



## City and County of Swansea

### Notice of Meeting

You are invited to attend a Meeting of the

## Governance & Audit Committee

**At:** Multi-Location Meeting - Gloucester Room, Guildhall / MS Teams

**On:** Tuesday, 31 May 2022

**Time:** 2.00 pm

**Membership:**

Councillors: T J Hennegan, P R Hood-Williams, A Jeffery, J W Jones, M B Lewis, M Locke, S Pritchard, K M Roberts, L V Walton and T M White

Lay Members: Gordon Anderson, Julie Davies, Paula O'Connor and Philip Sharman

**Watch Online:** <https://bit.ly/3MwrV6S>

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2	Election of Vice-Chair for the 2022-2023 Municipal Year.	
3	Apologies for Absence.	
4	Disclosures of Personal and Prejudicial Interests. <a href="http://www.swansea.gov.uk/disclosuresofinterests">www.swansea.gov.uk/disclosuresofinterests</a>	
5	Minutes. To approve & sign the Minutes of the previous meeting(s) as a correct record.	1 - 6
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**Next Meeting:** Wednesday, 15 June 2022 at 1.00 pm



**Huw Evans**  
**Head of Democratic Services**  
**Tuesday, 24 May 2022**

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**Contact: Democratic Services: - 636923**

# Agenda Item 5



City and County of Swansea

## Minutes of the **Governance & Audit Committee**

Remotely via Microsoft Teams

Tuesday, 12 April 2022 at 2.00 pm

**Present:** Paula O'Connor (Chair) Presided

**Councillor(s)**

C Anderson  
O G James  
L V Walton

**Councillor(s)**

T J Hennegan  
M B Lewis

**Councillor(s)**

P R Hood-Williams  
S Pritchard

**Lay Member**

Julie Davies

**Officer(s)**

Simon Cockings  
Marlyn Dickson  
Adam Hill  
Jeremy Parkhouse  
Richard Rowlands  
Debbie Smith

Chief Auditor  
Strategic Change Programme Manager  
Deputy Chief Executive / Director of Corporate Services  
Democratic Services Officer  
Strategic Delivery & Performance Manager  
Deputy Chief Legal Officer

**Also Present**

Justine Morgan  
Gillian Gillett

Audit Wales  
Audit Wales

**Apologies for Absence**

P M Black, D W Helliwell, J W Jones, C E Lloyd, J A Raynor and T M White

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**88 Disclosures of Personal and Prejudicial Interests.**

In accordance with the Code of Conduct adopted by the City and County of Swansea, no interests were declared.

**89 Minutes.**

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

**90 Draft Internal Audit Charter 2022/23.**

Simon Cockings, Chief Auditor presented a report which sought to approve the Internal Audit Charter 2022/23. He specifically highlighted the Charter outlined in Appendix 1 of the report, which included the following: -

- Definition of Internal Audit;
- Role and Function of Internal Audit;
- Scope of Internal Audit;
- Independence of Internal Audit;
- Consultancy Role of Internal Audit;
- Fraud, Bribery and Corruption Role of Internal Audit;
- Internal Audit Resources; and
- Quality Assurance and Improvement Programme

The Chief Auditor confirmed that he had no other management responsibility which restricted the independence of the Internal Audit.

The Committee queried the expanded role of Internal Audit, particularly with regard to partner organisations. The Chief Auditor confirmed that he would update the Charter.

The Chair added that the terms of reference would require revisiting in the future, particularly with regards to the impact of the South West Wales Corporate Joint Committee and the changes required to the Council Constitution.

**Resolved** that: -

- 1) The draft Internal Audit Charter 2022/23 be approved;
- 2) The Charter be updated to reflect the expanded role of Internal Audit with regards to partner organisations.

## **91 Internal Audit Strategy & Annual Plan 2022/23.**

The Chief Auditor presented a report that sought approval of the Internal Audit Strategy and Internal Audit Plan for 2022/23.

The Internal Audit Strategy 2022/23 was provided at Appendix 1, a summary of the Internal Audit Plan 2022/23 at Appendix 2, the Internal Audit Annual Plan 2022/23 at Appendix 3, the Internal Audit Annual Plan 2022/23 including scope at Appendix 4 and the Assurance Map at Appendix 5.

He added that for 2022/23, the Internal Audit Section comprised of 9.1 full time equivalents plus the Chief Auditor, the same level of resources as 2021/22. This gave a total number of available days of 2,366. It was highlighted that the plan provided sufficient coverage across departments.

A discussion ensued and centred on the following: -

- The useful inclusion of the draft scopes;
- Performance and effectiveness of contract procedure rules (CPR) including procedures involved with large spends;
- Assurance provided by performance reviews;
- Corporate performance audits;

- Assurance provided by Directors annual reports on internal control;
- Effectiveness of services and feedback from those receiving services, consultation with users both internal and external;
- Communications / public participation;
- Engagement and effectiveness of services;
- Assurance provided by Internal Audit reports;
- Involving the public in the decision making process and the recommendations contained within the Annual Governance Statement regarding better participation.

**Resolved** that: -

- 1) The Internal Audit Strategy and Annual Plan be approved;
- 2) A report on the Public Participation Strategy be added to the work plan for 2022/23.

## **92 Corporate Risk Overview – Quarter 4 2021/22.**

Richard Rowlands, Strategic Delivery & Performance Manager presented a 'for information' report that provided an overview of the status of Corporate Risk in the Council to provide assurance to the Committee that key risks were being managed in accordance with the Council's risk management policy and framework.

The following summarised the status of risks recorded in the Corporate Risk Register at the end of Quarter 4 2021/22:

There were 7 Red status risks in the Corporate Risk Register at the end of the Quarter: -

- Risk ID 153. Safeguarding.
  - Risk ID 159. Financial Control: MTFP aspects of Sustainable Swansea.
  - Risk ID 221 Availability of Domiciliary Care.
  - Risk ID 222. Digital, Data and Cybersecurity.
  - Risk ID 274. COVID-19 Social Services.
  - Risk ID 306. WCCIS (Welsh Community Care Information System).
  - Risk ID 309. Oracle Fusion.
- 
- All of the Corporate risks were recorded as having been reviewed at least once during Q4.
  - No new risks were added to the Corporate Risk Register.
  - 2 Corporate risks were deactivated during Q4:
    - Risk ID 282. Post-EU Exit.
    - Risk ID 296. Supply of construction materials.
  - No risks were escalated to the Corporate Risk Register.
  - No Corporate risks were de-escalated from the Corporate Risk Register.
  - 1 Corporate Risk was reduced from Red to Amber and then to Green status during Q4 - Risk ID 264 - COVID-19.

Appendix A included the risks as at 31/03/22 recorded within the Council's Corporate Risk Register. The reports for each risk included general explanatory information relating to their classification.

The Committee queried the four T's – treat, transfer, tolerate and terminate, particularly their meaning in respect of risk.

The Chair highlighted the importance of keeping a close check on the risks and Internal Audit reports ensuring that risk management was embedded within departments.

### **93 Audit Wales Report – City & County of Swansea Annual Audit Summary 2021.**

Justine Morgan and Gillian Gillett, Audit Wales (AW) presented the City & County of Swansea Annual Audit Summary 2021 which showed the work completed since the last Annual Improvement Report, which was issued in February 2021.

It was outlined that AW completed work each year to meet the following duties:

- Continuous Improvement
- Audit of Accounts
- Value for Money
- Sustainable Development Principle

Details of the findings of the Audit of the City & County of Swansea Council's 2020-21 Accounts were provided. The report also outlined the following work undertaken:

- AW work in response to the COVID-19 pandemic;
- Continuous Improvement;
- Financial sustainability;
- Recovery planning;
- Other Inspectorates;
- Local Government Studies;
- Discretionary services (April 2021);
- Regenerating town centres in Wales (September 2021);
- Ongoing work from 2020-21;
- Planned work for 2021-2022.

The Chair requested a progress update regarding the qualified opinion given by the Auditor General on the Council's financial statements. It was explained that work was ongoing and advice from the AW technical team was awaited.

Adam Hill, Deputy Chief Executive commented upon the progress made and stated that the Director of Finance was working hard to overcome the differences. He also recognised the positive change in working practices between the Authority and Audit Wales.

The Committee requested that an update be provided regarding the current position of discussions. He added that a joint Council & AW note would be circulated to the Committee regarding progress made.

The Chair also requested an update regarding progress in respect of the Deprivation of Liberty Safeguards (DoLS) review and requested that the Director of Social Services updates the Committee regarding progress when presenting his annual update on internal Social Services Department controls.

#### **94 Achieving Better Together – Recovery Plan.**

Marlyn Dickson, Change Programme Manager presented a 'for information' report which provided an assurance update on the Recovery and Transformation Plan, Swansea – Achieving Better Together.

