision;
  - advocating/promoting minimum standards in terms of public sector counter-fraud arrangements similar to those established by the UK Government;
  - elevating the status of counter-fraud staff by recognising counter fraud as a profession with essential competencies;
  - supporting the other sectors by, for example, providing invest-to-save funding opportunities, and supporting the development of professional competencies across the Welsh public sector; and
  - providing timely advice and guidance on 'hot' issues by gathering and disseminating important information and analysing trends.
- R2** All public bodies should champion the importance of a good anti-fraud culture and actively promote its importance to give confidence to staff and members of the public that fraud is not tolerated.



# Risk management and control frameworks

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02

## Why is it important?

- 2.1 Fraudsters are becoming more sophisticated and are evaluating opportunities and risks on a real-time basis. The management and mitigation of risk in public bodies often fails to keep up with changes in the nature and impact of potential fraud. The recent flooding in South Wales created opportunities for scams within days of the floods. Security experts have reported an explosion in fraudulent activity during the COVID-19 outbreak as the pandemic has created a myriad of opportunities for fraudsters (see **Case Study on page 10**).
- 2.2 A fraud risk assessment should be an honest appraisal of risks using a range of sources such as national intelligence, local intelligence, audit reports, brainstorming exercises and data-matching results. Risk assessments should be live documents and kept under constant review. Having identified the risks, bodies can then evaluate them, assessing their likelihood and the impact if the fraud were to occur. It is only when risks are properly identified and evaluated that public bodies can tackle the risks in a prioritised and proportionate way and put appropriate actions and controls in place to manage or mitigate these risks.
- 2.3 It is important that organisations have an effective control framework to help mitigate the risks identified. A strong internal control environment can help to prevent fraud from happening in the first place and detect fraud if an instance has occurred. Fraudsters will try to circumvent established controls and it is important that controls are regularly reviewed. A strong control programme whereby fraudsters are faced with a real prospect of detection helps mitigate the risk. When frauds are discovered, controls should be reviewed to identify weaknesses and introduce improvements. Internal Audit have expertise in designing and testing controls and they should undertake work on key systems on a risk-based approach.

## What did we find?

- 2.4 The quality of counter-fraud risk assessment and mitigation varies significantly in the Welsh public sector and there is generally scope to improve their quality and timeliness.
- 2.5 In the NHS, National Fraud Risk Alerts are produced by the NHS Counter Fraud Authority. These are routinely circulated to all Local Counter Fraud Specialists (LCFS) and Directors of Finance across NHS Wales. The LCFS are also required to conduct their own local risk assessments. This is a relatively new requirement and we found that these assessments are still being developed and embedded. The NHS Fighting Fraud Strategy recognises that a key challenge for the sector is the need to develop a comprehensive analysis of specific fraud risks to ensure counter-fraud resources are being directed to the most appropriate areas within the sector. The Counter Fraud Steering group has undertaken an overall risk assessment and produced assurance maps in respect of each main area of fraud. These maps will be used to target area of proactive work.
- 2.6 Our work identified that while some local authorities and central government bodies have undertaken fraud risk assessments, there were many who had not prepared a fraud risk assessment for several years. Some bodies in these sectors did not have a fraud risk assessment and therefore had not properly assessed the likelihood or impact of the risk. Without this key component, bodies cannot direct resources appropriately or adequately mitigate the risks of losses due to fraud. As a result, fraud strategies and work programmes are not particularly useful or relevant as they are not targeting the key areas of risk.
- 2.7 Our work also identified that, even where risk assessments were undertaken, they may not be integrated within the wider risk management framework. Fraud is not commonly reflected in corporate risk registers. We did not find many coordinated mechanisms for ensuring that fraud risks are appropriately communicated, owned and monitored within the audited body. Instead, fraud risk assessments are often held as standalone documents without any corporate ownership or active management of the risk. As a result of this approach, fraud risks are not adequately shared across departments.

- 2.8 We did identify some good practice in the sharing of fraud risks. In response to the Coronavirus pandemic, the Welsh Government issued a fraud risk bulletin early in April 2020, highlighting the emerging risks to the Welsh public sector. Ahead of the Welsh Government's bulletin, the UK Government Counter Fraud Function published its own guide: [Fraud Control in Emergency Management – COVID-19 UK Government Guidance](#). The guide highlights the importance of risk assessment, effective payment verification and due diligence arrangements and the need for robust claw-back arrangements to recover funds that are paid out incorrectly. There were also good examples in local authorities of raising awareness of scams with local residents.
- 2.9 We found that, in general, public bodies across all sectors have internal control frameworks that are well established and internal audit teams test controls as part of their annual programmes of assurance work. However, we found that internal audit teams do not always consider the fraud risks associated with systems as part of their work programmes. Furthermore, where new systems and processes are established, we found that organisations are not always using counter-fraud contacts and internal audit teams to try to design fraud out of systems.

## What can the Welsh public sector do to improve?

### Recommendations

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- R3** All public bodies should undertake comprehensive fraud risk assessments, using appropriately skilled staff and considering national intelligence as well as organisation-specific intelligence.
- R4** Fraud risk assessments should be used as a live resource and integrated within the general risk management framework to ensure that these risks are appropriately managed and escalated as necessary.





# Policies and training

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03

## Why is it important?

- 3.1 A sound policy framework enables organisations to direct their approach to counter-fraud and to promote good ethical behaviour. There should be a suite of policies and procedures in place that set out what is expected and what the consequences are for breaking the rules. Codes of conduct should set out the standards expected of employees and highlight the importance of declaring conflicts of interest and establish rules around gifts and hospitality.
- 3.2 Publicising frauds and the recovery action undertaken, helps to re-enforce the message from the top that fraud will not be tolerated. Publicity can help to discourage wrongdoing by others as it can highlight the damaging repercussions of their actions.
- 3.3 Staff are often the first to notice something irregular or potentially fraudulent and are often the first line of defence in the fight against fraud. These staff need easy access to a good counter-fraud policy and whistleblowing policy so they can be clear about their roles and responsibilities and the process they must follow if they suspect a fraud.
- 3.4 Effective training helps staff interpret policies and codes of conduct, giving them the confidence and skills to report suspected fraud. However, training and awareness-raising campaigns should be kept under continual review and must be linked to the live risk assessments so that new frauds or risks facing public bodies are quickly shared amongst staff and contractors if appropriate.

## What did we find?

- 3.5 Generally, we found that public bodies have prepared and approved a range of policies setting out the processes to follow if staff suspect that they have uncovered a fraud. However, we identified that some policies were outdated, some were still in draft form and some were not easily accessible to staff.
- 3.6 Whilst NHS bodies have each developed comprehensive counter-fraud strategies (informed by an over-arching national strategy), we found that only a few other public sector bodies had done so. Such strategies set out clear approaches to managing fraud risks along with responses and actions, they define roles and responsibilities and are cross-referenced to other policies so that they can be readily understood by staff.

- 3.7 The NHS has a policy of proactively publicising successful fraud cases. The NHS Counter Fraud Service does this by issuing press releases and engaging with local media for interviews and promotional opportunities. Publicity helps raise awareness of fraud risks and also deters staff and contractors from committing fraud. By publicising counter-fraud work and raising awareness of the effects of fraud, the NHS involves staff, key stakeholders and the public in the fight against fraud.
- 3.8 We did not identify the same level of proactive publicity work in other sectors. Some local authorities take the view that publicising cases can be reputationally damaging and are therefore reluctant to publish such information. The Welsh Government recognises that more can be done to publicise fraud cases. The very low levels of fraud identified at central government bodies also means there is little publicity that can act as a further deterrent.
- 3.9 Our audit work also identified wide variation in levels of training and awareness-raising specifically relating to counter-fraud across the Welsh public sector. We found that a few public bodies provide fraud awareness training to all their staff. Some others provide training as part of the induction of new staff but do not provide this training for longstanding staff. We found some examples of refresher training sessions and e-learning modules provided for staff, but these are not widespread. There are many bodies that do not provide any counter-fraud training or awareness-raising events.
- 3.10 These findings suggest that there could be a significant proportion of the public sector workforce in Wales who have either received no fraud-awareness training at all or have not received training for several years.
- 3.11 There are good examples of awareness-raising in the NHS where the LCFS has an ongoing work programme to develop and maintain an anti-fraud culture within their health board. These programmes include the preparation of presentations and publications to raise awareness of fraud. There are also examples of LCFS undertaking staff surveys to capture the levels of staff awareness of fraud in order to act if necessary. In addition, the NHS has developed a fraud awareness e learning package for all staff and levels of compliance across organisations is reported the Directors of Finance on a quarterly basis. However, even in the NHS sector, counter-fraud training for new staff is generally not a mandatory requirement.

## What can the Welsh public sector do to improve?

### Recommendations

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- R5** All public bodies need to have a comprehensive and up-to-date set of policies and procedures which together represent a cohesive strategy for identifying, managing and responding to fraud risks.
- R6** Staff working across the Welsh public sector should receive fraud-awareness training as appropriate to their role in order to increase organisational effectiveness in preventing, detecting and responding to fraud.
- R7** Cases where fraud is identified and successfully addressed should be publicised to re-enforce a robust message from the top that fraud will not be tolerated.



# Capacity and expertise

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04

## Why is it important?

- 4.1 It is important that public bodies each designate a counter-fraud champion who understands fraud and leads the organisation's approach and response. Public bodies need access to sufficient appropriately skilled counter-fraud specialists to prevent, detect and investigate suspected fraud and protect their assets. As fraud risks change, public bodies should have resources available to provide a response that is appropriate to the threat.
- 4.2 Skilled and experienced staff will also help to ensure investigations are undertaken properly with evidence being obtained and handled lawfully in order to secure successful sanctions and the recovery of losses.
- 4.3 Investigations, whilst crucial, can be time consuming and costly and the low numbers of successful prosecutions mean that public bodies cannot rely on investigations alone to combat fraud. Public bodies need to have the capacity to undertake both proactive counter-fraud work and reactive investigation work. Proactive work includes fraud awareness campaigns, training, designing policies and strategies and strengthening controls to prevent attacks.

## What did we find?

- 4.4 Insufficient capacity arose frequently as a key challenge faced by public bodies in their efforts to combat fraud. On the ground, capacity and skills in counter-fraud vary widely across and within public sector bodies in Wales. Most of the capacity is allocated to responsive work and investigations with any spare capacity being used in preventative counter-fraud work.
- 4.5 In local government, some officers are sceptical about the levels of fraud within their organisations and question the need for additional resources. However, these same local authorities allocate little resource to counter-fraud arrangements, do not have robust fraud risk assessments and the following up of matches from the National Fraud Initiative is assigned a low priority. Their assumptions about low levels of fraud run contrary to all the research being done by recognised leaders in the field such as CIPFA and the National Crime Agency.

- 4.6 Local authorities suffered a significant loss in counter-fraud capacity when the independent Single Fraud Investigation Service (SFIS) was created in 2014. SFIS is a partnership between the Department for Work and Pensions, HMRC and local authorities and which covers welfare benefit fraud. Most of the counter-fraud specialists left the sector to work for this new organisation. A small number of authorities have retained experienced and skilled counter-fraud staff, but the workload has mostly fallen on Internal Audit teams.
- 4.7 Our work found that the counter-fraud arrangements were generally more advanced in the local authorities that retained a dedicated and specialist counter-fraud resource. Where Internal Audit teams carry out the counter-fraud work we found a trade-off between counter-fraud work and the general programme of assurance work due to limited resources and competing priorities.
- 4.8 We also found that, within some local authorities, several teams play a role in counter-fraud work; for example, Internal Audit, Council Tax, and Human Resources teams all contribute. Whilst helpful in terms of adding capacity, we found that this can result in a lack of coordination and integration between these teams and a lack of clarity in the overall picture of counter-fraud activity.
- 4.9 Counter-fraud is generally better resourced in the NHS than other public sector bodies and there has been an increase in LCFS resource over recent years. There is a central team within the NHS Counter Fraud Service Wales which investigates complex, large scale frauds and provides a financial investigation resource. The team also provides guidance, intelligence and investigative support to the network of finance directors and LCFS at health bodies in Wales. In addition, Welsh Government Directions require that each health body should appoint at least one LCFS who is an accredited counter-fraud professional. These LCFS are the primary points of contact for counter-fraud work at their respective health bodies and have a key role in fraud prevention and detection. Increasing staffing levels above the minimum number is a matter of local discretion.
- 4.10 The mixture of LCFS and support and guidance from the NHS Counter Fraud Service and the Counter Fraud Steering Group has resulted in improved counter-fraud arrangements within the NHS sector in comparison to the other sectors. However, whilst LCFS staff are often shared between individual health boards, they are not pooled across the entire sector. As a result, the relatively low counter-fraud staff numbers in some health boards can cause issues if staff members are absent from work. Even within the NHS Wales, there is a general recognition that more proactive work should be undertaken.

- 4.11 The Counter Fraud Team at the Welsh Government is skilled and experienced and has secured a number of high-profile prosecutions over recent years. However, a recent Government Internal Audit Agency review of the Welsh Government in 2017 concluded that the counter-fraud function could achieve more with increased resources. The Counter Fraud Team is able to draw on resources from within the Welsh Government to assist with investigations where appropriate and there are plans to increase the resource in the team in the near future.
- 4.12 Our audit also found that public bodies in Wales are generally following traditional counter-fraud approaches with a focus on detection and investigation rather than prevention. Most public bodies recognise that more proactive and preventative work should be done, but they acknowledge that the lack of time, resources and expertise are barriers to making this shift of focus.
- 4.13 We did not find many examples of public bodies in Wales outside the NHS pooling resources to help reduce duplication of effort and improve the efficiency and effectiveness of counter-fraud arrangements across sectors. Pooled resources could also help to improve continuity and add flexibility to adapt to changing needs going forward.
- 4.14 In 2018 the UK government launched the Counter-Fraud Profession to enhance overall counter-fraud capability across government. The profession develops the skills of specialist staff and moves beyond the traditional focus of investigations, placing greater emphasis on fraud prevention and the use of data analytics. Membership across UK Government Departments has been steadily increasing, and the Welsh Government is engaged with this initiative. Organisations joining the profession are required to have learning environments that support their staff to develop and maintain professional standards.



## What can the Welsh public sector do to improve?

### Recommendations

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- R8** All public bodies need to build sufficient capacity to ensure that counter-fraud work is resourced effectively, so that investigations are undertaken professionally and in a manner that results in successful sanctions against the perpetrators and the recovery of losses.
- R9** All public bodies should have access to trained counter-fraud staff that meet recognised professional standards.
- R10** All public bodies should consider models adopted elsewhere in the UK relating to the pooling and/or sharing of resources in order to maximise the availability of appropriately skilled staff.



