



Swansea Bay City Region Joint Committee - 8 July 2021

Internal Audit Report

Purpose:	To inform Joint Committee of the findings and actions of an internal audit review into the SBCD Portfolio
Policy Framework:	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
Consultation:	Programme Board / Joint Committee
Recommendation(s):	It is recommended that Joint Committee: 1) Note the findings and actions of the internal audit review into the SBCD Portfolio and approve the report.
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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 Previous Recommendations • Organisation Structure • Monitoring & Reporting Arrangements • Risk Management
Financial Management:	<ul style="list-style-type: none"> • Budgetary Control • Accounting Procedure
Project Management & Monitoring:	<ul style="list-style-type: none"> • Business Plan Creation & Approval • Project Management • Performance Monitoring & Delivery of Outcomes

- 2.2 The internal audit report has determined an audit assurance rating of Substantial; There are no or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur or their impact is not likely to affect the achievement of the SBCD objectives.
- 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	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). The Anti-Fraud and Anti-Corruption Strategy should be finalised and formally approved as soon as possible, and the new process for recording declaration of interests should be fully embedded.	30 June 2021 (end of Q1 2021-22)
GOVERNANCE	The risk scoring methodology should be reviewed to clearly identify the inherent (prior to the implementation of controls) and residual (after the implementation of controls) risk scores.	30 Sept 2021 (end of Q2 2021-22)
FINANCIAL MANAGEMENT	The processes for capturing and reporting on the achievement of outputs, outcomes and impacts should continue to be developed and should be fully embedded to set out clear performance targets and help evidence the achievement of the original objectives and value added.	30 June 2021 (end of Q2 2021-22)
FINANCIAL MANAGEMENT	The level of Private Sector funding received/committed should be carefully monitored to ensure it remains on track and identify any potential issues at an early stage. Potential contingency plans if private sector funding does not materialise as expected should be considered.	Ongoing (31 Dec 2021 for update)

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 A: Internal Audit Report 2020/21