She highlighted the purpose, Strategic Aims of Swansea – Achieving Better Together and the key milestones to date. It was noted that Internal Audit had examined the programme, its governance and structure, awarding a high level of assurance.

The phases of the Programme / recovery and its governance were outlined. It was added that the risks and issues were reported and monitored monthly.

The Committee discussed the following: -

- Benefits and quick wins, particularly how the streams were monitored monthly and quick wins identified through the trackers;
- How the focus was upon sustainable change resulting in cultural and transformational change;
- The capacity of staff resources to undertake the change and how the focus remained upon the day job, whilst building capacity for longer term gain.

Justine Morgan, Audit Wales commented that they had been observing and welcomed the changes in working practices being implemented. She added that implementing the change was challenging for the Authority and would see a new way of working by 2025. The process of dealing with risks was fit for purpose and provided assurance to external audit.

The Chair stated that she was very encouraged and assured by the very positive position reported.

#### **95 Governance and Audit Committee Training Programme.**

Adam Hill, Deputy Chief Executive presented a report which detailed the Governance and Audit Committee Training Programme.

He stated that following an initial report in July 2021, the report had been refined and specific dates included. He added that the training programme, attached at Appendix 1, would provide the Committee with assurance that the key requirements and general knowledge required to understand the duties needed, would be covered.

The Committee discussed the following: -

- Clearly outlining the annual work programme and outlining items in more detail;
- The need for regular / refresher training to assist the Committee with its knowledge and understanding;
- Introducing more narrative to provide more background to items;
- Ensuring that all Committee Members receive the same level of training.

The Chair requested that the performance management and performance monitoring / reporting process training is provided to the Committee prior to the September 2022 date included in the programme. The Deputy Chief Executive added that he would establish if the training could be moved to an earlier date.

**Resolved** that: -

- 1) The Governance and Audit Training Programme be approved;
- 2) The Deputy Chief Executive establishes if the performance management and performance monitoring / reporting training can be moved to an earlier date in the Programme.

#### **96 Governance & Audit Committee Action Tracker Report.**

The Governance & Audit Committee Action Tracker Report was presented 'for information'.

The Chair noted that the Workforce Strategy had been scheduled to be reported in February 2023 and requested it be reported earlier. The Deputy Chief Executive added that the Strategy would be shortly going through the formal approval process and the Committee would be updated following this.

#### **97 Governance & Audit Committee Work Plan.**

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

The Chair added that the Work Plan would be developed going forward and would be discussed as part of the induction programme.

The Deputy Chief Executive commented that the different areas of Committee work Plan would feature in the induction training.

The meeting ended at 3.30 pm

**Chair**



# Agenda Item 6



## Report of the Chief Auditor

Governance & Audit Committee – 31 May 2022

### Internal Audit Annual Report 2021/22

<b>Purpose:</b>	This report summarises the work completed by Internal Audit in 2021/22 and includes the Chief Auditor's opinion for 2021/22 based on the work undertaken in the year.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services
<b>Recommendation:</b>	It is recommended that the Governance & Audit Committee: -  a) Review the work undertaken by the Internal Audit Team in 2021/22; b) Note the progress made against the Internal Audit Annual Plan; c) Consider the Chief Auditor's opinion.
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Rhian Millar

## 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) define Internal Audit as 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, internal control and governance processes.

- 1.2 This report reviews the work of the Internal Audit Section in 2021/22 and compares its performance against the Internal Audit Annual Plan for the year which was approved by the Governance & Audit Committee on 20<sup>th</sup> April 2021.
- 1.3 A series of Performance Indicators are used to measure the performance of the Internal Audit Section against agreed targets set at the start of the year and also in comparison with other Welsh Authorities. A review of the Performance Indicators in 2021/22 is included in this report.
- 1.4 This report also contains the Chief Auditor's opinion on the overall standards of the control environment in operation in the Council based on the work undertaken by Internal Audit in 2021/22.
- 1.5 This report and the Chief Auditor's annual opinion are key elements of assurance that are referenced in the Council's Annual Governance Statement.

## **2. Review of 2021/22**

- 2.1 As reported in the quarterly monitoring reports, due to the Covid-19 pandemic and as a result of the Council wide response to the advice issued by Central and Welsh Government, all Internal Audit staff have been working remotely from home since the end of March 2020. This continued to be the case throughout 2021/22 and at the time of compiling this report.
- 2.2 It must be acknowledged that the measures introduced across the Council in response to the pandemic have continued to have an impact on the team's ability to initiate and progress with audits in some areas, due to the effect such measures have had across client departments. For example, some council sites have remained closed, the majority of staff across the council have continued to work from home and client departments have continued to prioritise emergency responses to the pandemic to ensure key operations and services continue to be delivered.
- 2.3 This has inevitably continued to impact the team's ability to progress with business as usual and hence has had some impact on the amount of audit work that the team has been able to complete in the year. However, the team has worked tirelessly to undertake as much audit work as possible remotely despite the ongoing challenging circumstances.
- 2.4 In addition, where we have been able to progress with audits we have found that some reviews have taken longer than usual to complete due to the complexities of obtaining the information required remotely, and due to the fact that the majority of the workforce across the Council has been working from home throughout the year.

- 2.5 Audits have only been progressed where we were able to determine that there had been no or very minor limitations to the scope of the review. For example, given council site closures, in some instances we have been unable to complete on-site inventory verification or physically test petty cash balances and accounts. On initial review of the audit programme, if we concluded that a significant majority of the material risk areas could be tested as part of the review we progressed with the audit. Similarly, if we felt that there were significant risk areas of the audit programme that could not be completed, the audit has been deferred as we would not be able to provide adequate assurance over key material risks. Thankfully, with the fundamental audits in particular but also with other audits, the increasing shift to paperless/online working in recent years has meant the scope of most of the reviews completed in year had not been impacted by remote working.
- 2.6 The team successfully completed all of the fundamental audits by year end. The original Internal Audit Annual Plan for 2021/22 contained 131 separate audit activities. As at 31/03/22, 96 audit activities from the 2021/22 audit plan had been completed to at least draft report stage (73%), with an additional 11 audits noted as being in progress (8%). As a result approximately 82% of the audit activities included in the 2021/22 Audit Plan had either been completed or were in progress. In addition, due to changes in certification requirements for a number of grants and other changes in client departments in year, 4 audits included on the original audit plan were deemed to no longer be required and a further 16 reviews had to be deferred to 2022/23. A copy of the plan showing the status of the activities can be found in Appendix 1.
- 2.7 An audit report was produced for each audit which was discussed and agreed with the client. The reports included recommendations to improve any weaknesses or areas of concern identified during the audit in relation to systems, procedures and controls. During the year 99% of recommendations made were accepted by clients. In total, 543 recommendations were made, with 539 being accepted by clients. Any recommendations that are not accepted are highlighted to the Governance and Audit Committee via the quarterly monitoring reports.
- 2.8 A list of the audits finalised each quarter has been included in the quarterly monitoring reports presented to the Governance & Audit Committee throughout the year. A complete list of each audit finalised during 2021/22 along with the level of assurance and the number of recommendations made and accepted is shown in Appendix 2.
- 2.9 We successfully completed two thematic audits across a sample of Swansea's Primary Schools. One review covered the Disclosure and Barring Service (DBS) Controls across a sample of primary schools and the second was a review of the controls in place around school meal income and the 'sQuid' Income Management System. It should also be noted that the team was able to successfully complete four individual Secondary School audits in the year.

- 2.10 It is pleasing to note the completion rate of 82% for the 2021/22 audit plan, given the difficult circumstances both the Audit Team and the wider Council have encountered throughout the year as a result of the continued Covid-19 pandemic. As Chief Auditor, I would like to thank the Team for their hard work and dedication throughout this difficult period. The fact that we have been able to complete a significant amount of audit work continues to be testament to the dedication and commitment of the Team through the year.
- 2.11 As noted in the Internal Audit Quarterly Monitoring Reports, throughout 2021/22 audit resource has been targeted in order to provide maximum assurance over key areas and risks such as the fundamental audits and cross-cutting reviews. In addition, thematic audits have been completed in some areas, such as schools, in order to ensure a broad level of assurance can be provided across the Council. With the agreement of the Director of Finance & Section 151 Officer, this targeted approach has been taken in order to limit the risk of any potential impairment to the annual opinion on the Council's internal control environment for 2021/22.
- 2.12 As well as the planned audit work, a number of additional pieces of work were undertaken during the year as summarised below:

i) The following grants were audited and certified in 2021/22:

<b>Grant</b>	<b>Amount</b>
Housing Support Grant 2020/21 (prev. SPPG Regional Development Coordinator Grant)	£44,497.00
Live Kilometre Support Grant 2019/20	£31k
Suresprung Transitional Employer Support Grant 2020/21	£78,748
ENABLE – Support for Independent Living Grant 2020/21	£301,646
Pupil Development Grant 2020/21	£8,825,756
Regional Consortia School Improvement Grant (RCSIG) 2020/21	£9,726,667
Exploring IoT Networks & Use Cases to Improve Public Services Discovery Project (Internal Assurance Review)	£20,000
Housing Support Grant	£14,054,356

- ii) Four unplanned follow-ups were undertaken in 2021/22 for those audits that received a moderate level of assurance. The follow-up reviews were undertaken for the Grand Theatre, Management of Absence, the Community Equipment Service and the Community Alarm Service.
- iii) The Principal Auditor also compiled the Schools Annual Report 2020/21 which was presented to the Audit Committee in July.