## Tools and data



05

## Why is it important?

- 5.1 An effective counter-fraud function will ensure that those responsible for it are equipped with up-to-date methodologies and the right tools for the job. Counter-fraud staff must make best use of data and intelligence in order to:
  - a prevent fraud by 'fraud-proofing' systems and processes; and
  - b mounting an effective response to suspicions of fraud.
- 5.2 New fraud threats are continually emerging, both globally and nationally. It is important that public bodies have flexible, cutting-edge counter-fraud approaches that are fit for a digital age and agile enough to keep up with, or better still, ahead of the fraudsters.
- 5.3 Cyber-attacks are an alternative means of committing traditional frauds such as the theft of assets, cash or intellectual property. PricewaterhouseCoopers' most recent global economic crime survey found that cyber crime is now the most common fraud facing UK businesses, overtaking asset misappropriation for the first time since the survey began. We can see this in the explosion in number of cyber scams linked to the COVID-19 pandemic.
- 5.4 Preventing fraud is always preferable to responding to an instance. Many organisations are now looking to 'fraud-proof' systems at the point of entry using the latest developments in data analytics. For example:
  - a the Cabinet Office has developed on-line tools that can look at 10,000 records in seven seconds to provide due diligence checks on grant applications; and
  - b the Department of Work and Pensions have been trialling an Artificial Intelligence system that detects fraudulent claims by searching for certain behaviour patterns, such as benefit applications that use the same phone number or are written in a similar style. Any suspicious activity is then passed on to specialist investigators.
- 5.5 Data analytics provide an increasingly important tool in preventing fraud as well as in its detection. We look at how public bodies can share data to help find fraud in the next section of this report.
- 5.6 Sophisticated technology and data analytics are of little use if they are not used effectively and this requires adequately trained resource to understand it. Therefore, it is important that public bodies have access to staff adept in data analytics in order to achieve better counter-fraud results.

- 5.7 Knowing what to do in the event of a suspected fraud improves the chances of a successful enforcement action. It also re-enforces the tone from the top that the organisation does not tolerate fraud. Fraud response plans need to provide a clear direction to relevant parties so that bodies are able to respond to allegations quickly and appropriately. A response plan should be reviewed regularly to ensure that responses to fraud keep abreast with changing times and emerging risks. They should outline:
- a the fraud investigation process from receipt of allegation to outcome report;
  - b roles and procedures for securing evidence and undertaking interviews;
  - c details of how and when to contact the police;
  - d a commitment to pursuing a range of sanctions;
  - e reporting arrangements; and
  - f how lessons learned will be used to strengthen system and process controls.

## What did we find?

- 5.8 Generally speaking, we found that more work is needed to bring counter-fraud tools and methodologies up to date to reflect the new world of cyber attacks and digitally-facilitated crimes. Many local authorities and central government bodies we looked at as part of our fieldwork did not have information security policies that reflected the risks associated with cyber crime. The situation was more positive in NHS Wales bodies.
- 5.9 Our review identified only a few examples of data analytics being used as a means of preventing fraud. Data analytics are used more widely to detect fraud, in following up on NFI data matches, for example, but our previous audit work<sup>4</sup> has shown that the level of engagement with the NFI varies considerably across Welsh public bodies.
- 5.10 We found that some local authorities and central government bodies did not have a fraud response plan that was communicated to all staff and which made it clear that all allegations of fraud would be investigated. The Welsh Government had a fraud response plan, but this was in draft form at the time of our audit work and was not, therefore, available to staff. Again, the position was much more positive in NHS Wales.

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4 **Our October 2018 NFI report** stated that 'most Welsh public sector bodies participating in the NFI were proactive in reviewing the data matches, but a small number of participants did not review the matches in a timely or effective manner'.

- 5.11 NHS bodies all use the same case management system to record and monitor the progress of potential fraud cases. In other sectors, few bodies have a case management system although some do have a spreadsheet log that records information. The variation in the information collected makes it very difficult to report an all-Wales position on the level of fraud taking place. The reasons that many local authorities and central government bodies do not have a case management system or detailed records was the very low numbers of fraud cases that were being identified and handled.
- 5.12 Most of the public bodies we looked at consider the full range of possible sanctions (disciplinary, regulatory, civil and criminal) against fraudsters and will seek redress including the recovery of assets and money where possible. However, many bodies report such low levels of fraud that it is impossible to substantiate their claims. For any internal frauds identified, most bodies tend to deal with the perpetrators through internal disciplinary procedures.
- 5.13 Most of the public bodies we looked at reflected on the weaknesses revealed by instances of proven fraud and corruption and fed back to departments and teams so that they might fraud-proof their systems. The arrangements at local NHS bodies were particularly robust because fraud cases in their case management system cannot be closed down without providing assurance that any system weaknesses have been considered and remedied if necessary.

## What can the Welsh public sector do to improve?

### Recommendations

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- R11** All public bodies need to develop and maintain dynamic and agile counter-fraud responses which maximise the likelihood of a successful enforcement action and re-enforce the tone from the top that the organisation does not tolerate fraud.
- R12** All public bodies should explore and embrace opportunities to innovate with data analytics in order to strengthen both the prevention and detection of fraud.



# Collaboration



06

## Why is it important?

- 6.1 Fraudsters do not respect geographical or other boundaries. This means that individual public sector bodies cannot establish effective counter-fraud arrangements by themselves. They must work collaboratively to maximise the effectiveness of their response to fraud.
- 6.2 Collaboration is an increasingly important aspect of public service, particularly in the context of reduced funding and the need to do more with less. Collaboration is also one of the 'five ways of working' as defined in the Welsh Government's 'Well-being of Future Generations (Wales) Act 2015: the essentials'<sup>5</sup> document. It is therefore essential that collaboration and the sharing of intelligence and good practice take place between public, private and third-sector bodies across the UK and internationally.
- 6.3 Collaboration can mean sharing people or pooling resources and, more commonly these days, in the sharing of information. This information can be shared between departments, between bodies, across different elements of the public sector and with other key stakeholders such as law enforcement authorities and the private sector. The information shared can be about the nature of a fraud or information about the identities of the perpetrators.
- 6.4 The sharing of data to help find fraud is a rapidly evolving area and is being facilitated by changes in the law. In 2017, the Digital Economy Act became law, enabling public authorities to share personal data to prevent, detect, investigate and prosecute public sector fraud. The Act recognises that the wider use of data-sharing could improve the prevention, detection and investigation of fraud in a number of ways, including:
  - a improved targeting and risk-profiling of potentially fraudulent individuals;
  - b streamlining processes, enabling the government to act more quickly; and
  - c simplifying the legislative landscape.

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5 Well-being of Future Generations (Wales) Act 2015: the essentials', Welsh Government (2015)

## What did we find?

- 6.5 Our field work across forty public sector bodies in Wales found that collaboration was insufficiently developed, reinforcing the findings of our 2019 review.
- 6.6 Within local authorities and central government bodies there are some good examples of bodies working jointly and some regional networks, but these tend to be informal arrangements and there is no consistency in approach. Formalising arrangements can help improve accountability and governance and can influence commitment and results.
- 6.7 The picture is generally more positive across local NHS bodies and the Welsh Government than in local authorities and central government bodies. However, there is scope for all public bodies to work more closely with each other and with other stakeholders to tackle fraud.
- 6.8 Because of the tiered approach to counter-fraud within NHS Wales and established formal partnerships with the NHS Counter Fraud Authority, there is good access to specialist fraud investigation teams such as surveillance, computer forensics, asset recovery and financial investigations. The NHS Counter Fraud Service Wales provide the surveillance, asset recovery and financial investigations services to NHS Wales, while the NHS Counter Fraud Authority provides forensic computing services and other specialist support services to NHS Wales under the terms of their annual agreement with Welsh Government.
- 6.9 The existence of these formal access arrangements is less well established within other sectors, but most organisations told us that they could access specialist services if required. The low level of fraud being identified was one of the reasons given for the absence of formal partnerships between public sector bodies.
- 6.10 We also found wide variations in the amounts of data that are shared. In most bodies, the sharing of data was typically limited to the National Fraud Initiative (NFI), although not all central government bodies currently take part in NFI. We found that some local authorities do not invest much resource into following up NFI matches and these are often the same authorities in which counter-fraud arrangements were limited.
- 6.11 There were very few examples of organisations working frequently across internal and external boundaries and sharing information. Common reasons for this lack of collaboration was lack of time and resources, and concerns about the sharing of data.



## What can the Welsh public sector do to improve?

### Recommendations

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**R13** Public bodies should work together, under the Digital Economy Act and using developments in data analytics, to share data and information to help find and fight fraud.



# Reporting and scrutiny

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07

## Why is it important?

- 7.1 Arriving at a reliable estimate for the cost of fraud is a difficult task. This is particularly so for the Welsh public sector as our 2019 report highlighted. Whilst the UK Government produces annual estimates, there is no breakdown of this estimate to each of the devolved administrations in the UK. CIPFA's most recent analysis estimates that fraud costs the UK public sector £40.3 billion annually. The Cabinet Office<sup>6</sup> estimates losses due to fraud and error at between 0.5% and 5% of budget. Applying this range to annual public expenditure in Wales of around £20 billion gives a possible estimated value of losses to fraud and error between £100 million and £1 billion per annum. The losses are therefore significant and take valuable funding away from our public services.
- 7.2 Fraud is often under-reported as some suspicious activity identified through NFI matches, for example, is not classified as fraudulent and therefore not reported. Also, some public bodies fail to report fraud as it can attract unwanted publicity and perceived reputational damage. This situation leads to an incomplete national intelligence picture.
- 7.3 The International Public Sector Fraud Forum<sup>7</sup> has recognised that 'finding fraud is a good thing' and this is one of their 'Key Fraud and Corruption Principles'. The Forum noted that, if bodies do not find fraud, then they are unable to fight it, and that a change of perspective is needed so that the identification of fraud is seen as a positive and proactive achievement.
- 7.4 Reporting fraud to those charged with the governance of public sector organisations is important as it provides managers and audit committees, for example, with the information and intelligence they need to challenge and scrutinise. To facilitate accountability, public bodies should provide copies of counter-fraud reports detailing numbers of cases and outcomes to audit committees so that they are fully informed of any issues of concern and can hold management and counter-fraud teams to account. Audit committees can also promote the message that fraud will not be tolerated, supporting the efforts of counter-fraud teams.

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6 Cabinet Office Cross Government Fraud Landscape Report 2018

7 International Public Sector Fraud Forum A Guide to Managing Fraud for Public Bodies in Feb 2019

## What did we find?

- 7.5 The arrangements in NHS Wales to record, collate and share information about fraud losses and recoveries are well established. The NHS Counter Fraud Service collates information on the number of fraud cases and recoveries from each health body as a matter of course. There are quarterly and annual Operational Performance Reports which summarise information about resources, referrals and the work of the Counter-Fraud Service and LCFS based at each health body. These reports are reviewed by the Counter Fraud Steering Group and shared with Directors of Finance and the audit committees of each health body, helping to facilitate meaningful comparisons within the sector. The NHS Counter Fraud Authority also reports to the Welsh Government on a quarterly basis.
- 7.6 In other sectors, audit committees are not generally provided with as much information:
- a in the Welsh Government, the Audit and Risk Assurance Committee is not provided with, nor does it request, detailed information about fraud cases, although information about major cases and anti-fraud activity is included in the regular report from the Head of Internal Audit;
  - b in the local government sector, fewer than half the authorities report information about fraud cases, losses and recoveries to their audit committees on a regular basis; and
  - c even fewer central government bodies report on cases of fraud, reflecting a very low incidence of fraud being identified and managed.
- 7.7 The absence of both the reporting of information and arrangements to collate and share this information across the Welsh public sector is troubling for a number of reasons. It does little to help re-enforce a zero-tolerance message from the top of an organisation to both staff and external stakeholders. It may also send the wrong message to fraudsters that Wales does not see fraud as a priority and makes it difficult to assess the level of risk and how best to respond to it by senior public sector officials and politicians.
- 7.8 When frauds are identified, Internal Audit (or, where they exist, counter-fraud specialists) provide audit committees with reports and updates. On balance, however, audit committees outside of the NHS Wales have not been sufficiently proactive in recognising the increasing risk of fraud and in asking the searching questions necessary about the matching of resources to risk or about the lack of information being supplied about fraud risk.

## What can the Welsh public sector do to improve?

### Recommendations

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- R14** Public bodies need to collate information about losses and recoveries and share fraud intelligence with each other to establish a more accurate national picture, strengthen controls, and enhance monitoring and support targeted action.
- R15** Audit committees must become fully engaged with counter-fraud, providing demonstrable support and direction, monitoring and holding officials to account if insufficient information is being provided about counter-fraud activity.



# Appendices

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- 1 Audit methods
- 2 The Welsh Government's response to the July 2019 recommendations of the Public Accounts Committee

# 1 Audit methods

Our audit was structured around seven key lines of enquiry to help us answer the overall question: 'Are the arrangements for preventing and detecting fraud in the Welsh public sector effective?':

- Does the top tier demonstrate a commitment to counter-fraud and provide the necessary leadership to fight fraud?
- Does the organisation have a suitable structure and sufficient skilled resources to prevent and detect fraud?
- Does the organisation have a sound policy framework to support effective counter-fraud arrangements?
- Does the organisation have an effective fraud risk assessment together with appropriate responses to emerging issues?
- Does the organisation's internal control environment support effective arrangements for preventing and detecting fraud?
- Does the organisation have an appropriate response to fraud?
- Does the organisation have proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively?

The audit fieldwork was carried out by our local audit teams between November 2019 and February 2020. Their fieldwork included:

- structured interviews – interviews with key individuals in order to understand the counter-fraud arrangements in place at each audited body; and
- document reviews – where these existed, they typically included the counter-fraud strategy, risk assessment, work plans, corporate risk register, fraud response plan, Codes of Conduct, whistleblowing policy, guidelines and procedures for local fraud investigators and counter-fraud reports/updates provided to Audit Committee.

Teams also issued a core information request in order to gather some information directly from audited bodies.

The project team collated and reviewed the local findings to distil the key messages for inclusion in this report. Our audit teams have been providing tailored feedback on their local findings to relevant staff at each audited body.

