



Swansea Bay City Region Joint Committee – 12 November 2020

Internal Audit Report

Purpose:	To inform Joint Committee of the findings and actions of an internal audit review into the SBCD Programme
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Consultation:	Programme Board
Recommendation(s):	It is recommended that Joint Committee:
1)	Notes the findings and actions of the internal audit review into the SBCD Programme
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Legal Officer:	Tracey Meredith (SBCD Monitoring Officer)

1. Introduction

1.1 An audit review of the Swansea Bay City Deal (SBCD) has been carried out as agreed by the Swansea Bay City Deal Joint Committee.

2. Internal Audit

2.1 The audit aims to provide assurance that the Swansea Bay City Deal has adequate governance, internal control, risk management and financial management arrangements in place, which are operating effectively and assisting it to achieve its objectives.

Audit Scope

<u>Area</u>	<u>Description</u>
Governance:	<ul style="list-style-type: none"> Follow-up of SBCD Internal Review of Governance Arrangements & Independent Review (by Actica) Legal Agreement & Policy Framework Organisation Structure
Financial Management:	<ul style="list-style-type: none"> Core Funding & Grant Funding
Risk Management:	<ul style="list-style-type: none"> Risk Appetite & Risk Management Methodology
Internal Control:	<ul style="list-style-type: none"> Project Management, Monitoring & Deliverability



- 2.2 The internal audit report has determined an audit assurance rating of Moderate. This will require strategic or operational action. This report will be presented to the Joint Committee within the current financial year (2020/21), having been subject to delay in the 2019/20 financial year due to the Covid-19 crisis.
- 2.3 The Strategic and Annual Audit Plans are approved by Joint Committee annually and regular reports are made to the Joint Committee throughout the year on progress and any significant weaknesses identified.
- 2.4 In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.
- 2.5 The internal audit review into the Swansea Bay City Deal concluded the following recommendations:

<u>Audit Element</u>	<u>Recommendation</u>	<u>Timescale for Action</u>
GOVERNANCE	The role of the Portfolio Management Office needs to be documented, and posts need to be filled as soon as possible, to allow them to carry out their role effectively of analysing business cases prior to approval and monitoring project delivery.	31/12/2020
GOVERNANCE	Governance arrangements need to be strengthened further in terms of documenting the risk management methodology and risk appetite, an information sharing protocol, counter fraud procedures, due diligence and anti-money laundering arrangements, and recording of declarations of interest/gifts and hospitality for all Senior Officers and Members.	31/12/2020
FINANCIAL MANAGEMENT	Formal agreements should be signed with partners who have not signed up as part of the Joint Committee Agreement (i.e. universities and health boards). All contributions due should then be paid or appropriate escalation/action taken.	31/01/2021
FINANCIAL MANAGEMENT	Funding agreements should cover the terms and conditions of the current tranche of grant funding and any terms and conditions associated with future funding releases (a clause to this effect could be added to the funding agreements to cover this).	Completed
FINANCIAL MANAGEMENT	Funding should be awarded in line with the Joint Committee Agreement (i.e. 1/15 allocation) or the actual funding distribution method should be formally approved by the Joint Committee (the Joint Committee Agreement should be amended when appropriate to reflect the actual funding distribution method).	31/03/2020
FINANCIAL MANAGEMENT	A decision on how to treat any interest received on the Programme Investment Fund needs to be made and formally approved by the Joint Committee.	Completed
INTERNAL CONTROL	Progress monitoring reports (showing progress against milestones and targets) should commence as soon as possible to ensure project delivery is monitored and any potential issues are identified and reported on a regular basis.	Completed

3. Financial Implications

- 3.1 Financial implications as appropriate are detailed within the report and are linked to the recommendations.

4. Legal Implications

- 4.1 There are no legal implications associated with the report other than any change to the Joint Committee Agreement will need to be approved by all relevant parties.

5. Alignment to the Well-being of Future Generations (Wales) Act 2015

- 5.1 The SBCD Portfolio and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

Background Papers: None

Appendices:

Appendix 1: Internal Audit Report 2019/20