- iv) Completion of the Fundamental Audit Recommendation Tracker exercise for the fundamental audits completed in 2020/21 as reported to the Committee in November 2021.
- v) Continuation of checks and assistance in relation to the various Covid-19 support grants across the Council and eligibility checking a sample of winter fuel grant payments.
- vi) A review was also undertaken, in addition to the annual Risk Management audit that looks at the risk management process within each directorate on a rotational basis, of all of the Corporate Risks and associated Control Measures recorded on the Corporate Risk Register.
- vii) Other pieces of work undertaken in year have been reported to the Committee as part of the quarterly monitoring reports throughout the year.

### **3. Follow-Ups**

3.1 It is important that action is taken to ensure that management have implemented the recommendations agreed following each audit. The Internal Audit Section uses a risk based approach to follow up audits as shown below:

- Fundamental audits are subject to a Recommendations Tracker exercise mid-way through the year to confirm that the agreed recommendations have been implemented. The results of the Recommendation Tracker exercise are reported to the Governance & Audit Committee.
- Non Fundamental audits which receive a 'moderate' or 'limited' level of assurance have historically received a follow-up visit usually within 6 months to test whether the 'high' and 'medium' risks recommendations have been implemented. The results of any follow-up visits for non-fundamental audits are included in the quarterly monitoring reports presented to the Governance & Audit Committee.

3.2 Any audits that receive a 'moderate' or 'limited' level of assurance are also reported to the relevant Directorate Performance and Financial Monitoring (PFM) meeting to allow senior management to monitor the implementation of the recommendations arising from the audit.

3.3 The findings of the Fundamental Audit Recommendations Tracker exercise carried out in 2021/22 were reported to the Governance and Audit Committee on 9<sup>th</sup> November 2021 where the conclusion was positive, with 76% of agreed recommendations due for implementation being confirmed as implemented by the end of September 2021. The report also noted that one high risk and one medium risk recommendation relating to the Accounts Receivable audit were partly

implemented. This fundamental audit continues to be completed on an annual basis, and the implementation of outstanding recommendations has been followed-up as part of the 2021/22 audit. The remaining recommendations that had not been implemented were all classed either low risk or good practice.

- 3.4 During quarter four of 2021/22, four follow-up reviews were completed for the Grand Theatre, Management of Absence, the Community Equipment Service and the Community Alarm Service as these audits received a moderate level of assurance during the year. Our follow-up reviews found that in the majority of cases, suitable action had been taken to address the issues that had been highlighted. The detailed outcomes of all follow-up reviews will be reported to the Governance and Audit Committee in the Internal Audit Quarterly Monitoring Report for quarter four. In addition, throughout the year a number of client department representatives have attended committee meetings to provide an update on the action that has been taken to address the issues highlighted in the audit reports.

#### **4. Performance Indicators**

- 4.1 A series of 11 Performance Indicators (PI's) are used to measure the work of the Internal Audit Section as agreed by the Welsh Chief Internal Auditors Group (WCIAG). The PI's measure output, quality and cost and are also measured by some other Local Authority Internal Audit Sections across Wales to provide comparable statistics.
- 4.2 The PI's are presented in detail in Appendix 3 which shows that in 2021/22, the Internal Audit Section met or exceeded the target set at the start of the year for 10 out of the 11 PI's.
- 4.3 The PI that was not achieved in 2020/21 was PI 9 - average cost per directly chargeable day.
- 4.4 As agreed by the WCIAG, average cost for this performance indicator is made up of salaries, NI and pensions costs of the Internal Audit Team. These costs have seen an overall total increase of 4.6% on 2020/21 costs. The number of directly chargeable days has actually increased from 1,462 in 2020/21 to 1,542 in 2021/22. As a result, average costs per directly chargeable day has decreased overall in 2021/22 to £329, from £331 in 2020/21 despite the increased costs. The increase in productive days has primarily been caused by a reduced number of days spent on staff training, less annual leave being taken and sickness absence being lower than anticipated in 2021/22.
- 4.5 This PI was also not achieved in 2020/21 and the target of £300 average cost per chargeable day has also remained unchanged for a number of years. As a result of increasing salary costs which are outside of the control of the Chief Auditor, the target cost for this PI has been revised for 2022/23 to £335 rising to £350 in 2023/24 to reflect possible further

increases in salary costs going forward. Costs will continue to be monitored throughout 2022/23.

- 4.6 In previous years, PI data has been compared to the average results of other Local Authorities in Wales, with the results being shown in Appendix 3. However, at the time of writing this report the results from a number of suitable comparator authorities had not been received.
- 4.7 Unfortunately, the comparison with other Internal Audit Sections across Wales is becoming less meaningful over time as a number of Authorities no longer collect the data or are only able to provide results for some of the PI's. In addition, consideration should be given to the variances in size of both the Local Authorities and their internal audit departments when attempting to compare the results of Swansea's PI's with other Local Authorities.
- 4.8 It should also be noted that the WCIAG reviews the PI's that are in use on an annual basis, so these may be subject to further change going forward.

## **5. Quality Assurance & Improvement Programme and Statement of Conformance with the PSIAS**

- 5.1 It is a requirement of the PSIAS that internal audit providers must maintain a Quality Assurance and Improvement Programme (QAIP) which covers all aspects of the internal audit activity and is intended to assist in raising standards across the public sector and ensuring consistency in improvement.
- 5.2 The QAIP allows internal audit providers to be assessed, both internally and externally, to show that the provider is fully complying with the PSIAS. Internal assessments are both ongoing and periodic and an external assessment must be undertaken at least once every 5 years.
- 5.3 The preferred method adopted in Swansea was a self-assessment review subject to external validation using the peer review group established by the Welsh Chief Auditors Group. Following discussions at the last Wales Chief Auditors Group meeting, it has been proposed that this approach would be repeated for the next round of external reviews.
- 5.4 The outcome of the last peer review was presented to the Director of Finance & Section 151 Officer (then Head of Financial Services & Service Centre), the Director of Resources and the Chief Executive on 28<sup>th</sup> March 2018 and to the Governance and Audit Committee on the 10<sup>th</sup> April 2018. In summary, the peer review concluded that the City and County of Swansea's Internal Audit Section is compliant with the PSIAS and CIPFA Application Note with no significant deviations from the Standards being noted. Some areas for improvement were highlighted as part of the review, all of which have been fully addressed as has been previously reported to the Governance and Audit Committee.

- 5.5 The results of the annual internal assessment of compliance with the PSIAS using CIPFA's detailed Local Government Application Note completed in March 2022 can be found in Appendix 4. The self-assessment review of conformance against the PSIAS revealed that the Internal Audit Section is fully compliant with the best practice of the PSIAS.
- 5.6 In addition to the self-assessment review, as part of the QAIP an action plan is compiled in order to set targets for improvement for the coming year in relation to those PI's that have not been achieved. A copy of the QAIP report and action plan for 2022/23 can be found in Appendix 5.

5.7

#### **Statement of Conformance with the PSIAS**

**The results of the external peer review and the updated internal assessment of conformance against CIPFA's detailed Local Government Application note confirm that the Internal Audit Section of the City and County of Swansea conforms to the International Standards for the Professional Practice of Internal Auditing and all engagements are undertaken in conformance with the Public Sector Internal Audit Standards.**

## **6. Statement of Organisational Independence**

- 6.1 The PSIAS also require the Chief Auditor to confirm the organisational independence of the internal audit activity. As outlined in the self-assessment review, the organisational independence of the Chief Auditor can be confirmed for the following reasons:
- i) The Chief Auditor reports to the Director of Finance & Section 151 Officer who is a permanent member of Corporate Management Team.
  - ii) The Chief Auditor reports functionally to the Governance and Audit Committee and has unrestricted access to the Committee.
  - iii) As a third tier officer, the Chief Auditor can influence the control environment, has sufficient status to pursue audit issues and provide credible, constructive challenge to management.
  - iv) The Internal Audit Charter is reviewed and approved by the Governance and Audit Committee and the Corporate Management Team on an annual basis.
  - v) The risk-based audit plan is reviewed and approved by the Corporate Management Team and the Governance and Audit Committee on an annual basis.
  - vi) The performance of the Internal Audit Function is reported to the Governance and Audit Committee on a quarterly basis via quarterly



monitoring reports, annually as part of the Internal Audit Annual Report and also as part of the QAIP programme.