The audited bodies included in this study are:

**Local Government bodies:**

- Blaenau Gwent County Borough Council
- Bridgend County Borough Council
- Caerphilly County Borough Council
- Cardiff Council
- Carmarthenshire County Council
- Ceredigion County Council
- Conwy County Borough Council
- Denbighshire County Council
- Flintshire County Council
- Gwynedd Council
- Isle of Anglesey County Council
- Merthyr Tydfil County Borough Council
- Monmouthshire County Council
- Neath Port Talbot County Borough Council
- Newport City Council
- Pembrokeshire County Council
- Powys County Council
- Rhondda Cynon Taf County Borough Council
- City and County of Swansea
- The Vale of Glamorgan Council
- Torfaen County Borough Council
- Wrexham County Borough Council



**NHS Wales bodies:**

- Aneurin Bevan University Health Board
- Betsi Cadwaladr University Health Board
- Cardiff and Vale University Health Board
- Cwm Taf Morgannwg University Health Board
- Hywel Dda University Health Board
- Powys Teaching Health Board
- Swansea Bay University Health Board
- Health Education and Improvement Wales
- Velindre NHS Trust
- Public Health Wales Trust
- Welsh Ambulance Service NHS Trust

**Central Government bodies:**

- Welsh Government
- Welsh Revenue Authority
- Arts Council for Wales
- Higher Education Funding Council for Wales
- National Museums and Galleries Wales
- Natural Resources Wales
- National Library of Wales
- Sport Wales
- Senedd Commission

## 2 The Welsh Government's response to the July 2019 recommendations of the Public Accounts Committee

### PAC Recommendation

**We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.**

**We ask that the Welsh Government consider whether there is scope and potential to support a national counter fraud team to work across Wales to ensure that at least a basic level of counter fraud work is undertaken in each local authority area by suitably trained staff.**

### Response from the Welsh Government's Permanent Secretary

The Welsh Government recognises and fully supports local authorities addressing fraud within the £8 billion of their general revenue expenditure.

As independent democratically led organisations, the prime responsibility for the detection and prevention of fraud is for each of the 22 councils themselves. As such, we would expect all to be fully engaged in this work and for local politicians to understand and provide leadership.

To make sure that the recommendation is understood and given priority, officials will raise the matter with Ministers to secure an item on the Partnership Council agenda as well as its Finance Sub Committee. Subject to Ministers' agreement, we will agenda an item for the next possible meeting.

I am supportive of any move to increase the understanding of fraud and the consistent application of best practice techniques across the Welsh Public Sector and there exists already a vehicle to bring together counter-fraud practitioners and other interested parties and drive forward a common understanding of this important area.

The Welsh Government's Head of Counter-Fraud is Deputy Chair of the Wales Fraud Forum (WFF), which is a not-for-profit company run by a strategic board of volunteers. Its aims are to help prevent fraud in Wales by raising awareness in the public and private sectors and amongst individuals. In particular, its stated objectives include to:

- bring the public and private sectors together to fight fraud and financial crime and to protect the economy of Wales;

## PAC Recommendation

### Response from the Welsh Government's Permanent Secretary

- promote fraud awareness amongst its membership, organisations and individuals throughout the region;
- create good practice cultures by encouraging and developing anti-fraud strategies for its membership to utilise;
- establish a best practice between its members for fraud prevention, investigation and detection; and
- promote an open and co-operative environment between the membership in both the public and private sectors.

The Forum is held in high regard; in 2017 the current First Minister gave the keynote address at its annual conference and outlined his support for effective counter-fraud arrangements across Wales. Forum membership includes the Audit Wales as well as a number of public and private sector organisations.

Therefore, I believe the Welsh Government can achieve the outcome desired by identifying strategies to support the work of the Forum, raising its profile within the Welsh Public Sector and seek a high level of commitment to support it. I will ask Officials to engage with the Forum to discuss strategies for strengthening its effectiveness by the end of the calendar year.

We agree there is potential in the use of data sharing between Welsh public bodies to improve the impact of counter-fraud activities. The introduction of the Digital Economy Act gives the Welsh Government and certain scheduled Welsh public bodies useful new powers to share data with each other compliantly to identify potential fraud. Officials are working on setting up the appropriate governance for taking forward the use of these new powers in Wales, and are aiming for a panel to be in place by the end of the financial year to consider potential uses of the powers.



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### Appendix 3 – Anti-Fraud Risk Assessment Checklist 2021/2022

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"/>
Dedicated corporate team with two qualified 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 Cross Governments Landscape, 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) bi-annual exercise.  This, coupled with other sources and affiliates, e.g. the Wales Audit Office, Welsh Chief Auditors Group and Welsh Fraud Officers Group, ensures we receive regular updates on best practice, legislation etc.  Fraud Function officers have attended relevant anti-fraud related events and are Accredited Counter Fraud Officers / Specialists.		

8. Do we raise awareness of fraud risks with:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• 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. This provision is to be reviewed in 2021/2022 with HROD.		
• 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 Welsh Government Fraud Unit and Audit Wales Attends the Welsh Chief Auditors Group.		
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 Team and other agencies. Reports relative incidences of fraud to Action Fraud and NAFN.		
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"/>
<p><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.</p>		
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"/>
<p>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.</p>		
14. Do we have effective arrangements for:		
<ul style="list-style-type: none"> <li>Reporting fraud?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>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.</p>		
<ul style="list-style-type: none"> <li>Recording fraud?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Internal Audit keep records of all fraud reported to them.</p>		
15. Do we have effective whistle-blowing arrangements? In particular are staff:		
<ul style="list-style-type: none"> <li>Aware of our whistle-blowing arrangements?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>We have a policy in place, and it is available to all staff on the Council's Staffnet.</p>		
<ul style="list-style-type: none"> <li>Confident in the confidentiality of those arrangements?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>No evidence to suggest to the contrary.</p>		
<ul style="list-style-type: none"> <li>Confident that any concerns raised will be addressed?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>No evidence to suggest to the contrary.</p>		
16. Do we have effective fidelity guarantee insurance arrangements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>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 &amp; Technical officer to the value of £20,000,000.</p>		

<b>Fighting Fraud with reduced resources</b>		
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 consists of 2 officers . Existing Audit staff can assist 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.		
<b>Current risks and issues</b>		
<b>Housing tenancy</b>		
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"/>
Checks are carried out by Housing Department staff responsible for appropriate 'estate management' action in instances where the 'lawful tenant' is not in occupation.  <ul style="list-style-type: none"> <li>Up to date awareness sessions will continue to need to be delivered to relevant Housing Department staff as necessary.</li> <li>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"> <li>The Prevention of Social Housing Fraud Act 2013, and,</li> <li>The Prevention of Social Housing Fraud (Detection of Fraud) (Wales) Regulations 2014.</li> </ul> </li> </ul>		
<b>Procurement</b>		
20. Are we satisfied our procurement controls are working as intended?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Controls appear to be adequate - Contract Procedure Rules.  Subject to available resources, the Fraud Function intends to develop proactive rather than reactive work in this area.		

21. Have we reviewed our contract letting procedures in line with best practice?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Procedures appear to be adequate. There has been no credible criticism of the Council's procurement procedures, e.g. from unsuccessful bidders.		
<b>Recruitment</b>		
22. Are we satisfied our recruitment procedures that:		
<ul style="list-style-type: none"> <li>Prevent us employing people working under false identities?</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>



Human Resources & Organisational Development impose rigorous controls of this nature for appointments.		
• Confirm employment references effectively?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Completed by Human Resources & Organisational Development – References Policy.		
• Ensure applicants are eligible to work in the UK?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Completed by Human Resources & Organisational Development.		
• Require agencies supplying us with staff to undertake the checks that we require?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Completed by Human Resources & Organisational Development		
<b>Personal Budgets for Social Care (Direct Payments)</b>		
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"/>
Personal Budgets have been subject to Departmental and Internal Audit review.  Subject to available resources, the Fraud Function intends to develop proactive rather than reactive work in this area.		
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"/>
The existing whistle-blowing policy is fit for purpose and has been revised in 20/21. The Fraud Function web pages also re-inforce the message.		
<b>Council tax discount &amp; exemptions</b>		
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"/>
The Council Tax Section undertakes regular postal and in-person reviews. In 2014 and 2018 'Data Tank' was commissioned to identify cases where an award of SPD may not be appropriate. A further review would have been undertaken in 2020 but has been delayed to 2021 due to the impact of the Covid-19 pandemic. The Authority will also consider utilising 'Data Tank' to undertake rolling reviews instead of completing a bi-annual exercise. This risk in this area was again underlined by the CIPFA Fraud and Corruption Tracker Results 2020. The Council is also participates in the bi-annual National Fraud Initiative (NFI).		
<b>Housing benefit</b>		
26. When we tackle housing benefit fraud do we make full use of data matching?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
As a Council, we utilise data matching via several avenues: <ul style="list-style-type: none"> <li>• VEP (Verifying Earnings and Pensions) Alerts and checks – real time information from HMRC supplied by DWP</li> <li>• Housing Benefit Matching Service – monthly via the DWP.</li> <li>• National Fraud Initiative – biannually via the Cabinet Office.</li> <li>• Interactive Data Extraction and Analysis software – as and when necessary via the Audit Section.</li> </ul>		
<b>Other fraud risks</b>		

27. Do we have appropriate and proportionate defences against the following fraud risks		
<ul style="list-style-type: none"> <li>Business rates? _</li> </ul> <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"> <li>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.</li> <li>Avoidance of second home and empty property premiums</li> <li>Note COVID19 changes to NNDR accounts may apply</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>Right to Buy?</li> </ul> <p>To help tackle the shortage of affordable housing Welsh Government abolished the 'Right to Buy' scheme in Wales on 26.1.2019.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>Council Tax Reduction? _</li> </ul> <p>Joint working with DWP's Counter Fraud Division is a business as usual function although volumes have decreased as a result of Covid 19 work undertaken by both agencies.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>Schools?</li> </ul> <p>There is a schools audit programme within the Internal Audit plan each year.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>Grants?</li> </ul> <p>There is a grants audit programme within the Internal Audit plan each year.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

## Appendix 4 - Anti-Fraud Statement 2021/2022

### 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 relative 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 resources permitting, includes pro-active 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:

- Continue to promote a zero tolerance anti-fraud culture across the community by publicising the impact of fraud on the community. We will also continue to assist our partners and stakeholders to understand and reduce the threats of fraud. Furthermore, we will continue 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, where permissible 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 & Organisational Development 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 2016-2019' 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 the relevant 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 in the register by the monitoring officer.

#### 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](http://www.swansea.gov.uk/bluebadgefraud)
- By telephoning 01792 637366.
- By e-mail to [fraud@swansea.gov.uk](mailto:fraud@swansea.gov.uk)

#### **4.3 *Council Tax Reduction fraud***

- Online at [www.swansea.gov.uk/reportctrfraud](http://www.swansea.gov.uk/reportctrfraud)
- By telephoning 01792 635359
- By e-mail to [fraud@swansea.gov.uk](mailto:fraud@swansea.gov.uk)

#### **4.4 *Other frauds that affect the Council***

- Online at:
- Staffnet: [www.swansea.gov.uk/Staffnet/fraud](http://www.swansea.gov.uk/Staffnet/fraud)
- Public web-site: [www.swansea.gov.uk/fraud](http://www.swansea.gov.uk/fraud)
- By telephoning 01792 635359
- By e-mail to [fraud@swansea.gov.uk](mailto: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](http://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](http://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 5 - Anti-Fraud Plan 2021/2022

### 1. Introduction

- 1.1 This document sets out the Fraud Function's Anti-Fraud Plan 2020/21, which covers the principles set out in the '*CIPFA Code of Practice on managing the risk of fraud and corruption*'.
- 1.2 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
- 1.3 Estimates published in 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,
  - Housing Tenancy,
  - Payments for Social Care,
  - Procurement
- 1.4 Fraud Function resources will be directed as appropriate and necessary throughout the year in response to the level of risk and investigation work required.
- 1.5 As aforementioned above the emerging fraud risks from Covid 19 will be prioritised in order to strengthen the efficiencies required to support the residents and businesses of Swansea.
- 1.6 The Fraud Function support will continue to need to be responsive as needs are identified and collaboration with a number of partners may be required e.g. Others Local Authorities, Trading Standards and Welsh Government.
- 1.7 Prevention strategies will continue to be identified and implemented as and when required and post event assurance will be undertaken in accordance with the Welsh and UK Governments requirements.
- 1.8 A comprehensive report on the impact of Covid-19 related fraud will be reported to Members in the Fraud Function Annual Report 2020/2021.

## 2. Content of the Plan

Activity	Detail	Target Outcomes
Tackle social housing tenancy fraud	Continue to work in partnership the Housing Department and Legal Section to combat tenancy fraud: from unlawful subletting to bogus succession claims.	<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 &amp; 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.	<p>Recover single person discounts 'incorrectly' claimed.</p> <p>Recover other disregards and discounts 'incorrectly' claimed.</p> <p>Identify cases of council tax evasion through non registration of liability and banding,</p>

Activity	Detail	Target Outcomes
Tackle Council Tax Reduction fraud	Continue to work with DWP's Counter Fraud Division in countering CTRS fraud.	Sharing information and expertise between the Fraud Function & DWP's Counter Fraud Division: <ul style="list-style-type: none"> <li>• To ensure that the totality of welfare benefit and CTRS frauds tackled in the most efficient and effective manner.</li> <li>• To identify overpayments and excess reductions.</li> <li>• To take sanction action in appropriate cases. Administrative Penalties and prosecutions.</li> </ul>
National Fraud Initiative 2020 (NFI)	Participate in the biannual National Fraud Initiative coordinated by the Cabinet Office.	To ensure an appropriate number of matches are examined with particular reference high fraud risk matches  To identify processes and procedures that need to be made more robust.  To identify overpayments and excess reductions.  To take appropriate action against offenders.
Internal Employee Matters <ul style="list-style-type: none"> <li>• Abuse of Position</li> <li>• Travel and subsistence</li> <li>• Flexi time/timekeeping</li> <li>• Other matters of misconduct/gross misconduct</li> </ul>	Continue to assist Human Resources & Organisational Development in conjunction with various client departments  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.	Support disciplinary process  Consider as appropriate criminal/civil proceedings.  To take appropriate action against offenders  Maintain the Council's good reputation

Activity	Detail	Target Outcomes
<p>Tackle other internal and external fraud, examples includes:</p> <ul style="list-style-type: none"> <li>• Procurement fraud</li> <li>• Social Care (Direct Payments)</li> <li>• Blue badge</li> <li>• Income collection and banking</li> <li>• Grants</li> <li>• Payroll</li> <li>• Pensions</li> <li>• Etc.</li> </ul>	<p>During 2021/22, 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>Identify fraud, error and over payments.</p> <p>Assist in the recovery of 'losses', financial or otherwise.</p>
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>To work with HROD to develop bi-annual fraud awareness training for all employees.</p>	<p><u>Staff:</u></p> <ul style="list-style-type: none"> <li>• New – A guide to Corporate Fraud is included in Corporate Induction Training provided by Human Resources.</li> <li>• Existing – Continue to develop and deliver training as and when required.</li> </ul> <p><u>Members:</u> Continue to deliver presentations/ reports to the Audit Committee and other members as necessary.</p> <p><u>Public:</u> Continue to publicise activities, successes, and prosecutions.</p>
Policy and Procedure Developments	To work with nominated officers as prescribed in the Action Plan presented to Audit Committee 9 <sup>th</sup> March 2021 to deliver on the appropriate actions.	To produce the products in-line with the timetable contained within the Action Plan



# Integrated Impact Assessment Screening Form

Please ensure that you refer to the Screening Form Guidance while completing this form.