- vii) The Chief Auditor has no other management responsibilities other than Internal Audit and the Corporate Fraud Function.
- viii) The Chief Auditor also has unrestricted access to senior management and the Governance and Audit Committee and has the ability to report to all levels in his own name which allows the internal audit activity to fulfil its responsibilities.
- ix) The Chief Auditor also has the right of direct access to the Chief Executive as agreed by the Director of Finance & Section 151 Officer.

## 7. Chief Auditors Opinion

- 7.1 The system of internal control is designed to help the Council manage and control the risks which could affect the achievement of the Council's objectives. However it is not possible to eliminate all risks completely.
- 7.2 This means that Internal Audit can only provide 'reasonable' assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively.
- 7.3 The Internal Audit Section awards an assurance level for all reviews undertaken. The basis used for each level of assurance is shown in Appendix 6.
- 7.4 The table below provides a summary of the assurance levels across the audits completed in 2021/22:

<b>2021/22 Audit Ratings Summary</b>		
Total Number of Audits Finalised	90	
<b>Assurance Rating</b>	<b>Number</b>	<b>%</b>
High Assurance	38	42
Substantial Assurance	48	53
Moderate Assurance	4	5
Limited Assurance	0	0

- 7.5 As can be seen in the table above, the outcome of 86 (95%) of the 90 audits completed was positive with the audits receiving either a high or substantial level of assurance.
- 7.6 As has been reported to the Governance & Audit Committee throughout the year, four audits received a moderate level of assurance in the year. As has been the case for the past three years, the fundamental Accounts Receivable audit was one of the audits that received a moderate assurance level in 2021/22.
- 7.7 In total there are 14 audits which are classed as fundamental audits. The fundamental audits are the core systems that are considered to be so

significant to the achievement of the Council's objectives that they are audited either annually or bi-annually. Following the audits completed in 2021/22, 10 of the 14 fundamental audits have a high level of assurance. Three have a substantial level of assurance (Accounts Payable, Business Rates and Employee Services) and one has a moderate level of assurance (Accounts Receivable).

- 7.8 Prior to the audit in 2019/20, the Business Rates audit had received a consistent high assurance level and had therefore been subject to an audit every two years. However, as a result of the findings of the audit undertaken in 2019/20, a substantial level of assurance was awarded and as a result this audit is completed on an annual basis.
- 7.9 The Governance & Audit Committee was made aware that we were unable to complete the review of Business Rates in 2020/21 due to the fact that the department had to swiftly adapt to facilitate the roll out of the various Covid-19 support schemes, and as such the Business Rates Section did not have the capacity to accommodate an audit. Additional work was completed by the Audit Team during this period to provide assurance over the reactive work that has been undertaken by the Business Rates Team in facilitating the Council's continued response to the Covid-19 pandemic. However, Internal Audit was able to complete the review of Business Rates in 2021/22 with a substantial level of assurance being awarded.
- 7.10 The Accounts Payable audit also received a substantial assurance level in 2021/22, as was also the case in the past three financial years. As a result, this will continue to be audited on an annual basis.
- 7.11 The Accounts Receivable audit received a moderate assurance level in 2021/22, as has also been the case in the previous three financial years. The Governance & Audit Committee has received a number of updates from the relevant managers within the department in relation to the work that is ongoing to address the issues that have been identified. The Committee will continue to receive updates on this during 2022/23 as required.
- 7.12 It is disappointing that the Accounts Receivable audit received a fourth moderate assurance rating in 2021/22. As detailed in updates provided to the Governance & Audit Committee from the client department, the reasons for the weaknesses identified in this area are primarily in relation to reduced staff resources. As noted in previous annual reports, continuity and maintenance of core grip with changing, and more often diminishing, resources was a recognised clear challenge across the Council and this continues to be the case.
- 7.13 Despite this, as stated previously it should be noted that of the 14 fundamental system audits, 10 have a high assurance level and three have a substantial assurance level. In addition, the results of the work undertaken in 2021/22 shows that as at the 31<sup>st</sup> March 2022, 95% of all

of the audits completed in year have either a high or substantial assurance level. This provides reasonable assurance that across the Council the systems of internal control are operating effectively.

7.14 The Internal Audit Team has continued to operate in a very challenging environment throughout 2021/22. As a result of continued challenges also being faced by client departments caused by the ongoing pandemic, a small number of audits on the 2021/22 audit plan had to be deferred to 2022/23. However, we have successfully completed a significant number of audit activities on the 2021/22 plan with 94 audit activities (72%) issued as final or completed and 2 audits (2%) issued as draft, with an additional 11 audits (8%) in progress at year end. As a result, 82% of the audit activities on the 2021/22 audit plan had either been completed or were in progress at year end. This is a positive result given the circumstances faced by the Team. It is also pleasing to note the overall positive outcomes of the work that has been completed in year as highlighted above.

7.15 A review was also undertaken in March 2022 to establish whether those charged with governance within the Council had undertaken a detailed review of their financial management arrangements. The review was undertaken to determine whether the standards, as defined by the Financial Management Code (FM Code) introduced by the Chartered Institute of Public Finance & Accountancy (CIPFA) were being met. The FM Code is designed to support good practice in financial management and assist Local Authorities in demonstrating their financial sustainability. The FM Code is based on a series of principles supported by specific standards. The requirement to be fully compliant with the FM Code came into effect from the 1 April 2021.

7.16 Our review confirmed that the Director of Finance & Section 151 Officer had completed a number of self-assessment exercises to benchmark Swansea Council's processes and practices against the FM Code Standards using a RAG Rating approach throughout 2021/22 which have been presented to Corporate Management Team. The RAG rating approach evaluated the Council's level of compliance with each element of the Financial Management Standards as follows:

Rag Rating:

- Green - Compliance is being demonstrated.
- Amber - Minor to moderate improvements are required to demonstrate full compliance.
- Red - Moderate to significant improvements are required to demonstrate full compliance.

7.17 The latest high-level self-assessment review completed in February 2022 concluded that of the 17 Standards, the Council could demonstrate full compliance with 13 standards (assessed as green) with minor to moderate improvements required to demonstrate full compliance with the remaining 4 standards (assessed as amber).

- 7.18 Changes that have been made throughout the year in order to improve the level of compliance with the Standards have been clearly documented as part of the self-assessment process. In addition, the self-assessment includes a comprehensive list of evidence to substantiate and support the Director of Finance & Section 151 Officer's assessment of compliance.
- 7.19 To conclude, the self-assessment review completed by the Director of Finance & Section 151 Officer demonstrates that the Council is broadly compliant with the FM Code, with only minor to moderate improvements being required to demonstrate full compliance with 4 of the 17 Standards.
- 7.20 Throughout the year, a significant amount of effort has continued to be directed at further strengthening the systems of risk management across the Council. The Governance and Audit Committee has received regular update reports from the Strategic Delivery and Performance Manager outlining the status of key risks from the Corporate Risk Register. The Corporate Management Team and Risk Owners have also reviewed the risk register entries regularly throughout the year to ensure the register is up to date. The new Risk Management System has also been further embedded in the year which has improved the monitoring and control of risks.
- 7.21 As per the Terms of Reference, the Governance and Audit Committee must be satisfied that they have sufficient information in order to gain assurance over the risk management controls across the Council. Prior to the introduction of the new Risk Management System, the Committee highlighted concerns over the amount of information that was available to Members to allow them to discharge this responsibility. These concerns were also echoed by the Council's External Auditors. The introduction of the new Risk Management System has facilitated greater scrutiny of the risk management arrangements in place by the Governance and Audit Committee and detailed reports from the new system have been presented to the Committee throughout the year.
- 7.22 A number of concerns were raised previously by both the Chief Auditor and the Governance and Audit Committee in relation to the documentation of the mitigating control measures recorded in the Risk Register for a number of Corporate Risks.
- 7.23 As part of the migration from the old Risk Registers to the new Risk Management System, Risk Owners were asked to review and update the risks and associated mitigating controls under their management. Following a review of the mitigating controls in 2020/21, it was noted that in some instances the control measures documented on the new system could not be considered to be 'control measures' as such. As a result, it was not possible to place reliance on the documented mitigating controls for some of the corporate risks on the Risk Management System. This is not to say that mitigating controls were not in place, but the way they had

been documented meant that we were unable to place reliance on some of the 'controls' as they were recorded. As a result, last year's Annual Governance Statement and Chief Internal Auditor's Opinion noted that this area required attention and improvement in 2021/22.