## Which service area and directorate are you from?

Service Area: Resources

Directorate: Finance

### Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services

### (b) Please name and fully describe initiative here:

Anti-Fraud Plan for 2021/22: Outlines planned areas of activity for the Internal Audit Section's Fraud Function for 2021/22 and is designed to provide a strategic view of the areas that will be subject to examination.

### Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)

	High Impact		Medium Impact		Low Impact		Needs further investigation
	+	-	+	-	+	-	
Children/young people (0-18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Future Generations (yet to be born)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

# Integrated Impact Assessment Screening Form

**Q3** What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches?  
Please provide details below – either of your activities or your reasons for not undertaking involvement

The Internal Audit Fraud Function Anti-Fraud Plan is a financial and internal Administration document that does not require engagement/consultation.

**Q4** Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:

- a) Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?  
Yes  No
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
Yes  No
- c) Does the initiative apply each of the five ways of working?  
Yes  No
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
Yes  No

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**Q5** What is the potential risk of the initiative? (*Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...*)

High risk

Medium risk

Low risk

---

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

Yes  No If yes, please provide details below

Investigation outcomes could have an impact on Service provision.

---

**Q7** What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?

The cumulative impact of the plan is positive as it will support the Section 151 Officer and the Authority in its requirement to protect public funds and it will equally provide public assurance.



# Integrated Impact Assessment Screening Form

## Outcome of Screening

**Q8 Please describe the outcome of your screening below:**

There are low impacts on any identified group and the plan applies equally to all. Public consultation and engagement is not required for the plan. All WFG considerations are positive and the risk identified is low. The overall impact of the plan is positive as it will support the Authority in its requirement to protect public funds

(NB: This summary paragraph should be used in the relevant section of corporate report)

- Full IIA to be completed
- Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

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.

<b>Screening completed by:</b>
<b>Name:</b> Jeff Fish
<b>Job title:</b> Corporate Fraud Investigator
<b>Date:</b> 7 <sup>th</sup> April 2021
<b>Approval by Head of Service:</b>
<b>Name:</b> Ben Smith
<b>Position:</b> Chief Finance Officer and Section 151 Officer
<b>Date:</b> 12/4/2021

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)

# Agenda Item 6



## Report of the Chief Auditor

Governance and Audit Committee – 20 April 2021

### Internal Audit Charter 2021/22

<b>Purpose:</b>	This report outlines the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1 <sup>st</sup> April 2013 and presents the draft Internal Audit Charter for final approval by the Governance & Audit Committee following CMT approval on the 9 <sup>th</sup> April.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Legal, Finance, Access to Services
<b>Recommendation(s):</b>	That the Governance and Audit Committee review and approve the Draft Internal Audit Charter 2021/22.
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Miller

## 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1<sup>st</sup> 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 peer 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.
- 1.8 The Governance and Audit Committee will recall that Welsh Government recently consulted on draft statutory guidance –

Performance and Governance of principal councils. It is anticipated that final statutory guidance will be issued around the commencement dates and will be reported to the Governance and Audit Committee at a future date.

- 1.9 Welsh Government have clarified that the name and remit of the Committee will change to the Governance and Audit Committee from 1 April 2021 but that the other changes around membership are due to come into effect from May 2022.
- 1.10 The amended terms of reference including the change to the name of the Committee are attached at **Appendix C** to the Audit Charter. As these updates reflect legislative changes the Monitoring Officer will make the necessary changes to the Constitution under her powers set out in Article 15 of the Constitution. The changes will be reported to Council for information.
- 1.11 Further changes will be made in due course to reflect the legislative changes to membership of the Committee. At present there are 2 lay members of the Committee and 13 Councillor members.
- 1.12 The Local Government and Elections (Wales) Act requires that one-third of the membership of the Governance and Audit Committee are lay persons. A lay person is a person who is not a member or an officer of any local authority, has not at any time in the period of 12 months ending with the date of the person's appointment been a member or an officer of any local authority and is not a spouse or civil partner of a member or an officer of any local authority.
- 1.13 As the one-third requirement is not coming into force until May 2022 then the Committee will need to start looking at recruitment from September / October to ensure compliance. However to achieve the one-third membership a further 3 lay persons will need to be appointed or the size of the Committee reconsidered.
- 1.14 The Act also provides that a lay person must be appointed as Chair of the Committee and the deputy Chair must not be a member of the Cabinet.

## **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 (Governance and 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 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 Governance and Audit Committee for approval. The PSIAS state that final approval of the Internal Audit Charter resides with the Governance and Audit Committee.

2.4 The draft Internal Audit Charter 2021/22 for the City and County of Swansea's Internal Audit Section can be found in Appendix 1.

2.5 Following the approval of the Charter by the Corporate Management Team on the 9<sup>th</sup> March 2021, it is now presented to the Governance and Audit Committee for final approval.

### **3 Integrated Assessment Implications**

- 3.1 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.
  - Deliver better outcomes for those people who experience socio-economic disadvantage

The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

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

- 3.2 The completion of the Integrated Impact Assessment Screening revealed that:
- The Charter has a low positive impact across all groups.
  - It has been subject to consultation with the Chief Finance & S151 Officer, Legal, Access to Services and the Corporate Management Team.
  - All Well-being of Future Generations Act considerations are positive and any risks identified are low.
  - The overall impact of the Charter is positive as it will support the Authority in its requirement to protect public funds.

### **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 – Draft Internal Audit Charter 2021/22



## City and County of Swansea

# Draft Internal Audit Charter 2021/22

### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) came into force on 1<sup>st</sup> 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 the Governance and Audit Committee for approval. Responsibility for the

final approval of the Internal Audit Charter resides with the Governance and 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 the City and County of Swansea, this is the responsibility of the Section 151 & Chief Finance Officer.
- 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 of the 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:

<b>PSIAS</b>	<b>City &amp; County Swansea</b>
Chief Audit Executive	Chief Auditor
Senior Management	Corporate Management Team
Board	Governance and 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 evidenced by compliance with the required 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 whether suitable arrangements are in place and are operating effectively. 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 Governance and Audit Committee discharges its

responsibilities in line with the Committee's Statement of Purpose which can be found in Appendix C.

#### **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 Chief Finance & Section 151 Officer.
- 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 as considered necessary. Regular meetings are also held with the Council's external auditor.
- 5.5 The Chief Auditor reports functionally to the Governance and Audit Committee in his own name and has unrestricted access to the Chair of the Audit Committee and elected members. The Chief Auditor or a senior representative from the Internal Audit team attends all Governance and 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 Chief Auditor and the Principal Auditor when allocating work to 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 Chief Finance Officer 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 1<sup>st</sup> 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 Corporate Management Team and the Governance and Audit Committee. 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 will be presented to the Chief Finance Officer and the Governance and 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 Chief Finance & Section 151 Officer and the Governance 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 Governance and 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 – Amended Audit Committee Terms of Reference  
Appendix D – 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 this Code of Ethics

# **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](http://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.

## Amended Audit Committee Terms of Reference

### **Governance and Audit Committee**

#### **Statement of Purpose**

The **Governance and** 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.

The purpose of the **Governance and** Audit Committee is to provide independent assurance of the adequacy of the risk management framework, the internal control environment **and the performance assessment of the Council**. It provides **an** independent review of the governance, **performance assessment**, 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, **Performance**, Risk and Control**

- a) To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- b) **To review the Council's draft annual Self-Assessment Report, and make any appropriate recommendations for changes to the conclusions or actions the Council intends to make.**
- c) **To review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.**
- d) **To review the Council's draft response to any Auditor General's recommendations arising from a special inspection in respect of the Council's performance requirements and to make any appropriate recommendations for changes.**
- e) **To review and assess the authority's ability to handle complaints effectively and to make any associated reports and recommendations in relation to the authority's ability to handle complaints effectively.**
- f) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
- g) To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- h) To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

- i) To monitor the effective development and operation of risk management in the Council.
- j) To monitor progress in addressing risk related issues reported to the Committee.
- k) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- l) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- m) To monitor the counter fraud strategy, actions and resources.

### **Internal Audit and External Audit**

- n) To approve the internal audit charter and resources.
- o) 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.
- p) To consider summaries of specific internal audit reports as requested.
- q) To consider reports dealing with the management and performance of the providers of internal audit services.
- r) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- s) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- t) To consider specific reports as agreed with the external auditor.
- u) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- v) To commission work from internal and external audit.

### **Financial Reporting**

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

### **Accountability Arrangements**

- y) 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.

## **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 & Section 151 Officer and the Governance and 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 undertaken 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 & Section 151 Officer and the Governance and 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 & Section 151 Officer and the Governance and 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 Governance and 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 Q3 and Q4 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 & Section 151 Officer and was approved by the 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 & Section 151 Officer), the Director of Resources and the Chief Executive on 28/03/18 and to the 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 & Section 151 Officer and the Governance and Audit Committee on an annual basis.

The results of the external assessment will also be reported to the Chief Finance & Section 151 Officer and the Governance and 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 & Section 151 Officer and the Governance and 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.

# Agenda Item 7



## Report of the Chief Auditor

Governance and Audit Committee – 20 April 2021

### Internal Audit Strategy and Annual Plan 2021/22

<b>Purpose:</b>	This report presents the Internal Audit Strategy and Annual Plan for 2021/22 to the Governance and Audit Committee for approval.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Corporate Management Team, Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	That the Governance & Audit Committee review and approve the Internal Audit Strategy and Annual Plan 2021/22.
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Miller

#### 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 to 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 Governance and



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 and a draft version of the 2021/22 Audit Plan were reported to the Committee at the meeting on 9<sup>th</sup> March 2021.
- 1.5 The Internal Audit Strategy and Draft Annual Plan 2021/22 were approved by the Corporate Management Team on the 5<sup>th</sup> March 2021 and these are now reported to the Governance and Audit Committee for final approval.

## **2. Internal Audit Strategy and Annual Plan 2021/22**

- 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 Governance and 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 2021/22 is attached in Appendix 1.
- 2.3 For 2021/22, 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 2020/21. This gives a total number of available days of 2,366.
- 2.4 A summary of the Internal Audit Plan 2021/22 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 2021/22 accommodates any audits which were deferred from the 2020/21 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 178 days of audits due in 2021/22. 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 2020/21), and had received a high level of assurance when last reviewed and/or were classed as being low or medium risk.
- 2.8 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 audits are included in the 2021/22 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, an assurance mapping exercise is undertaken to inform the internal audit plan. The corporate risk register is also reviewed as part of the planning process, with the control measures noted against each of the risks informing the assurance map. Following a detailed review of corporate risks on the risk register, it was noted that in a number of cases the control measures recorded against the risk could not realistically be considered as actual control measures. This was raised with the Strategic Delivery & Performance Manager and the Chief Finance Officer in the first instance, and later with the Corporate Management Team. It is hoped that this will be addressed in 2021/22 via training for risk owners.
- 2.10 The assurance map is also distributed to corporate risk owners in advance of the planning process to give them the opportunity to review the entries in the three tiers of the map to ensure they are up to date and that all sources of assurance have been captured. It should be noted that in some instances, minimal updates or additions were added to the map as a result of this process this year. An updated version of the Assurance Map can be found in Appendix 4.
- 2.11 As a result of the points above, whilst the updated assurance map has been considered as part of this year's planning process, limited reliance has been placed on the entries in some instances and internal audit knowledge and experience has been relied upon, in consultation with the Chief Finance Officer, to ensure a suitably balanced and risk targeted audit plan is produced.
- 2.12 As in previous years, progress made by the Internal Audit Section in achieving the Audit Plan will be reported to the Governance and Audit Committee on a quarterly basis.

- 2.13 It is the view of the Chief Auditor that the proposed Internal Audit Plan 2021/22 will provide sufficient audit coverage for the annual opinion on the control environment to be delivered to Council via the Section 151 Officer and Governance and Audit Committee, subject to the extent of ongoing disruption caused by the Covid-19 pandemic in 2021/22.

### **3 Integrated Assessment Implications**

- 3.1 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.
  - Deliver better outcomes for those people who experience socio-economic disadvantage

The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

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

- 3.2 The completion of the Integrated Impact Assessment Screening revealed that:
- The Audit Strategy and Plan has a low positive impact across all groups.
  - It has been subject to consultation with the Chief Finance & S151 Officer, Legal, Access to Services, Corporate Management Team and Heads of Service.
  - All Well-being of Future Generations Act considerations are positive and any risks identified are low.
  - The overall impact of the Audit Strategy and Plan is positive as it will support the Authority in its requirement to protect public funds.

### **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 2021/22  
Appendix 2-Internal Audit Annual Plan 2021/22(Summary)  
Appendix 3-Internal Audit Annual Plan 2021/22  
Appendix 4-City and County of Swansea Assurance Map



## Internal Audit Strategy 2021/22

### 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 2021/22**

3.1 The Internal Audit Section is made up of 9.1 full time equivalents in 2021/22 plus the Chief Auditor. The resources and staff structure remain unchanged from 2020/21.

3.2 The total number of days available is 2,366 and after allowing for non-productive days such as holidays and bank holidays, administration, sickness provision, training provision, amendments to audit programmes, clerical support, appraisals and a number of days contingency for unexpected pieces of work that may arise in year gives 1,504 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 2021/22. 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 Governance and Audit Committee. Any significant changes to the annual plan identified during the year will be reported to the Governance and 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 Governance and 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 Governance and 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 the Governance 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 assurances 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 polices, 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 in 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 Governance and 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 Governance and 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 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 Governance and 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 Governance and 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 2021/22 – Summary

Categories of Audit Work	Plan 2020/21	Plan 2021/22	
	Days	Days	%
People	419	335	14
Place	420	322	14
Corporate Services	215	305	13
Fundamental Audits	168	247	10
Contract Audit Systems	55	30	1
Computer Audits	35	52	2
Contract Audits	0	0	0
Cross Cutting Audits	85	135	6
Miscellaneous Audits	40	15	1
Projects & Special Investigations	78	63	3
<b>Productive Days</b>	<b>1515</b>	<b>1504</b>	<b>64</b>
Staff Training	76	48	2
Holidays, Sick & Special Leave	499	543	22
Admin, Planning, Control, Clerical Support etc.	219	219	9
Contingencies	41	36	2
Vacancies	0	0	0
Performance Management - Appraisals	16	16	1
<b>Non Productive Days</b>	<b>851</b>	<b>862</b>	<b>36</b>
<b>Total Days</b>	<b>2366</b>	<b>2366</b>	<b>100</b>

Days Covering Corporate Priorities	
Cross Cutting Audits	135
Section 151 & Monitoring Officer Assurance	515
Education	167
Safeguarding	433
Poverty	160
Economy & Infrastructure	230
Resources & Biodiversity	45
Transformation & Council Development	197

(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 01/04/2021	Corporate Priority	Days
<b>Level 1 – Cross Cutting Reviews – Council Governance &amp; Control</b>				
Partnerships	Med/High	Planned	Cross Cutting	15
Corporate Governance	Med/High	Planned	Cross Cutting	15
General Data Protection Regulations	Med/High	Planned	Cross Cutting	10
Corporate Performance Management	Med	Planned	Cross Cutting	15
Local Government and Elections (Wales) Bill	New	Planned	Cross Cutting	10
FOI / SAR/ EIR Review	New	Planned	Cross Cutting	15
Wellbeing of Future Generations Act	New	Planned	Cross Cutting	10
Achieving Better Together – Recovery	New	Planned	Cross Cutting	10
Achieving Better Together – Transformation (inc. workforce strategy and savings delivery)	New	Planned	Cross Cutting	15
Assurance Framework	New	Planned	Cross Cutting	20
<b>Level 2 – Fundamental Systems - Section 151 Officer Assurance</b>				
<b>Financial Services &amp; Service Centre</b>				
Employee Services	Med/High	Planned	Section 151 Assurance	30
Pensions Admin	Med/High	Planned	Section 151 Assurance	20
Teachers Pensions	Med	Planned	Section 151 Assurance	15
Accounts Receivable	High	Planned	Section 151 Assurance	35
Business Rates (NNDR)	Med	Planned	Section 151 Assurance	20
Pension Fund Investments	Med/High	Planned	Section 151 Assurance	7
Housing Rents	Med	Planned	Section 151 Assurance	20
Accounts Payable	Med	Planned	Section 151 Assurance	35
Housing & Council Tax Benefit	Med/High	Planned	Section 151 Assurance	40
Capital Accounting	Med	Planned	Section 151 Assurance	25
<b>Level 3 – Service Level Audits – Other Assurance</b>				
<b>Education Planning &amp; Resources</b>				
Pentrehafod Comprehensive	Med	Planned	Education	10
Bishopston Comprehensive	Med	Planned	Education	10
Pontarddulais Comprehensive	Med	Planned	Education	10
Ysgol Gyfun Bryn Tawe	Med	Planned	Education	10
Ysgol Crug Glas	Med	Planned	Education	4
School Funding & Information	Med/High	Planned	Education	15
Catering & Cleaning HQ	Med	Planned	Education	10
SQuid School Income (thematic)	New	Planned	Education	15
Primary School DBS (thematic)	New	Planned	Education	15
<b>Achievement &amp; Partnership Service</b>				
School Support Team	Low	Planned	Education	15

Vulnerable Learner Service				
Behavioural Support Unit	Med/Low	Planned	Education, Safeguarding & Poverty	20
Education Grants & Other				
Schools Annual Report	n/a	Planned	Education, Safeguarding & Poverty	3
Regional Consortia School Improvement Grant	n/a	Planned	Education, Safeguarding & Poverty	15
Pupil Deprivation Grant	n/a	Planned	Education, Safeguarding & Poverty	15
Child & Family Services				
Independent Agency Payments	High	Planned	Safeguarding	10
Discretionary Payments	Med/High	Planned	Safeguarding	10
Nant-y-Felin Children's Home	Med	Planned	Safeguarding	10
Grants & Contracts	Med/High	Planned	Safeguarding	10
Adoption Allowances	Med/Low	Planned	Safeguarding	10
Residential & Outdoor Centres	Med	Planned	Safeguarding	10
Swansea Children's Centre & Mayhill Family Centre	Med	Planned	Safeguarding	10
Adult Services				
Home Care	Med/High	Planned	Safeguarding	10
Community Alarm Service	Med	Planned	Safeguarding	10
Integrated Community Equipment Service & Suresprung	High	Planned	Safeguarding	10
Suresprung Transitional Employer Support Grant	n/a	Planned	Safeguarding	5
CREST	Med	Planned	Safeguarding	10
Supporting People Team – Regional Coordinator Grant	n/a	Planned	Safeguarding	3
Supporting People Grant	n/a	Planned	Safeguarding	10
Enable Support for Independent Living Grant	n/a	Planned	Safeguarding	10
Business Support Team – Child & Family	Med/Low	Planned	Safeguarding	15
Commissioning				
Early Intervention Services	Med	Planned	Poverty	5
Tackling Poverty				
Welfare Rights Service	New	Planned	Poverty	10
Building Services				
Heol y Gors – Stores, Admin & Finance, Oracle T&L	Med/High	Planned	Economy & Infrastructure, Safeguarding	20
Heol y Gors – Estimating	Med	Planned	Economy & Infrastructure, Safeguarding	15
Day to Day Repairs / Maintenance Section	Med	Planned	Economy & Infrastructure, Safeguarding	20
Property Services				

Energy Management	Med/Low	Planned	Economy & Infrastructure	5
<b>Waste Management &amp; Parks</b>				
Domestic Refuse Collection	Med	Planned	Economy & Infrastructure, Resource & Biodiversity	10
Parks Central Operations – Tree Services Unit	Low	Planned	Economy & Infrastructure, Resource & Biodiversity	5
Cleansing inc. Parks Central Operations, Litter & Beaches	New	Planned	Economy & Infrastructure, Resource & Biodiversity	10
<b>Highways &amp; Transportation</b>				
Concessionary Bus Fares	Med	Planned	Economy & Infrastructure	5
Car Parks	Med/High	Planned	Economy & Infrastructure	20
Clydach Depot – Plant	Med	Planned	Economy & Infrastructure	10
CTU Fleet Hire / Spot Hire	Med	Planned	Economy & Infrastructure	10
Taxi Framework Contract	Med	Planned	Economy & Infrastructure	10
Live Kilometre Support Grant (G)	n/a	Planned	Economy & Infrastructure	5
<b>Housing &amp; Public Health</b>				
Morrison DHO	Med	Planned	Poverty, Safeguarding	15
Sketty DHO	Med/Low	Planned	Poverty, Safeguarding	15
Neighbourhood Support Unit inc. CCTV	Med	Planned	Poverty, Safeguarding	7
Affordable Housing	Med	Planned	Poverty, Safeguarding	10
Application Controls – Flare System	Med	Planned	Poverty, Safeguarding	5
Building Regulations	Med	Planned	Poverty, Safeguarding	15
Taxi Licencing	Med/Low	Planned	Poverty, Safeguarding	10
Rechargeable Works	Med	Planned	Poverty, Safeguarding	15
<b>Cultural Services</b>				
Outdoor Leisure	Med	Planned	Economy & Infrastructure	15
Sports Development	Med/Low	Planned	Economy & Infrastructure	10
Swansea Museum	Med/Low	Planned	Economy & Infrastructure	10
Central Library	Med	Planned	Economy & Infrastructure	15
Archives	Med/Low	Planned	Economy & Infrastructure	15
<b>Planning &amp; City Regeneration</b>				
Nature Conservation	Med	Planned	Economy & Infrastructure, Resources & Biodiversity	10
Land Charges	Med	Planned	Economy & Infrastructure, Resources & Biodiversity	10
<b>Communications &amp; Marketing</b>				
Civic Admin/Mayoral Service/Mansion House	Med	Planned	Transformation & Council Development	10
Emergency Planning & Business Continuity	Med	Planned	Transformation & Council Development	10
Risk Management	Med/High	Planned	Transformation & Council Development	15

Financial Services & Service Centre				
Cashiers Office – CCI Reconciliation	Med/High	Planned	Section 151 Assurance	5
Write-Off Requests	n/a	Planned	Section 151 Assurance	5
Cashiers Write-off's	n/a	Planned	Section 151 Assurance	5
Bank Reconciliations	Med	Planned	Section 151 Assurance	10
School Bank Reconciliations	Med	Planned	Section 151 Assurance	15
Grants Receivable	Med/High	Planned	Section 151 Assurance	15
Leasing	Med	Planned	Section 151 Assurance	10
Income Tax – Self Employed	Med	Planned	Section 151 Assurance	5
Construction Industry Tax Scheme	Med	Planned	Section 151 Assurance	10
Residential Care	High	Planned	Section 151 Assurance, Safeguarding	25
Debt Recovery – Financial Services & Legal Recovery	High	Planned	Section 151 Assurance, Safeguarding	25
Learning Disability Recharges	Med	Planned	Section 151 Assurance, Safeguarding	10
Adult Family Placements	Med	Planned	Section 151 Assurance, Safeguarding	10
Employee Vetting (DBS)	High	Planned	Section 151 Assurance, Safeguarding	10
Purchase Card Transactions Monthly Review	Med	Planned	Section 151 Assurance	10
Compliance with CIPFA Financial Management Code	New	Planned	Section 151 Assurance	10
Digital & Transformation				
ICT Administration inc. IT Assets	Med	Planned	Transformation & Future Council Development	15
Oracle Authorisation Limits	Med/High	Planned	Transformation & Future Council Development	10
Commercial Services				
Contracts Review – Education	New	Planned	Section 151 Assurance	10
Chief Transformation Officer Audits				
Contact Centre – Client & Property Finance Payments	Med	Planned	Transformation & Council Development	5
HR Policies	Low	Planned	Transformation & Council Development	10
Employment of Agency Staff	Med/High	Planned	Transformation & Council Development	10
Corporate Learning & Development Team	New	Planned	Transformation & Council Development	5
Oracle Cloud	New	Planned	Transformation & Council Development	10
Post-Coronavirus pandemic review of Agile Working	New	Planned	Transformation & Council Development	10
Regional Broadband Grant	New	Planned	Transformation & Council Development	5
Contract Audits				
Highways & Transportation – Business Case, Tendering & Evaluation	Med/High	Planned	Transformation & Council Development	15

CBS Control of Contracts	Med	Planned	Transformation & Council Development	15
<b>Computer Audits</b>				
File Controls	Med/High	Planned	Transformation & Council Development	5
ICT Data Storage	Med/High	Planned	Transformation & Council Development	5
Firewall Controls – Corporate & Education Network	Med	Planned	Transformation & Council Development	5
Internet Controls for Clients – Social Services	Med	Planned	Transformation & Council Development	5
E-Commerce Controls	Med	Planned	Transformation & Council Development	7
Disaster Recovery & Business Continuity	Med	Planned	Transformation & Council Development	10
Oracle Change Control	Med/High	Planned	Transformation & Council Development	5
Telephony System	Med	Planned	Transformation & Council Development	5
Use of Idea - Data Matching NFI	n/a	Planned	Section 151 Assurance	5
<b>Projects &amp; Special Investigations</b>				
Unpresented Cheques	n/a	Planned	Section 151 Assurance	5
NFI	n/a	Planned	Section 151 Assurance	10
Galileo Management System	n/a	Planned	Section 151 Assurance	5
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
<b>Miscellaneous Audits</b>				
Western Bay Social Services Training Team	New	Planned	Section 151 Assurance	5
City Deal Review Outcomes - Follow-up	New	Planned	Section 151 Assurance	5
Swansea Central Phase 1 Programme	New	Planned	Transformation & Council Development	5

**Cross Cutting Audits** – 135 days

**Section 151 Officer Assurance** – 515 days

### **Corporate Priorities**

**Safeguarding** (Safeguarding People from Harm) – 433 days

**Education** (Improving Education and Skills) – 167 days

**Economy & Infrastructure** (Transforming our Economy and Infrastructure) – 230 days

**Poverty** (Tackling Poverty) – 160 days

**Resources & Biodiversity** (Maintaining and Enhancing Swansea's Natural Resources and Biodiversity) – 45 days

**Transformation & Council Development** (Transformation and Future Council Development) – 197 days



Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance					Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3				
				Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance				
Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit						
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 94  <b>Risk Title</b> Pupil Attainment & Achievement  <b>Risk Level</b> Corporate  <b>Risk Category</b> Operational  <b>Responsible Officer</b> Helen Morgan-Rees  <b>Updater</b> Kate Phillips  <b>Last updated</b> 22/12/20	<p>If pupils do not receive a very good education then they will not achieve the right qualifications and skills to take advantage of the Swansea Bay City Deal and to contribute effectively to the economic prosperity of the city.</p>	Amber	n/a	n/a	<p>&gt;Covid-19 – Safe Return to School Plan in place, 88% attendance first three weeks of Sept. Continuity of Learning Plan and Policy in place – Schools developing remote/ blended learning opportunities. &gt;Support for pupils to return safely in Sept. through Health, Welfare &amp; Community Education Stream of Covid-19 Recovery Plan. &gt;Childcare in schools offer for key workers and most vulnerable children during pandemic. &gt;Pupils eligible for FSM receive fortnightly BACS payment or food parcels during pandemic. &gt;Check-in, Catch-up and prepare sessions for safe return for learners. &gt;Further enhancement of the Continuity of Learning Programme. &gt;Challenge adviser monitoring visits. &gt;Budget proposals for 2021-22 continue to prioritise the</p>	<p>&gt;Positive engagement and support from Cabinet and Council. &gt; Recovery plan has workstream looking at continuity of learning. &gt;Two policy development workstreams looking at skills and training as well as continuity of learning.</p>	<p>&gt;Dedicated Scrutiny Panel to scrutinise education work and performance .</p>	<p>&gt;Child Protection Board. Commission review on ALN. Improving Education &amp; Skills PDC. &gt;Education Skills Co-ordinator appointed. &gt;PSO's/ Accountancy provide support and oversight of school finance.</p>	<p>&gt;Various Edu. Audits in the Audit Plan. &gt;ESTYN reports review during school audits for finance / mgt. control.</p>	<p>&gt;ESTYN prog.of external school inspect's has been paused in 2020-2021. &gt;Local authority link inspectors have conducted thematic review on continuity of learning and support for vulnerable learners.</p>	<p>&gt;Audit Wales &amp; CIW. &gt; HSE audit of schools as covid safe environments to allow education to continue. &gt;Welsh government returns, for example. Accelerated learning programme.</p>	<p>&gt;Range of Education audits in the plan to be completed as part of the rolling audit schedule.</p>	<p>&gt;School and other Education audits due in 2021/22</p>
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	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													

				delegated schools budget and areas of pupil specific support and the significant cash increase will support the continuing enhancement of mainstream provision for all pupils									
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance					Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3				
				Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance				
Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit						
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 153  <b>Risk Title</b> Safeguarding  <b>Risk Level</b> Corporate  <b>Risk Category</b> Strategic  <b>Responsible Officer</b> David Howes  <b>Updater</b> Angela Morgan  <b>Last updated</b> 07/01/21	<p>If our safeguarding arrangements are not sufficiently robust, then we will not be doing everything we possibly can to prevent the death, injury or neglect of a child or vulnerable adult and consequential reputational damage.</p> <p>Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR45.</p>	n/a	Red	n/a	<p>&gt;Covid-19 – Safeguarding Arrangements and resources remodelled to ensure this is a key priority function within social services and services can continue to be safely delivered despite Covid-19 restrictions.</p> <p>&gt;Planned implementation of multi-agency safeguarding hub progressed despite Covid-19 restrictions. The required dedicated Safeguarding Team for Adults included in the modified restructure of Adult Services required as a result of Covid-19</p> <p>&gt;Support and Shield vulnerable people in the community during Covid-19</p> <p>&gt;Provide emotional and well-being support to children and young people during Covid-19.</p> <p>&gt;Provide support to people at greater risk from domestic violence during Covid-19.</p> <p>&gt;Provide frontline social care staff with PPE during Covid-19</p>	<p>&gt;Director of Social Services to advise Cabinet and CMT on options to bolster resilience of the workforce in frontline child protection teams.</p> <p>&gt;Planned engagement and support from Cabinet and Council.</p>	<p>&gt;Two dedicated Scrutiny Panels in place to scrutinise Social Services Work and Performance .</p> <p>&gt;People PDC in place.</p>	<p>&gt;Establish and maintain a regional protocol to provide secure Covid-19 care home provision including increased capacity in in-house care homes.</p> <p>&gt;Council Covid-19 Recovery Plan to recover services and deal with emerging risks</p> <p>&gt;Corporate Safeguarding Board</p> <p>&gt;Principal Officers for safeguarding within Social Services.</p> <p>&gt;Corporate Safeguarding Policy and Group</p> <p>&gt;Mandatory Corporate Safeguarding Training in place for Staff and Members.</p> <p>&gt;Corporate Priority</p> <p>&gt;New Safeguarding</p>	<p>&gt; Internal Audit of Safeguarding</p> <p>&gt;Internal audit of DBS</p>	<p>&gt;Regional and multi-agency safeguarding partnerships</p> <p>&gt; CIW</p>	<p>&gt; Audit Wales</p>	<p>&gt;Currently included as part of standard rolling audit schedule, repeated based on audit risk score.</p>		
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	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													