- 7.24 It is pleasing to note that a significant amount of work has taken place throughout 2021/22 in order to ensure that the corporate risks remain relevant and up to date. In addition, as evidenced by the most recent Risk Update Report from the Strategic Delivery & Performance Manager, the quality of the documentation of the associated control measures has greatly improved.
- 7.25 The Covid-19 Pandemic has continued to have a significant impact on the Council and most 'business as usual' operations. The meetings of the Governance Group, tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective, resumed in 2021/22 in the lead up to the year end and in preparation for the production of the Annual Governance Statement.
- 7.26 In response to the unexpected and unpredictable impact of the pandemic, a number of emergency protocols were introduced in 2020/21 to ensure governance and overall corporate grip remained strong and effective during such unprecedented times. This included the formation of an Executive Control Group (ECG) in early March 2020.
- 7.27 Those attending the ECG included the Leader, Deputy Leaders, Chief Executive, S151 Officer, Monitoring Officer, Director of Place, Head of Communications & Marketing, Corporate Health Safety & Wellbeing Manager and Temporary CCoS/NPT/SBUHB Liaison Officer. We were advised that attendance at meetings varied due to the fluid situation facing the Council and due to daily meetings taking place, including on weekends. The Sit Rep group was a wider group of members and senior officers.
- 7.28 The ECG ceased to be a decision-making forum when Cabinet and Council meetings resumed in June 2020, but it continued to exist as a forum for information and communication throughout 2021/22.
- 7.29 The work undertaken by the Internal Audit Team in the year did not uncover any significant concerns in relation to governance and overall management control across the areas of the council that were subject to internal audit review. Despite the ongoing period of upheaval and change, Officers have continued to adapt speedily and effectively to the emergency response to the pandemic with no obvious signs of deterioration in control or corporate grip across the areas subject to audit in the period.
- 7.30 In conclusion, Statutory Governance Chief Officers and CMT have succeeded in continuing to maintain appropriate corporate grip and have

ensured adequate recording and reporting mechanisms have been maintained throughout the crisis.

- 7.31 At the time of writing this opinion, it is unclear as to the scale of additional spending, including rapidly rising inflation, or ongoing losses of income that the Council faces in dealing with the pandemic both locally, with partners, and supporting the national strategic response to the residual immediate public health crisis and now rapidly growing economic and wider health effects of Covid-19 and the ongoing crisis in Ukraine going into 2022/23. The Director of Finance & Section 151 Officer has advised that his view is that there is adequate assurance of sufficient and necessary recovery and reimbursement in relation to 2021/22 already in place, pending the formal final outturn and statement of accounts certification. However, it should be noted that there are currently no meaningful sums announced available to bid against nationally for 2022/23 by UK or Welsh Governments. In March 2022, the Leader of the Council set out the Council's intention to expand the locally funded Covid-19 Economic Recovery Fund with the target sum of a further £20m-25m. This in part may mitigate the known certainty of significantly reduced Government funding cash increases in future years. This may also assist with dealing with some, but not all, of the immediate inflationary effects, which means future real terms reductions look inevitable. However, this is pending formal certification of the final outturn and statement of accounts by the Section 151 Officer and Council.
- 7.32 Given the audit plan completion rates noted previously, and the fact that Internal Audit has completed all of the planned fundamental audits and the majority of the cross cutting audits by year end, the Chief Auditor feels that no impairment to the Chief Auditor's opinion on internal control is required. Assurance can be provided across a range of Council services as a result of the audits completed and other assurance work undertaken in the year.
- 7.33 In addition, for the reasons set out previously, the Chief Auditor is of the opinion that governance arrangements across the Council have proven to continue to be robust and resilient throughout the continuing period of challenge and change that the Council has faced over the past year. It should also be noted that the Senior Management Assurance Statements have been enhanced during the year to incorporate the new provisions of Part 6 of the Local Government and Elections (Wales) Act in relation to performance self-assessment. The Council has continued to adapt speedily and effectively to the challenges brought about as a result of the pandemic, with core services continuing to operate effectively throughout.
- 7.34 Given the previous points made in relation to internal control, governance and risk management the Chief Auditor is of the opinion that there is no need to issue any limitation of scope on the aspects of governance and internal control. In addition, as a result of a significant amount of work undertaken in year to further enhance and embed risk management

controls across the Council, and to strengthen the documentation of risks and control measures on the Corporate Risk Register, the Chief Auditor believes that there is no longer a need to declare a limitation of scope in relation to risk management. However, improvements should continue to be made in this area throughout 2022/23 to further embed and strengthen the Council's risk management controls across all of the Directorate and Service Level Risk Registers.

7.35 The Governance and Audit Committee and the Chief Auditor have also raised concerns throughout the year around the absence of a Workforce Strategy. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy has been developed for the financial year April 2022/23, with the Strategy due to be launched in March 2022. It should also be noted that Internal Audit were unable to complete the audit of the 'Transformation' element of the Achieving Better Together programme that had been planned for completion in 2021/22. As a result, these areas will be reviewed as part of the 2022/23 work programme.

7.36

#### **Chief Auditors Opinion for 2021/22**

***Based on the programme of audit work undertaken in 2021/22, the Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control is effective with no significant weaknesses identified in 2021/22 which would have a material impact on the Council's financial affairs or the achievement of its objectives.***

## **8 Integrated Assessment Implications**

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

8.2 The completion of the Integrated Impact Assessment Screening revealed that:

- The Internal Audit Annual Report 2021/22 has a potentially low positive impact across a number of identified groups.
- It has been subject to consultation with the Director of Finance & S151 Officer, Legal and Access to Services.
- All WFG considerations are positive and any risks identified are low.
- The overall impact of the Internal Audit Annual Report 2021/22 is positive as it will support the Authority in its requirement to protect public funds.

## **9. Financial Implications**

9.1 There are no financial implications associated with this report.

## **10 Legal Implications**

10.1 There are no legal implications associated with this report

**Background Papers:** Internal Audit Plan 2021/22

**Appendices:** Appendix 1 – Audit Plan 2021/22 Status as at 31/03/22  
Appendix 2 – Audits Finalised 2021/22  
Appendix 3 – Performance Indicators 2021/22  
Appendix 4 – PSIAS Compliance Report  
Appendix 5 – QAIP Report & Action Plan 2021/22  
Appendix 6 – Audit Levels of Assurance  
Appendix 7 – Corporate Governance Map  
Appendix 8 – Integrated Impact Assessment



Audit Title	Risk Rating	Status as at 31/03/2022	Corporate Priority	Days
<b>Level 1 – Cross Cutting Reviews – Council Governance &amp; Control</b>				
Partnerships	Med/High	Final Issued	Cross Cutting	15
Corporate Governance	Med/High	In Progress	Cross Cutting	15
General Data Protection Regulations	Med/High	Final Issued	Cross Cutting	10
Corporate Performance Management	Med	Final Issued	Cross Cutting	15
Local Government and Elections (Wales) Bill	New	Draft Issued	Cross Cutting	10
FOI / SAR/ EIR Review	New	Final Issued	Cross Cutting	15
Wellbeing of Future Generations Act	New	Final Issued	Cross Cutting	10
Achieving Better Together – Recovery & Refocus	New	Final Issued	Cross Cutting	10
Achieving Better Together – Transformation (inc. workforce strategy and savings delivery)	New	Deferred	Cross Cutting	15
Assurance Framework	New	Final Issued	Cross Cutting	20
<b>Level 2 – Fundamental Systems - Section 151 Officer Assurance</b>				
<b>Financial Services &amp; Service Centre</b>				
Employee Services	Med/High	Final Issued	Section 151 Assurance	30
Pensions Admin	Med/High	Final Issued	Section 151 Assurance	20
Teachers Pensions	Med	Final Issued	Section 151 Assurance	15
Accounts Receivable	High	Final Issued	Section 151 Assurance	35
Business Rates (NNDR)	Med	Final Issued	Section 151 Assurance	20
Pension Fund Investments	Med/High	Final Issued	Section 151 Assurance	7
Housing Rents	Med	Final Issued	Section 151 Assurance	20
Accounts Payable	Med	Final Issued	Section 151 Assurance	35
Housing & Council Tax Benefit	Med/High	Final Issued	Section 151 Assurance	40
Capital Accounting	Med	Final Issued	Section 151 Assurance	25
<b>Level 3 – Service Level Audits – Other Assurance</b>				
<b>Education Planning &amp; Resources</b>				
Pentrehafod Comprehensive	Med	Final Issued	Education	10
Bishopston Comprehensive	Med	Final Issued	Education	10
Pontarddulais Comprehensive	Med	Final Issued	Education	10
Ysgol Gyfun Bryn Tawe	Med	Final Issued	Education	10
Ysgol Crug Glas	Med	Not Required	Education	4

School Funding & Information	Med/High	Final Issued	Education	15
Catering & Cleaning HQ	Med	Deferred	Education	10
SQuid School Income (thematic)	New	Final Issued	Education	15
Primary School DBS (thematic)	New	Final Issued	Education	15
<b>Achievement &amp; Partnership Service</b>				
School Support Team	Low	Final Issued	Education	15
<b>Vulnerable Learner Service</b>				
Behavioural Support Unit	Med/Low	Final Issued	Education, Safeguarding & Poverty	20
<b>Education Grants &amp; Other</b>				
Schools Annual Report	n/a	Final Issued	Education, Safeguarding & Poverty	3
Regional Consortia School Improvement Grant	n/a	Final Issued	Education, Safeguarding & Poverty	15
Pupil Deprivation Grant	n/a	Final Issued	Education, Safeguarding & Poverty	15
<b>Child &amp; Family Services</b>				
Independent Agency Payments	High	Final Issued	Safeguarding	10
Discretionary Payments	Med/High	In Progress	Safeguarding	10
Nant-y-Felin Children's Home	Med	In Progress	Safeguarding	10
Grants & Contracts	Med/High	Not Required	Safeguarding	10
Adoption Allowances	Med/Low	Deferred	Safeguarding	10
Residential & Outdoor Centres	Med	Deferred	Safeguarding	10
Business Support Team – Child & Family	Med/Low	Final Issued	Safeguarding	15
Swansea Children's Centre & Mayhill Family Centre	Med	In Progress	Safeguarding	10
<b>Adult Services</b>				
Home Care	Med/High	Deferred	Safeguarding	10
Community Alarm Service	Med	Final Issued	Safeguarding	10
Integrated Community Equipment Service & Suresprung	High	Final Issued	Safeguarding	10
Suresprung Transitional Employer Support Grant	n/a	Final Issued	Safeguarding	5
CREST	Med	Deferred	Safeguarding	10
Supporting People Team – Regional Coordinator Grant	n/a	Final Issued	Safeguarding	3
Supporting People Grant	n/a	Final Issued	Safeguarding	10
Enable Support for Independent Living Grant	n/a	Final Issued	Safeguarding	10
<b>Commissioning</b>				

Early Intervention Services	Med	Final Issued	Poverty	5
<b>Tackling Poverty</b>				
Welfare Rights Service	New	Final Issued	Poverty	10
<b>Building Services</b>				
Heol y Gors – Stores, Admin & Finance, Oracle T&L	Med/High	Deferred	Economy & Infrastructure, Safeguarding	20
Heol y Gors – Estimating	Med	Final Issued	Economy & Infrastructure, Safeguarding	15
Day to Day Repairs / Maintenance Section	Med	Deferred	Economy & Infrastructure, Safeguarding	20
<b>Property Services</b>				
Energy Management	Med/Low	Not Required	Economy & Infrastructure	5
<b>Waste Management &amp; Parks</b>				
Domestic Refuse Collection	Med	Final Issued	Economy & Infrastructure, Resource & Biodiversity	10
Parks Buildings	Low	Not Required	Economy & Infrastructure, Resource & Biodiversity	5
Cleansing inc. Parks Central Operations, Litter & Beaches	New	Final Issued	Economy & Infrastructure, Resource & Biodiversity	10
<b>Highways &amp; Transportation</b>				
Concessionary Bus Fares	Med	Final Issued	Economy & Infrastructure	5
Car Parks	Med/High	Final Issued	Economy & Infrastructure	20
Clydach Depot – Plant	Med	Final Issued	Economy & Infrastructure	10
CTU Fleet Hire / Spot Hire	Med	Final Issued	Economy & Infrastructure	10
Taxi Framework Contract	Med	Final Issued	Economy & Infrastructure	10
Live Kilometre Support Grant	n/a	Final Issued	Economy & Infrastructure	5
<b>Housing &amp; Public Health</b>				
Morrison DHO	Med	Final Issued	Poverty, Safeguarding	15
Sketty DHO	Med/Low	Final Issued	Poverty, Safeguarding	15
Neighbourhood Support Unit inc. CCTV	Med	Final Issued	Poverty, Safeguarding	7
Affordable Housing	Med	Final Issued	Poverty, Safeguarding	10
Application Controls – Flare System	Med	Deferred	Poverty, Safeguarding	5
Building Regulations	Med	Final Issued	Poverty, Safeguarding	15
Taxi Licencing	Med/Low	Final Issued	Poverty, Safeguarding	10
Rechargeable Works	Med	Deferred	Poverty, Safeguarding	15
<b>Cultural Services</b>				
Outdoor Leisure	Med	Final Issued	Economy & Infrastructure	15

Sports Development	Med/Low	Final Issued	Economy & Infrastructure	10
Swansea Museum	Med/Low	Final Issued	Economy & Infrastructure	10
Central Library	Med	Deferred	Economy & Infrastructure	15
Archives	Med/Low	Final Issued	Economy & Infrastructure	15
<b>Planning &amp; City Regeneration</b>				
Nature Conservation	Med	Draft Issued	Economy & Infrastructure, Resources & Biodiversity	10
Land Searches (was Land Charges)	Med	Final Issued	Economy & Infrastructure, Resources & Biodiversity	10
<b>Communications &amp; Marketing</b>				
Civic Admin/Mayoral Service/Mansion House	Med	Deferred	Transformation & Council Development	10
Emergency Planning & Business Continuity	Med	Deferred	Transformation & Council Development	10
Risk Management	Med/High	Allocated	Transformation & Council Development	15
<b>Financial Services &amp; Service Centre</b>				
Cashiers Office – CCI Reconciliation	Med/High	Final Issued	Section 151 Assurance	5
Write-Off Requests	n/a	Final Issued	Section 151 Assurance	5
Cashiers Write-off's	n/a	Final Issued	Section 151 Assurance	5
Bank Reconciliations	Med	Final Issued	Section 151 Assurance	10
School Bank Reconciliations	Med	Final Issued	Section 151 Assurance	15
Grants Receivable	Med/High	Final Issued	Section 151 Assurance	15
Leasing	Med	In Progress	Section 151 Assurance	10
Income Tax – Self Employed	Med	Final Issued	Section 151 Assurance	5
Construction Industry Tax Scheme	Med	Final Issued	Section 151 Assurance	10
Residential Care	High	Final Issued	Section 151 Assurance, Safeguarding	25
Debt Recovery – Financial Services & Legal Recovery	High	In Progress	Section 151 Assurance, Safeguarding	25
Learning Disability Recharges	Med	Final Issued	Section 151 Assurance, Safeguarding	10
Adult Family Placements	Med	Final Issued	Section 151 Assurance, Safeguarding	10
Employee Vetting (DBS)	High	In Progress	Section 151 Assurance, Safeguarding	10
Purchase Card Transactions Monthly Review	Med	Final Issued	Section 151 Assurance	10
Compliance with CIPFA Financial Management Code	New	Final Issued	Section 151 Assurance	10
<b>Digital &amp; Transformation</b>				
ICT Administration inc. IT Assets	Med	In Progress	Transformation & Future Council Development	15

Oracle Authorisation Limits	Med/High	Final Issued	Transformation & Future Council Development	10
<b>Commercial Services</b>				
Contracts Review – Education	New	In Progress	Section 151 Assurance	10
<b>Chief Transformation Officer Audits</b>				
Contact Centre – Client & Property Finance Payments	Med	Final Issued	Transformation & Council Development	5
HR Policies	Low	Final Issued	Transformation & Council Development	10
Employment of Agency Staff	Med/High	In Progress	Transformation & Council Development	10
Corporate Learning & Development Team	New	Deferred	Transformation & Council Development	5
Oracle Cloud	New	Deferred	Transformation & Council Development	10
Post-Coronavirus pandemic review of Agile Working	New	Allocated	Transformation & Council Development	10
Regional Broadband Grant	New	Final Issued	Transformation & Council Development	5
<b>Contract Audits</b>				
Highways & Transportation – Construction Period Control of Contracts	Med	Allocated	Transformation & Council Development	15
CBS Control of Contracts	Med	In Progress	Transformation & Council Development	15
<b>Computer Audits</b>				
File Controls	Med/High	Final Issued	Transformation & Council Development	5
ICT Data Storage	Med/High	In Progress	Transformation & Council Development	5
Firewall Controls – Corporate & Education Network	Med	Allocated	Transformation & Council Development	5
Internet Controls for Clients – Social Services	Med	Final Issued	Transformation & Council Development	5
E-Commerce Controls	Med	Final Issued	Transformation & Council Development	7
Disaster Recovery & Business Continuity	Med	Final Issued	Transformation & Council Development	10
Oracle Change Control	Med/High	Deferred	Transformation & Council Development	5
Telephony System	Med	Final Issued	Transformation & Council Development	5
Use of Idea - Data Matching NFI	n/a	Final Issued	Section 151 Assurance	5
<b>Projects &amp; Special Investigations</b>				
Unpresented Cheques	n/a	Final Issued	Section 151 Assurance	5
NFI	n/a	Final Issued	Section 151 Assurance	10
Galileo Management System	n/a	Final Issued	Section 151 Assurance	5
Annual Plan & Annual Report	n/a	Final Issued	Section 151 Assurance	5