Page 154				<ul style="list-style-type: none"> <li>&gt;Prioritise workload to focus on most vulnerable and prioritise services and contact with those during Covid-19 response.</li> <li>&gt;Children Services to further enhance the multi-agency Front Door Team with a dedicated safeguarding hub.</li> <li>&gt;Action plan being developed in response to recent audit on DBS compliance in schools.</li> <li>&gt;Corporate Safeguarding Board reviewing additional safeguards to be implemented by HR Transactions Team.</li> <li>&gt;Sufficient numbers of trained Adult and Child Services staff.</li> <li>&gt;String performance monitoring and reporting arrangements.</li> <li>&gt;String commitment to invest in Social Care</li> <li>&gt;Safeguarding Leads identified across all Council services.</li> <li>&gt;Separate safeguarding arrangements in place in schools and Central</li> </ul>			Policy following review by PDDC in 2019 >CMT approved action plan to stabilise recruitment and retention of frontline Children Services staff						
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3					
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Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit							
Corporate Risk Register													

				Education Safeguarding Officer in main directorate. >As part of a wider restructuring of Adult Services there is still a plan to re-establish a dedicated Safeguarding Team and the Front Door.									
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance					Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3				
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					Council/ Cabinet	Scrutiny	Other	Internal Audit				Other Bodies
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 155  <b>Risk Title</b> Tax Evasion  <b>Risk Level</b> Corporate  <b>Risk Category</b> Finance  <b>Responsible Officer</b> Ben Smith  <b>Updater</b> Jeffrey Dong  <b>Last updated</b> 01/02/21	<p>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.</p> <p>Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks.</p>	Green	Green	n/a	<p>&gt;VAT Manual and Guidance available on staffnet permanently – refreshed annually as needs be</p> <p>&gt;Accounting Instruction 15 (VAT) permanently available online</p> <p>&gt; VAT advice available to any staff via Principal Finance Partner. All staff know to refer and reports with VAT implications via the nominated VAT Principal Finance Partner</p> <p>&gt;Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs).</p> <p>&gt;IR35 guidance and procedure notes available.</p> <p>&gt;Procurement rules and procedures.</p> <p>&gt;Segregation of duties.</p>				<p>&gt;VAT Audit in the Audit Plan.</p> <p>&gt;Cover aspects of VAT, CPR's, FPR's and seg. of duties as part of standard audit tests across all audits.</p> <p>&gt;VAT audit completed 19/20 – High Assurance</p>	<p>&gt;External VAT Advisor retained by Council for specialist VAT advice under contract</p> <p>&gt;Strong working relationships with HMRC Compliance Manager by S151, Principal Finance Partner (VAT) and Service Centre Manager (income tax, NI, IR35, Self Employed, contracts etc.</p> <p>&gt;HMRC compliance team has visited and "signed off" our tax arrangements.</p>	<p>&gt;VAT arrangements considered as part of wider financial audit</p>	<p>&gt;None – elements are already covered in the audit plan.</p>	<p>&gt;Planned audits to be completed as per the standard rolling prog.</p>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3					
				Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance					
					Council/ Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>													

<b>Risk ID</b> 159  <b>Risk Title</b> Financial Control – MTFP aspects of Sustainable Swansea  <b>Risk Level</b> Corporate  <b>Risk Category</b> Finance  <b>Responsible Officer</b> Ben Smith  <b>Updater</b> Jeffrey Dong  <b>Last updated</b> 29/01/21	<p>If we fail to deliver Sustainable Swansea and maintain sufficient financial control, and in particular do not ensure we contain service overspending, 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 Corporate Plan 2017/22 and review of Corporate Risks. Superseeds risks CR46 and CR47. RR 19/07/19 - Description changed from 'Financial</p>	Red	Red	n/a	<p>&gt;Covid-19 – Recovery Plan : Future Council – Finance new MTFP. &gt;Agreed and well established quarterly reporting plan in place to document and record at Cabinet all actions or non-actions in Services to contain spending. &gt;PFM monitoring process monthly is well established and understood by all officers with appropriate escalation mechanism to S151 Officer, Chief Executive and Cabinet if non-compliance &gt;Spending restrictions published to all staff and reviewed. Many controls continue to be exercised by CMT in relation to filling vacant posts, restructures, regrades and committing contract sums. &gt;Corporate level monitoring. &gt;Agreed budget. &gt;Clear governance and reporting in place. &gt;Prevention Strategy. &gt;Monitoring at monthly P&amp;FM's. &gt;FSTG reporting and monitoring.</p>	<p>&gt;Quarterly monitoring reports to Council and Cabinet &gt;Collaborative Officer/ Member budget setting process in place. &gt;Overspend and under delivery of savings openly and transparently escalated and reported to Cabinet and Council by S151 Officer.</p>	<p>&gt;Dedicated Scrutiny Service Improvement and Finance Performance Panel consider and scrutinise the budget on a quarterly basis.</p>	<p>&gt;Quarterly monitoring reports to Audit Committee &gt;Monthly PFM monitoring in place. Transform &amp; Future Council PDC. &gt; Many controls continue to be exercised by CMT in relation to filling vacant posts, restructures, regrades and committing contract sums. &gt;Budget holders required to monitor and report any budget variances to monthly P&amp;FM for review. &gt;Reshaping Board launched to challenge delivery/ non-delivery and accelerate timescales.</p>	<p>&gt;Audit Committee provide challenge, oversight and assurance &gt;Periodic budget monitoring reports go to Audit Committee &gt;Budget reports included in the 2019/20 workplan for Audit Committee</p>		<p>&gt;WAO review currently underway in relation to the MTFP aspects of Sustain. Swansea. &gt;AW recently published financial resilience national report and showed clearly Swansea position had strengthened considerably boosted by the £17m addition to reserves in 19-20 outturn. &gt;Risks in current year managed temporarily by drawing down from those increased reserves.</p>	<p>&gt;Saving and other budget mgt to be included as part of the Achieving Better Together (trans) audit.</p>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	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													

	Control (Service Overspending ) and Sustainable Swansea' to 'Financial Control - MTFP aspects of Sustainable Swansea' as per CMT 10/07/19			MTFP. >Tracker in place from June 2018 to capture and warn of delivery risks. >S151 Officer remains able and prepared to not certify adequacy of budgets and issue S114 notice if proven necessary.									
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3					
				Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance					
					Council/ Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>													

<b>Risk ID</b> 180  <b>Risk Title</b> New Legislative and Statutory Changes  <b>Risk Level</b> Corporate  <b>Risk Category</b> Governance  <b>Responsible Officer</b> Tracey Meredith  <b>Updater</b> Debbie Smith  <b>Last updated</b> 01/02/21	<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>	Amber	Amber	n/a	<p>&gt;Covid-19 – Lobby Welsh Government to streamline legislative requirements, bureaucracy and decision making to allow a flexible and rapid response to and recovery from Covid-19.</p> <p>&gt;Lawyers in Local Government update on new legislation, consultation and constitutional matters circulated by Chief Legal Officer to CMT on regular basis.</p> <p>&gt;Prepare action plan for new Local Government and Elections (Wales) Bill.</p> <p>&gt;Legislative requirements built into plans and decision making.</p> <p>&gt;Well-being of Future Generations Act webpage signposting to Welsh Government and Future Generations Commissioner resources to refer to and to help inform development of proposals/ reports at earliest stage</p> <p>&gt;Ensure Legal Statutory Developments are</p>	<p>&gt;All reports for Cabinet/ Council have legal implications paragraph and report authors are supported by legal officers when considering legislative requirements in decision making process.</p>	<p>&gt;Scrutiny councillors routinely monitor and challenge services, policies and decision-making across the Council, which will include compliance with relevant legislation, assessment of quality, and highlighting of issues / concerns.</p>	<p>&gt;Lawyers in Local Government updates received by Chief Legal Officer.</p> <p>&gt; Legislation updates circulated periodically to CMT by Chief Legal Officer.</p> <p>&gt;Policy Briefing – widely circulated</p> <p>&gt;Appraisals and identification of training needs.</p> <p>&gt; The Data Protection Officer provides an annual report on compliance with data protection legislation.</p>	<p>&gt;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>&gt;Audits added to plan as they arise prioritised by risk.</p>			<p>&gt;Audits to be added to the plan via as per annual consult with HoS/ Directors.</p>	<p>&gt;New audits to be added as requested by HoS/ Directors</p>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
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Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit							
Corporate Risk Register													

				<p>flagged up with CMT/ Intranet.          &gt;Legal implications inserted into decision making reports with Legal and Access to Services sign-off.          &gt;Monitoring of new legislation by Legal department.</p>									
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
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Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit							
<b>Corporate Risk Register</b>													

<b>Risk ID</b> 196  <b>Risk Title</b> Workforce Strategy  <b>Risk Level</b> Corporate  <b>Risk Category</b> Strategic  <b>Responsible Officer</b> Sarah Lackenby  <b>Updater</b> Adrian Chard  <b>Last updated</b> 01/02/21	<p>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.</p> <p>Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR43.</p>	Amber	Amber	n/a	<ul style="list-style-type: none"> <li>&gt; Covid-19 – Redeploy and train staff to assist with the Covid-19 response.</li> <li>&gt;Support staff health and well-being during Covid-19</li> <li>&gt;Support staff to work remotely at home during Covid-19</li> <li>&gt;Workforce will be a key strand of the future Council workstream in the Covid-19 recovery plan</li> <li>&gt;Reporting through Leadership Team</li> <li>&gt;Tracking and monitoring of the OD plan and delivery.</li> <li>&gt;OD Strategy and Implementation Plan in place</li> <li>&gt;Apprenticeship/ Traineeship strategy.</li> <li>&gt;Gender Pay Gap and Project Plan</li> <li>&gt;Service Planning</li> <li>&gt;Corporate Plan – Transformation &amp; Future Council Objective</li> <li>&gt;Workforce Planning</li> </ul>			<ul style="list-style-type: none"> <li>&gt;New Policy development taken to PDC</li> <li>&gt;The PDC has also undertaken a strand of work around the gender pay gap.</li> </ul>				<ul style="list-style-type: none"> <li>&gt;Workforce Planning audit included in 2019/20 audit plan, deferred pending Oracle Cloud implement per SL BS.</li> <li>&gt; To be included as part of the Achieving better Together (trans) audit.</li> </ul>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	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
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 222  <b>Risk Title</b> Digital, data and cyber security  <b>Risk Level</b> Corporate  <b>Risk Category</b> Governance  <b>Responsible Officer</b> Sarah Lackenby  <b>Updater</b> Jo Harley  <b>Last updated</b> 29/01/21	CR86 -If we do not have robust digital, data and cyber security measures and systems and behaviours in place, embedded and working as best as they can be, then we will be vulnerable to cyber threats, disruption to service delivery, possible loss of information including confidential information and associated fines and reputational damage. Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks.	Amber	Red	n/a	<ul style="list-style-type: none"> <li>&gt;Covid-19 – Ensure the Council's Covid-19 recovery plan accounts for increased risk form cyber-attacks and data fraud arising from new working patterns and reliance on technology</li> <li>&gt;Introduce simulated cyber-attacks on staff to measure their actions, identify weaknesses and improve knowledge</li> <li>&gt;Provide staff with ICT security and data management updates and guidance during Covid-19 and whilst working from home including cyber security guidance and Covid-19 cyber scams staffnet page</li> <li>&gt;Cyber security during Covid-19 reviewed alongside advice from Warp and PSN compliance e.g. use of Zoom.</li> <li>&gt;Enhanced Security Layer provided by Microsoft 365</li> <li>&gt;Cyber security strategy created and ready for engagement with staff</li> <li>&gt;Digital services working with internal audit and emergency</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Information Management Annual Report to be presented to Cabinet from 2018/19.</li> <li>&gt;GDPR compliance monitoring and reporting through PFM and new CMT/ Cabinet governance.</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Information Management Annual Report to be presented to Scrutiny from 2018/19.</li> <li>&gt;More use of secure cloud storage.</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Member of the Cyber Security Information Sharing Partnership which is a joint industry and government initiative to exchange cyber threat information</li> <li>&gt;Part of Wales Warning Advice and Reporting Point to share cyber threats and defences with other public bodies</li> <li>&gt; Cyber Essentials and Cyber Essentials Plus accreditation</li> <li>&gt;New regional multi-agency cyber cell meetings being attended to share intelligence and actions</li> <li>&gt;PSN Certification Achieved</li> <li>&gt;Cyber essential</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Various IT / System audits in Audit Plan.</li> <li>&gt;GDPR audit added 18/19.</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Public Services Network (PSN) compliance certificate – tested annually.</li> <li>&gt;Achieved IASME Cyber Essentials certification, working towards Cyber Essentials Plus by March 2019</li> </ul>	<ul style="list-style-type: none"> <li>&gt;WAO review undertake an IT audit each year as part of reviewing financial accounts</li> </ul>	<ul style="list-style-type: none"> <li>&gt;Range of IT audits in the plan to be completed as part of the rolling audit schedule.</li> </ul>	<ul style="list-style-type: none"> <li>&gt;IT audits due in 2019/20 deferred to 2020/21</li> </ul>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
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Corporate Risk Register													