Annual Consultation Exercise	n/a	Final Issued	Section 151 Assurance	10
Health & Safety Group	n/a	Final Issued	Section 151 Assurance	3
Recommendation Tracker Exercise	n/a	Final Issued	Section 151 Assurance	5
Follow-ups	n/a	Final Issued	Section 151 Assurance	20
<b>Miscellaneous Audits</b>				
Western Bay Social Services Training Team	New	Final Issued	Section 151 Assurance	5
City Deal Review Outcomes - Follow-up	New	Final Issued	Section 151 Assurance	5
Swansea Central Phase 1 Programme	New	In Progress	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

## AUDITS FINALISED 2021/22

Head of Service	Audit Title	Date Finalised	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
<b>Quarter 1 (21 Audits)</b>						
Financial Services & Service Centre	Schools Bank Reconciliation	06/04/21	High	2	2	0
Housing & Public Health	Affordable Housing	13/04/21	High	0	0	0
Tackling Poverty	Welfare Rights Service	21/04/21	High	3	3	0
Financial Services & Service Centre	Bank Reconciliation	21/04/21	High	0	0	0
Financial Services & Service Centre	Pension Fund Investments 2021/22	28/06/21	High	1	1	0
Financial Services & Service Centre	Teachers Pensions 2021/22	13/05/21	High	1	1	0
Cultural Services	Sports Development	18/05/21	High	4	4	0
Housing & Public Health	Building Control	18/05/21	High	6	6	0
Financial Services & Service Centre	Pension Fund Administration	01/06/21	High	1	1	0
Financial Services & Service Centre	Construction Industry Tax Scheme	03/06/21	High	2	2	0
Digital & Transformation	Oracle Authorisation Limits	15/06/21	High	1	1	0
Planning & City Regeneration	Land Searches	17/06/21	High	3	3	0
Housing & Public Health	Neighbourhood Support Unit	06/04/21	Substantial	7	7	0
Vulnerable Learner Service	Additional Learning Needs Unit (ALNU)*	08/04/21	Substantial	10	10	0
Council Governance and Control	Corporate Governance Review 2020/21*	16/04/21	Substantial	6	6	0
Financial Services & Service Centre	Accounts Payable 2020/21*	21/04/21	Substantial	13	13	0
Highways & Transportation	Streetworks**	26/04/21	Substantial	7	7	0
Legal, Dem. Services and Business Intelligence	Councillors Code of Conduct*	04/05/21	Substantial	2	2	0
Housing & Public Health	Sketty DHO	02/06/21	Substantial	10	10	0
Education Planning & Resources	Tre Uchaf Primary School*	16/06/21	Substantial	11	11	0
Highways & Transportation	Car Parks	24/06/21	Substantial	19	19	0
<b>Quarter 2 (19 Audits)</b>						
Building Services	Heol y Gors Depot - Estimating	17/08/21	High	0	0	0
Education Planning & Resources	Bishopston Comprehensive School	23/08/21	High	7	7	0
Education Planning & Resources	Bryn Tawe Comprehensive School	06/09/21	High	2	2	0
Education Planning & Resources	Pentrefafod Comprehensive School	13/09/21	High	9	9	0
Financial Services & Service Centre	Capital Accounting 2021/22	21/09/21	High	0	0	0
Planning & City Regeneration	Rights of Way (Countryside Access Team)*	29/09/21	High	5	5	0
Highways & Transportation	Highways & Transportation - Tender and Evaluation*	15/07/21	Substantial	6	6	0
Education Planning & Resources	Pontarddulais Comprehensive School	23/08/21	Substantial	11	11	0
Highways & Transportation	Fleet Hire - Spot Hire	31/08/21	Substantial	7	7	0
Cultural Services	Glyn Vivian Art Gallery*	31/08/21	Substantial	11	11	0
Highways & Transportation	Clydach - Plant Hire	03/09/21	Substantial	7	7	0

## AUDITS FINALISED 2021/22

Financial Services & Service Centre	Employee Services (Payroll) 2021/22	09/09/21	Substantial	11	11	0
Housing & Public Health	East Area District Housing Office (Morrison DHO)	10/09/21	Substantial	18	18	0
Adult Services	Learning Disability Recharges*	16/09/21	Substantial	7	7	0
Waste Management & Parks	Cleansing Operations	23/09/21	Substantial	7	7	0
Partnership & Achievement Service	Music Service*	30/09/21	Substantial	3	3	0
Planning & City Regeneration	Swansea Mobility Hire*	30/09/21	Substantial	4	4	0
Adult Services	Community Alarms Service	20/09/21	Moderate	9	9	0
Adult Services	Community Equipment Service	20/09/21	Moderate	17	17	0
<b>Quarter 3 (20 Audits)</b>						
Cross Cutting Reviews	Partnerships - Overview & Governance	06/10/21	High	2	2	0
Financial Services & Service Centre	Adult Family Placements	18/10/21	High	2	2	0
Housing & Public Health	Taxi Licensing	22/10/21	High	4	4	0
Highways & Transportation	Home to School Transport*	09/12/21	High	4	4	0
Financial Services & Service Centre	Residential Care	07/10/21	High	7	7	0
Computer Audits	Telephony System	20/10/21	High	0	0	0
Cross Cutting Reviews	Achieving Better Together - Recovery & Refocus	22/10/21	High	0	0	0
Financial Services & Service Centre	Income Tax - Self Employed and Miscellaneous	29/10/21	High	4	4	0
Education Planning & Resources	School Funding & Information	15/11/21	High	2	2	0
Miscellaneous Audits	Staff Development and Training Section	12/10/21	Substantial	7	7	0
Education Planning & Resources	Hafod Primary School	19/10/21	Substantial	11	11	0
Vulnerable Learner Service	Behaviour Support Team	19/10/21	Substantial	11	11	0
Adult Services	Supporting People Team*	22/10/21	Substantial	7	7	0
Chief Transformation Officer	Contact Centre - Client & Property Finance Payments	15/11/21	Substantial	6	6	0
Cultural Services	Outdoor Leisure	15/11/21	Substantial	3	3	0
Highways & Transportation	Taxi Framework Contract - School Transport	25/11/21	Substantial	7	7	0
Commissioning	Early Years & Play	03/12/21	Substantial	4	4	0
Waste Management & Parks	Domestic Refuse Collection	03/12/21	Substantial	8	8	0
Achievement & Partnership Services	School Support Team	06/12/21	Substantial	7	7	0
Cultural Services	Archives	09/12/21	Substantial	9	9	0
<b>Quarter 4 (30 Audits)</b>						
Computer Audits	Internet Controls - Social Services	17/01/22	High	7	7	0
Highways & Transportation	Concessionary Bus Fares 2021/22	19/01/22	High	0	0	0
Chief Transformation Officer Audits	HR Policies	19/01/22	High	3	3	0
Fundamental Systems	Housing & Council Tax Benefit 2021/22	20/01/22	High	8	8	0
Cross Cutting Reviews	Wellbeing of Future Generations Act	02/02/22	High	1	1	0