Page 163	Supersedes risk CR66. Risk revised 18/09/18 following attendance at a cyber-event with the police and receiving information from the WLGA regarding what Local Authorities should be demonstrating as basic measures.			planning to further improve the ICT disaster recovery plan >Live testing of the DR Plan, options being reviewed potentially in line with wider corporate business continuity exercise >LrF Cyber exercise planned and revised SIRO training >Comms. Issued to staff and members detailing impact of cyber attack at other councils.			accreditation achieved >Member of Wales WARP & CISP sharing knowledge of threats. >Discussed at IG Board – standing agenda item						
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance					Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
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				Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance				
					Council/ Cabinet	Scrutiny	Other	Internal Audit				Other Bodies
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 223  <b>Risk Title</b> Sustainable Swansea Transformation Programme Delivery  <b>Risk Level</b> Corporate  <b>Risk Category</b> Strategic  <b>Responsible Officer</b> Adam Hill  <b>Updater</b> Sarah Lackenby  <b>Last updated</b> 01/02/21	CR103- If the Sustainable Swansea Transformation Programme does not deliver radical cross-cutting change, then the Council and its workforce are at risk of being unsustainable in the longer term  RR 19/07/19 - Corporate Services Risk CS92 Sustainable Swansea Programme Delivery closed and matter escalated to Corporate Risk Register, as per CMT 10/07/19	Amber	Amber	n/a	>Covid-19 – New Transformation Plan in development by Deputy Chief Executive linked with Covid recovery >Annual programme review reflecting lessons learned into revised programme >Links with corporate governance risk around reporting for major projects >Robust programme management for risks, issues, changes >Monitoring and reporting at CMT away days >Robust programme governance and reporting >Sustainable Swansea programme plan	>Monitoring and reporting at CMT/ Cabinet away days	>Annual Report to Scrutiny	>Reshaping board in place			>Sustainable Swansea review being completed by WAO, likely to be focused on MTFP Savings Plans and progress to date.	>Work needed to cover non MTFP Savings that is not covered by WAO review to be included in Achieving better together (trans) audit.	>Replaced by Achieving Better Together (trans) on the audit plan 2021/22	
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				Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance				
					Council/ Cabinet	Scrutiny	Other	Internal Audit				Other Bodies
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 235  <b>Risk Title</b> Emergency Planning, Resilience and Business Continuity  <b>Risk Level</b> Corporate  <b>Risk Category</b> Governance  <b>Responsible Officer</b> Adam Hill  <b>Updater</b> Craig Gimblett  <b>Last updated</b> 29/01/21	<p>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.</p>	Red	Red	n/a	<p>&gt;Covid-19 – Prepare for further Covid-19 or other infectious disease outbreaks  &gt;Rest Centre Plan and arrangements  &gt;Additional dedicated PPE reserve for responders and public during evacuation and additional rest centre location for mass evacuation to be established from bay  &gt;Additional strategic training to increase organisational resistance agreed for 3<sup>rd</sup> Nov  &gt;Specific Covid Rest Centre arrangements developed and implemented complete with evac PPE and hygiene supplies  &gt;Restructure of EMS to include additional EMS Officer and Principle for 12 months  &gt;Review and update business continuity plans  &gt;Crisis Media Plan  &gt;Temporary Mortuary arrangements  &gt;Major Incident Plan  &gt;Flood Management Plan  &gt;Emergency Recovery Plan</p>			<p>&gt;Multi agency exercising and training</p>	<p>&gt;Emerg. Mgt audit in Audit Plan for CBS.  &gt;H&amp;S, Emerg. Planning / Civil Cont. and Business Continuity in Audit Plan for HR&amp;OD</p>		<p>&gt;Standard audits in the plan already cover this area.</p>	<p>&gt;Audits in the plan to be completed when due as part of the standard rolling schedule.  &gt; CCS and ICT disaster recover audits on the 2021/22 plan.</p>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance					Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3				
				Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance				
Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit						
Corporate Risk Register												

<b>Risk ID</b> 236  <b>Risk Title</b> Health & Safety  <b>Risk Level</b> Corporate  <b>Risk Category</b> Governance  <b>Responsible Officer</b> Adam Hill  <b>Updater</b> Craig Gimblett  <b>Last updated</b> 01/02/21	<p>If we fail to have robust Health &amp; 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 consequence</p>	Amber	Amber	n/a	<p>&gt;Covid-19 – Additional guidance on H&amp;S assessments and general Covid information as a priority  &gt;Retrospective entered Covid assessments, standard operating procedures for schools and premises, BAME and health assessment process created and PPE guidance.  &gt;Early review of lone working, DSE and mental health policies  &gt;Well-being policies. New mental health policy under consultation includes social isolation and impact of home working  &gt;Staff well-being part of future council stream of Covid recovery plan  &gt;Stress management and counselling and H&amp;S advice to staff during Covid-19  &gt;Review business continuity plan to prepare for EU exit  &gt;H&amp;S toolkits  &gt;Noise, dust, light, humidity, vibration sampling</p>			<p>&gt;Member of British Association of Counsellors and Psychotherapists (Bacp).  &gt;Directors H&amp;S Committees &amp; Sub Safety Groups</p>	>H&S Audit Plan			<p>&gt;Standard audits in the plan already cover this area.</p>	<p>&gt;Audits in the plan to be completed when due as part of the standard rolling schedule.</p>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance						Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3					
				Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance					
					Council/ Cabinet	Scrutiny	Other	Internal Audit	Other Bodies				External Audit
<b>Corporate Risk Register</b>													

<b>Risk ID</b> 259  <b>Risk Title</b> Regional Working  <b>Risk Level</b> Corporate  <b>Risk Category</b> Strategic  <b>Responsible Officer</b> Phil Roberts  <b>Updater</b> Liz Edmonds  <b>Last updated</b> 25/01/21	<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>	Amber	Amber	n/a	<p>&gt;Covid-19 – Maintain stronger partnership working relationships post Covid-19 and as part of the Council's Covid-19 recovery plan and continue to make use of MS Teams to ensure regional meetings are more frequent and effective &gt;Collaboration on the delivery of school improvement services &gt;Playing a leading and proactive role in major regional collaborations &gt;Representations made to WG on reforming the grant regime &gt;Governance structures in place for all major collaborations &gt;Partnerships have been mapped &gt;Director leads for each partnership &gt;Senior Management restructure strengthening capacity for regional working</p>	<p>&gt;Council is playing a leading and proactive role in major regional collaborations. &gt;Leader of the Council is the City Region Joint Committee Chair. &gt;Council meets up regionally with 5 other local authorities to discuss collaboration projects. &gt;Annual Report on Regional Working presented to Council.</p>	<p>&gt;Scrutiny inquiry findings documented as required actions on the Risks Register. &gt;Annual Report on Regional Working is produced by Scrutiny providing overview of three key collaborations s inc. ERW, West Glam. Regional Partnership (prev. Western Bay), and Swansea Bay City Deal.</p>	<p>&gt;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. &gt;City Deal has Joint Committee Agreement and joint scrutiny arrangements agreed by Council. &gt;Western Bay has a Joint Committee and scrutiny arrangements in place.</p>	<p>&gt;City Deal has a Joint Working Agreement in place, which was approved at Council on 26th July 2018.  &gt;Review of progress by IPC on the Western Bay Health &amp; Social Care collab'n.</p>	None	n/a	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance					Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3				
				Management Assurance	Other <i>Internal</i> Assurance			Other <i>Independent</i> Assurance				
Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit						
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 264  <b>Risk Title</b> COVID-19  <b>Risk Level</b> Corporate  <b>Risk Category</b> Operational  <b>Responsible Officer</b> Adam Hill  <b>Updater</b> Richard Rowlands  <b>Last updated</b> 26/01/21	<p>If we fail to carry on providing a co-ordinated and joined-up response to Covid-19 and make the best use of our workforce and available resources, then : we will be unable to protect vulnerable people and meet demand for key services, such as social care; there will be disruption to services and supplies, including food supplies; we will not be supporting critical services, key workers and local businesses sufficiently to limit the impact of the virus.</p>	Red	Red	n/a	<p>&gt; Prepare And Implement A Covid-19 Recovery Plan To Restart, Adapt, Recover And Transform Council Services.          &gt; Work With Partners To Provide Social Care And Other Critical Front-Line Staff With Ppe.          &gt; Work With Partners To Ensure Resilient Supply Chains, Especially Food And Ppe Supply.          &gt; Work With Partners To Redeploy Staff And Seek Recruits To Critical Areas, Such As Social Care And Food Distribution To Food Banks.          &gt; Prepare For The Possibility Of Further Covid-19 Outbreaks.          &gt; Provide Council-Led To Support To Local Businesses, E.G. Advice, Grants And Rate Relief.          &gt; Work With Partners To Inform And Reassure The Public And Reinforce Health And Social Distancing Messages Through Social And Other Media.          &gt; Work With Partners To Support Education</p>	<p>&gt;Covid-19 Recovery and transformation Plan 'Achieving Better Together' approved At Cabinet.          &gt;Various Cabinet reports through 2020/21 to support work to respond to the pandemic, e.g. Financial Procedure Rule 19.1c and FPR7. Authorisation for Alteration and Conversion of Bay Studios, Fabian Way, Swansea into an 1000 Bed Surge Hospital on Behalf of the Swansea Bay University Health Board – See Cabinet 27/04/20.</p>	<p>&gt;Scrutiny has kept a watching brief. SPC to review local position and progress with Recovery Plan.</p>	<p>&gt;Covid-19 Recovery and transformation Plan 'Achieving Better Together' reviewed by Audit Committee.          &gt;Audit Committee quarterly overview of risk management, including Corporate Risks.          &gt;Audit Committee oversight of relevant reports and impact of Covid-19, e.g. See Audit Committee review of Revenue and Capital Budget Monitoring - 2nd Quarter on 09/02/21, including Welsh Government funding and Covid-19 grant payments made to local businesses</p>	<p>&gt;Matters arising addressed in some Internal Audit work, e.g. See report to Audit Committee 09/02/21 Internal Audit Annual Plan 2020/21 - Monitoring Report for the Period 1 October 2020 to 31 December 2021 – detailing additional work done in the quarter, including Lloyds pre-paid card review in relation to the Covid-19 Foodbank setup and operation.</p>	<p>&gt;Report providing an assessment of the key issues following the Covid-19 response with a particular focus on how we have collectively managed Care Home settings reviewed at the Regional Partnership Board.</p>	<p>&gt;Audit Wales has shaped their work to provide assurance and challenge in a way which helps to support the Council through this period. 2020-21 work includes:          • recovery planning in response to the COVID-19 pandemic;          • COVID-learning project – helping to identify and share learning from the way in which public bodies have responded to the pandemic;</p>	<p>&gt; Achieving Better Together (Recovery) included on the 2021/22 plan.</p>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	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													

Page 171					<p>Teams &amp; Schools And Provide Education / Childcare For Key Workers &amp; Food For Children Who Get Fsms.</p> <p>&gt; Work With Partners To Prioritise Demand For Key Services, Especially Social Care And Homelessness.</p> <p>&gt; Provide Food, Pharmacy And Well-Being Support To Shielded Individuals Through Swansea Council Helpline, Local Area Co-Ordinators (Lac), Swansea Council For Voluntary Service (Scvs) And The Food Bank Network.</p> <p>&gt; Work With Partners To Help Increase Emergency Bed Provision Through The Conversion Of Buildings Into Field Hospitals.</p> <p>&gt; Log And Share Good Practice And Lessons Learnt Responding To The Covid-19 Virus And Share Relevant Data And Statistics On The Impact Of The Virus, Such As Those Provided By Ons</p>							
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance					Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3				
				Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance				
Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit						
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 269  <b>Risk Title</b> Local Economy and Infrastructure  <b>Risk Level</b> Corporate  <b>Risk Category</b> Strategic  <b>Responsible Officer</b> Martin Nicholls  <b>Updater</b> Phillip Holmes  <b>Last updated</b> 13/01/21	<p>If the local economy and infrastructure is not transformed and supported to be resilient and to take advantage of national and global trends and events and attract investment, then it will not fulfil its potential as a regional centre to raise aspirations, improve services, lift skills, improve connectivity, create well-paid employment opportunities and improve the well-being of Swansea citizen.</p>	n/a	Red	n/a	<ul style="list-style-type: none"> <li>&gt; Refresh Regional Economic Regeneration Strategy</li> <li>&gt; Develop A Covid Economic Recovery Plan</li> <li>&gt; Attract Sufficient Investment And Development And Regenerate The City Centre.</li> <li>&gt; Work With Partners To Deliver The Swansea Bay City Deal And Attract Investment Across The Region To Deliver Highly Skilled And Well-Paid Jobs.</li> <li>&gt; Organise And Facilitate Virtual Meet-The-Buyer Events To Help Local Businesses To Identify Opportunities To Bid For Council Work And Contracts.</li> <li>&gt; Take Appropriate Actions Where The Council Has A Direct Relationship With Businesses Such As Swansea Indoor Market Traders With Rent Relief To Support Businesses During Covid-19.</li> <li>&gt; Provide Business Advice And Support, Including Administering Uk And</li> </ul>					<ul style="list-style-type: none"> <li>&gt;Collaborate With Welsh Government On Regional Economic Framework</li> </ul>			
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	Level and Source of Assurance					Internal Audit Needs	Planned Internal Audit Work	Audit Plan Area	
				Level 1	Level 2			Level 3				
				Management Assurance	Other <u>Internal</u> Assurance			Other <u>Independent</u> Assurance				
Council/ Cabinet	Scrutiny	Other	Internal Audit		Other Bodies	External Audit						
<b>Corporate Risk Register</b>												

<b>Risk ID</b> 276  <b>Risk Title</b> Achieving Better Together – Recovery  <b>Risk Level</b> Corporate  <b>Risk Category</b> Strategic  <b>Responsible Officer</b> Adam Hill  <b>Updater</b> Sarah Lackenby  <b>Last updated</b> 29/01/21	<p>If the Council does not deliver the actions and milestones in the recovery plan, then there is a risk the organisation will not move on effectively from the effects of the pandemic. This is important as it forms the foundations for the next transformation programme.</p>	Amber	<p>&gt; Monitoring capacity. Capacity Is A Significant Risk Across The Council With Staff Working On Ttp, Some Staff Still Diverted Onto Urgent Covid Tasks, Staff Off Sick With Covid Or Self-Isolating, And The General Pressure Of Business As Usual Alongside The Continuing Pandemic. Delivery Of The Recovery Plan Must Be Viewed In This Context And Any Risks Or Issues Flagged By Workstream Leads. Overall Programme Management Capacity Is Required. A Post Has Now Been Created And Recruited Will Begin Shortly</p> <p>&gt; Robust governance and recovery plan monitoring and reporting. Governance Established For The Recovery Plan Utilising Existing Groups And Boards. Reporting Monitoring In Place With Workstream Leads.</p>								<p>Audit added to plan for 2021/22</p>	
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Business Risk	2 Month Overall RAG	Previous Overall RAG	Current Overall RAG	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													

<b>Risk ID</b> 277  <b>Risk Title</b> Achieving Better Together – Transformation  <b>Risk Level</b> Corporate  <b>Risk Category</b> Strategic  <b>Responsible Officer</b> Adam Hill  <b>Updater</b> Sarah Lackenby  <b>Last updated</b> 29/01/21	If the Council does not transform effectively it will not be sustainable and financially resilient in the longer term			> Transformation activities in the programme plan must align with the MTFP to ensure future financial sustainability > Programme documents need to be in place: Programme plan (milestones and deadlines), governance, benefits realisation plan, RAID log, change plan > Learning from the previous transformation programme, Sustainable Swansea adapted into the new programme following final report to Scrutiny in June 2021								Audit added to plan for 2021/22	
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Updates:

08/12/20 (MAP consultation responses from TM, BS, HMR, SL)

27/01/21. 03/02/21.

# Agenda Item 8



## Report of the Head of Democratic Services

Governance & Audit Committee – 20 April 2021

### Audit Committee Action Tracker Report

<b>Purpose:</b>	This report details the actions recorded by the Audit Committee and response to the actions.
<b>Report Author:</b>	Jeremy Parkhouse
<b>Finance Officer:</b>	N/A
<b>Legal Officer:</b>	N/A
<b>Access to Services Officer:</b>	N/A

#### For Information

#### 1. Introduction

- 1.1 During the course of Governance & 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 Governance & Audit Committee and provides an outcome for each action.
- 1.4 The up to date Action Tracker 2020/21 is attached at Appendix 1 and Outstanding actions from the Governance & Audit Committee Performance Review 2017-18 are provided at Appendix 2.
- 1.5 The Action Tracker is regularly updated and any completed actions will be marked 'Completed' and coloured in grey.
- 1.6 The Action Tracker is reported to each Governance & 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

**Appendices:**

**Appendix 1 – Governance & Audit Committee Action Tracker 2020/21**  
(Closed actions removed).

### GOVERNANCE & AUDIT COMMITTEE ACTION TRACKER 2020/21

Date of Meeting	Minute Ref	Action	Nominated Officer(s)	Status
	<b>52</b>	<b>Local Government and Elections (Wales) Act 2021</b>		
		A report be brought back to the Committee in approximately 3 months regarding the amended Committee Terms of Reference in line with CIPFA guidance	Adam Hill / Jeremy Parkhouse	<b>Ongoing</b> Reports to be added to the Audit Committee Work Plan 2021-22.
		A report be brought back to the Committee regarding the future membership of the Committee in approximately 5 months.	Adam Hill / Jeremy Parkhouse	<b>Ongoing</b> Reports to be added to the Audit Committee Work Plan 2021-22.
	<b>50</b>	<b>Counter Fraud</b>		
		The Corporate Fraud Annual Report is presented to the Committee late Summer 2021, if possible.	Simon Cockings / Jeff Fish / Jonathan Rogers / Jeremy Parkhouse	<b>Ongoing</b> Reports to be added to the Audit Committee Work Plan 2021-22.
	<b>49</b>	<b>Value for Money and Benchmarking</b>		
		The action to track Audit Wales recommendations remains in the Audit Committee Action Tracker Report.		<b>Ongoing</b>
	<b>41</b>	<b>Overview of the Overall Status of Risk - Quarter 3 2020/21</b>		
		Corporate Directors be requested to attend the Audit Committee on a rotational basis each quarter to outline their Corporate Risks and the governance and risk management controls within their departments.	Jeremy Parkhouse	<b>Ongoing</b> Reports to be added to the Audit Committee Work Plan 2021-22 as follows: - <ul style="list-style-type: none"> <li>• Director of Education – September 2021;</li> <li>• Director of Social Services – November 2021;</li> <li>• Director of Place – February 2022;</li> <li>• Director of Resources – April 2022.</li> </ul>

		The provision of additional risk management training for Officers on Control Measures be highlighted to the Corporate Management Team.	Richard Rowlands	<b>Ongoing</b> CMT to be updated that training is to be provided to the Leadership Team in May 2021.
	<b>40</b>	<b>Update on Swansea Achieving Better Together</b>		
		The Deputy Chief Executive provides a progress report to a future Audit Committee.	Adam Hill / Jeremy Parkhouse	<b>Ongoing</b> Reports to be added to the Audit Committee Work Plan 2021-22.
	<b>39</b>	<b>Internal Audit Recommendation Follow-Up Report - Quarter 3 2020/21</b>		
		The Chief Auditor checks the circumstances surrounding the failure of Health, Safety & Well-being to adhere to Contract Procedure Rules	Simon Cockings	<b>Closed</b> Response circulated by Chief Auditor on 13/04/2021.
	<b>37</b>	<b>Service Centre: Accounts Receivable - Update</b>		
		The Audit Committee be updated regarding the impact of the Corporate Insolvency and Governance Act 2020 on Accounts Receivable.	Sian Williams / Michelle Davies / Jeremy Parkhouse /	<b>Ongoing</b> Reports to be added to the Audit Committee Work Plan 2021-22.
	<b>33</b>	<b>Audit Committee Action Tracker Report</b>		
		Update reports in respect of the following list be added to the Audit Committee Tracker Report: -  <ul style="list-style-type: none"> <li>• Employment of Agency Staff / Staff Sickness Figures;</li> <li>• Corporate Joint Committees;</li> <li>• Recovery Plan.</li> </ul>	Jeremy Parkhouse / Adrian Chard / Adam Hill	<b>Ongoing</b> Reports to be added to the Audit Committee Work Plan 2021-22.
		Responses in respect of the Future Generations Act impact assessments be forwarded to the Chair / Democratic Services Officer	Chair / Jeremy Parkhouse	<b>Ongoing</b>
	<b>31</b>	<b>Election of the Audit Committee Representative on the Annual Governance Group</b>		
		Councillor L V Walton be elected as the Audit Committee representative on the Governance Group and the appointment be until the end of the current Council term in May 2022 only	Jeremy Parkhouse / Chair	<b>Ongoing</b> Re-appointment to be added to the Audit Committee Work Plan for 2022-23.

	29	<b>Employment of Agency Staff Update</b>		
		A follow up report be provided no later than June 2021. The follow up report to include areas of non-compliance, the total costs involved and associated costs in relation to lost sickness days.	Adrian Chard	<b>Ongoing</b> Update report to be added to the Audit Committee Work Plan 2021-22.
	111	<b>ERW Replacement</b>		
		An update be provided regarding future Scrutiny arrangements as a new regional Education model is introduced post April 2021.	Phil Roberts	<b>Ongoing</b> The constituent councils of ERW have now jointly agreed its dissolution and replacement with different consortium arrangements. Swansea, Carmarthenshire and Pembrokeshire councils will remain as part of ERW until 31/8/2021. These councils will then form a new consortium for school improvement services. NPT have indicated that they may wish to commission services from this new body but are not currently minded to be a member of it. The new model for school improvement and this will include making appropriate arrangements for scrutiny. Further progress reports will be presented to the ERW joint committee as well as cabinet and council.
		<b>Local Transport Plan</b>		
		An update report regarding the development of a new Local Transport Plan be added to the Audit Committee Work Plan.	Martin Nicholls / Stuart Davies	<b>Ongoing</b> The Wales Transport Strategy is due to be published in March 2021, and as a result of its delay, Welsh Government have extended the date for the submission of replacement Local Transport Plans (LTP) for approval by Welsh Ministers to 20 May 2022. A report will be brought in early 2022, to seek approval of the

				LTP.
<b>10/03/20</b>	87	<b>Building Services Plant - Findings Update - Internal Audit Report 2019/20</b>		
		The service area further investigates the introduction of a bar reader in respect of stock management.	Nigel Williams / Rob Myerscough	<b>Ongoing</b> Response received 01/12/20 – progress has been made with an alternative test system being put in place (not bar reader). Errors are currently under review. Unfortunately further roll out has been delayed due to IT prioritising Covid-19 response. Test system has been viewed and its hoped the new system will be in place over the next few months.

# Agenda Item 9



## Report of the Head of Democratic Services

Audit Committee – 20 April 2021

### Audit Committee – Workplan 2020/21

<b>Purpose:</b>	This report details the Audit Committee Workplan to May 2021.
<b>Report Author:</b>	Jeremy Parkhouse
<b>Finance Officer:</b>	N/A
<b>Legal Officer:</b>	N/A
<b>Access to Services Officer:</b>	N/A
<b>For Information</b>	

#### 1. Introduction

- 1.1 The Audit Committee's Work Plan to May 2021 is attached at Appendix 1 for information.
- 1.2 The Audit Committee Statement of Purpose is attached for information at Appendix 2.
- 1.3 The dates included for the meetings in 2020/21 were approved by the Political Group Leaders.

#### 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.

**Appendices:**

**Appendix 1** – Audit Committee Workplan 2020/21

**Appendix 2** – Audit Committee Statement of Purpose

## Governance & Audit Committee Plan 2020 – 2021

Terms of Reference	Report Title	Report Summary	Report Author	Date of Meeting
External Audit	<b>Audit Wales Report – City &amp; County of Swansea Audit Plan 2020-2021.</b>	Audit Wales 2021/22 audit plan for City & County of Swansea Council. The audit summary forms part of the Auditor General for Wales' duties.	Jason Garcia	20 Apr 2021
Internal Audit	<b>Fraud Function Annual Plan 2021/22.</b>	This report sets out the planned areas of activity for the Internal Audit Section's Fraud Function for 2021/22 and is designed to provide a strategic view of the areas that will be subject to examination.	Jeff Fish, Jonathon Rogers	20 Apr 2021
Internal Audit	<b>Internal Audit Charter 2021/22.</b>	This report outlines the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1st April 2013 and presents the Internal Audit Charter for final approval by Audit Committee following Corporate Management Team approval.	Simon Cockings	20 Apr 2021
Internal Audit	<b>Internal Audit Strategy &amp; Annual Plan 2021/22.</b>	This report presents the Internal Audit Strategy and Annual Plan for 2021/22 to the Audit Committee for approval.	Simon Cockings	20 Apr 2021
Internal Audit	<b>Internal Audit Annual Report 2020/21.</b>	This report summarises the work completed by the Internal Audit Section during 2020/21 and includes the Chief Auditor's opinion for 2020/21 based on the work undertaken in the year.	Simon Cockings	18 May 2021

**Governance & Audit Committee Plan**  
**2020 – 2021**

<b>Terms of Reference</b>	<b>Report Title</b>	<b>Report Summary</b>	<b>Report Author</b>	<b>Date of Meeting</b>
Internal Audit	<b>Internal Audit Recommendation Tracking Report - Quarter 4 2020/21.</b>	This report provides committee with the status of the recommendations made in those audits where the follow-up has been undertaken in Q4 20120/21, to allow the Audit Committee to monitor the implementation of recommendations made by Internal Audit.	Simon Cockings	18 May 2021

**Audit Committee Plan  
2020 – 2021**

Terms of Reference	Report Title	Report Summary	Report Author	Date of Meeting
External Audit	<b>Audit Wales Report – City &amp; County of Swansea Annual Audit Summary 2020.</b>	This is the audit summary for City & County of Swansea Council. It shows the work completed by Audit Wales since the last Annual Improvement Report, which was issued in March 2020. The audit summary forms part of the Auditor General for Wales' duties.	Jason Garcia	9 Mar 2021
Governance & Assurance	<b>Benchmarking, Efficiency and Value for Money.</b>	Corporate Management team will consider how best to use benchmarking information and what information is required for the Audit Committee to enable the Committee to discharge its duties.	Adam Hill	9 Mar 2021
External Audit	<b>Counter Fraud</b>	The report provides an action plan from the findings of the Audit Wales report 'Raising Our Game' – Tackling Fraud in Wales and The Counter Fraud Phase 2 Question Hierarchy Responses which informed the development of the Raising Our Game report.	Adam Hill	9 Mar 2021
Internal Audit	<b>Draft Internal Audit Annual Plan 2021/22.</b>	This report presents the Draft Internal Audit Annual Plan for 2021/22 to the Audit Committee for consideration prior to the final plan coming to committee in April for approval.	Simon Cockings	9 Mar 2021

**Audit Committee Plan  
2020 – 2021**

<b>Terms of Reference</b>	<b>Report Title</b>	<b>Report Summary</b>	<b>Report Author</b>	<b>Date of Meeting</b>
Internal Audit	<b>Internal Audit Annual Plan Methodology Report 2021/22.</b>	This report provides a briefing to the Audit Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2021/22 being reported to the Committee for approval on 20 April 2021.	Simon Cockings	9 Mar 2021
Governance & Assurance	<b>Local Government and Elections (Wales) Act 2021</b>	The report presents an update to the Committee around legislative changes to the terms of reference, membership and name of the Audit Committee.	Tracey Meredith	9 Mar 2021
Financial Reporting	<b>Revenue and Capital Budget Monitoring - 3rd Quarter.</b>	To report on financial monitoring of the 20/21 revenue and capital budgets.	Ben Smith	9 Mar 2021
Internal Audit	<b>Service Centre – Disclosure &amp; Barring Service (DBS) Follow Up Report</b>	To provide an update on the current position following an audit undertaken. To provide an update on the recommendations put forward relating to the DBS procedure and associated processes.	Emma Johnson, Sian Williams	9 Mar 2021
External Audit	<b>Audit Wales Report – City &amp; County of Swansea Audit Plan 2020-2021.</b>	Audit Wales 2021/22 audit plan for City & County of Swansea Council. The audit summary forms part of the Auditor General for Wales' duties.	Jason Garcia	20 Apr 2021

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**Audit Committee Plan  
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Terms of Reference	Report Title	Report Summary	Report Author	Date of Meeting
Internal Audit	<b>Fraud Function Annual Plan 2021/22.</b>	This report sets out the planned areas of activity for the Internal Audit Section's Fraud Function for 2021/22 and is designed to provide a strategic view of the areas that will be subject to examination.	Jeff Fish, Jonathon Rogers	20 Apr 2021
Internal Audit	<b>Internal Audit Charter 2021/22.</b>	This report outlines the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1st April 2013 and presents the Internal Audit Charter for final approval by Audit Committee following Corporate Management Team approval.	Simon Cockings	20 Apr 2021
Internal Audit	<b>Internal Audit Strategy &amp; Annual Plan 2021/22.</b>	This report presents the Internal Audit Strategy and Annual Plan for 2021/22 to the Audit Committee for approval.	Simon Cockings	20 Apr 2021

### **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 is meeting its purpose.

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