## AUDITS FINALISED 2021/22

Financcil Services & Service Centre	Capital Leasing	15/02/22	High	3	3	0
Cross Cutting Reviews	Corporate Performance Management	21/02/22	High	2	2	0
Fundamental Systems	Housing Rents 2021/22	15/03/22	High	6	6	0
Waste Management & Parks	Waste Enforcement*	16/03/22	High	5	5	0
Computer Audits	File Controls	03/03/22	High	0	0	0
Financial Services & Service Centre	Grants Receivable	31/03/22	High	3	3	0
Cultural Services	Swansea Museum	19/01/22	Substantial	9	9	0
Cross Cutting Reviews	Information Governance (GDPR)	02/02/22	Substantial	19	15	4
Education Planning & Resources	Primary Schools DBS (Thematic)	03/02/22	Substantial	3	3	0
Child & Family Services	Business Support Team - Child & Family	08/02/22	Substantial	2	2	0
Computer Audits	E-Commerce Controls	14/02/22	Substantial	5	5	0
Cross Cutting Reviews	Assurance Framework	17/02/22	Substantial	1	1	0
Contract Audits	Social Services - Social Care Contracts*	21/02/22	Substantial	2	2	0
Child & Family Services	Independent Agency Placements	28/02/22	Substantial	3	3	0
Financial Services & Service Centre	Compliance with Cipfa FM Code	04/03/22	Substantial	2	2	0
Housing & Public Health	Housing Division Pests & Animal Control*	08/03/22	Substantial	14	14	0
Fundamental Systems	Accounts Payable 2021/22	09/03/22	Substantial	12	12	0
Fundamental Systems	Business Rates (NDR) 2021/22	16/03/22	Substantial	8	8	0
Computer Audits	Disaster Recovery & Business Continuity	21/03/22	Substantial	10	10	0
Communications & Marketing	Risk Management (People Directorate)	24/03/22	Substantial	1	1	0
Additional Review / Added Value	Pen y Bryn Special School ***	29/03/22	Substantial	17	17	0
Education Planning & Resources	sQuid School Meal Income Thematic Review	30/03/22	Substantial	14	14	0
Additional Review / Added Value	Corporate Risk Register Review ***	30/03/22	Substantial	3	3	0
Cross Cutting Reviews	FOI/SAR/EIR Review	15/03/22	Moderate	13	13	0
Fundamental Systems	Accounts Receivable 2021/22	31/03/22	Moderate	12	12	0
				<b>Total</b>	<b>543</b>	<b>539</b>
						<b>4</b>

## AUDITS FINALISED 2021/22

2021/22 Audit Ratings Summary		
Total Number of Audits Finalised	90	%
High Assurance	38	42%
Substantial Assurance	48	53%
Moderate	4	5%
Limited	0	0%

*\*Audits completed from the 2020/21 audit plan*

*\*\*Audit completed from the deferred audit list*

*\*\*\*Additional audits requested in year / added value*

INTERNAL AUDIT - PERFORMANCE INDICATORS 2021/22

APPENDIX 3

Performance Indicator			2020/21		2021/22		2021/22	2022/23
			Target	Actual	Target	Actual	WCIAG Average	Target
1	Audit Assignments achieved against planned	%	75	68	75	82	Unavailable	75
2	Clients satisfied with quality of audit service	%	98	99	98	99	Unavailable	98
3	Audit recommendations accepted against made	%	95	99	95	99	Unavailable	95
4	Audits completed within planned time	%	70	87	70	84	Unavailable	70
5	Directly productive time against time available	%	60	62	60	65	Unavailable	60
6	Average period - from response to final report	Days	3	0.3	3	0.4	Unavailable	3
7	Average period - closing meeting to draft report	Days	10	1.2	10	0.6	Unavailable	10
8	Directly productive time achieved against planned time	%	90	96	90	103	Unavailable	90
9	Average cost per directly chargeable day	£	300	331	300	329	Unavailable	335
10	Staff turnover rate	%	15	0	15	0	Unavailable	15
11	Staff costs per £m gross revenue expenditure (inc. HRA)	£	650	594	650	621*	Unavailable	650

Notes

> Quality Control Questionnaire (QCQ) return rate for 2021/22 was 97%.

> Target for PI 9 amended to £335 for 2022/23 rising to £350 in 2023/24 to reflect salary inflation going forward.

> Comparator figures for 2021/22 above relate to the average results of the Welsh Local Authorities in the Welsh Chief Auditors Group were not available at the time of writing this report.

\*Awaiting final HRA figure for PI 11 (2020/21 figure used until 2021/22 figure is available)



## Report of the Chief Auditor

Governance and Audit Committee – 31 May 2022

### Internal Audit

#### Self-Assessment of PSIAS Conformance 2021/22

It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that internal audit providers must maintain a Quality Assurance and Improvement Programme (QAIP) which covers all aspects of the internal audit activity and is intended to assist in raising standards across the public sector and ensuring consistency in improvement.

The QAIP allows internal audit providers to be assessed, both internally and externally, to show that the provider is complying with the PSIAS. Part of the internal assessment involves an annual review of compliance with the PSIAS using the detailed checklist included in CIPFA's Local Government Application Note. CIPFA released an updated version of the Local Government Application Note in February 2019 and this updated version has been used to complete the self-assessment for 2018/19. 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.

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 first external assessment in Swansea was completed in quarter 4 2017/18. The assessment method adopted was a self-assessment subject to external validation using the peer review group established by the Welsh Chief Auditors Group. The validation was completed by Cardiff Council.

In summary, the peer review concluded that the City and County of Swansea's Internal Audit Section is broadly compliant with the PSIAS, with no significant deviations from the Standards being noted. Some areas for improvement were highlighted as part of the review. All recommendations arising from the review have been fully implemented.

The results of the annual internal assessment of compliance with the PSIAS using CIPFA's detailed Local Government Application Note can be found in the table in Appendix A.

Further details in relation to areas where the Service has been assessed as non-compliant or part-compliant can be found in Appendix B. This has been included for information to illustrate the change in the assessed compliance for two elements of the PSIAS that have been updated in 2021/22. The assessment for 2021/22 confirms that the Internal Audit Section is fully compliant with the PSIAS.

In summary there are 336 best practice lines within the PSIAS. A self-assessment review of conformance against the PSIAS undertaken in March 2022 by the Chief Auditor concluded that the Internal Audit Section is fully compliant with the PSIAS.

The table below summarises the outcome of the self-assessment.

Standard	Conformance			Total
	C	P	N	
1. Mission of Internal Audit	1			1
2. Definition of Internal Audit	2			2
3. Core Principles	10			10
4. Code of Ethics	13			13
<b>5. Attribute Standards</b>				
1000. Purpose, Authority and Responsibility	21			21
1100. Independence and Objectivity	37			37
1200. Proficiency and Due Professional Care	21			21
1300. Quality Assurance and Improvement Programme	25			25
<b>6. Performance Standards</b>				
2000. Managing the Internal Audit Activity	41			41
2100. Nature of Work	30			30
2200. Engagement Planning	58			58
2300. Performing the Engagement	18	4		18
2400. Communicating Results	53			53
2500. Monitoring Progress	4		4	4
2600. Communicating the Acceptance of Risks	2			2
<b>Total</b>	<b>336</b>	<b>0</b>	<b>0</b>	<b>336</b>
<b>Percentage</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>

Key: C - Compliant. P – Part-compliant. N – Non-compliant.

<b>Summary of Part/Non-Compliance</b>					
<b>Ref</b>	<b>Conformance with the Standard</b>	<b>C</b>	<b>P</b>	<b>N</b>	<b>Evidence</b>
<b>6</b>	<b>Performance Standards</b>				
<b>6.4</b>	<b>2300 Performing the Engagement</b>				
	Does the CAE control access to engagement records?	✓	← ✓		<p>Update from 2021/22: (assessed as compliant, previously assessed as part-compliant)</p> <p>Historic paper files are held in cabinets within the Internal Audit Office in a secure building with no public access. The permission of the Chief Auditor is required before access to records is granted to anyone outside the Section.</p> <p>Electronic files are stored on the Galileo Audit Management System or on the Internal Audit Shared Online Folder, both of which are access restricted to Audit Staff only.</p>
<b>6.6</b>	<b>2500 Monitoring Progress</b>				
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓	← ✓	✓	<p>Update from 2021/22: (assessed as compliant, previously assessed as non-compliant)</p> <p>Ordinarily a report/memo is provided to the service manager and Head of Service recording the results of the follow up review but the original level of assurance awarded would not be revised on the basis of the results of a follow up review.</p> <p>However, if any significant issues were identified during a follow up review that indicate a deterioration in governance or control which warrant escalation, the issues would be reported to the service management, senior management, the Corporate Management Team and the Governance and Audit Committee if deemed necessary. If Internal Audit are unhappy with the results of the initial</p>

					follow-up review, subsequent reviews are undertaken to ensure satisfactory progress has been made to address the issues identified.
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Key: C - Compliant. P – Part-compliant. N – Non-compliant.







## Report of the Chief Auditor

Governance and Audit Committee – 31 May 2022

### Internal Audit

### Quality Assurance and Improvement Programme 2021/22

#### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory for all providers of public sector internal audit services in the UK.
- 1.2 It is a requirement of the PSIAS that internal audit providers must maintain a Quality Assurance and Improvement Programme (QAIP) which covers all aspects of the internal audit activity and is intended to assist in raising standards across the public sector and ensuring consistency in improvement.
- 1.3 The establishment of a QAIP will allow the evaluation of the operations of Internal Audit and identify any areas for improvement. The QAIP should allow for quality to be assessed at both individual member of staff level and at the team level.
- 1.4 The QAIP allows internal audit providers to be assessed, both internally and externally, to show that the provider is fully complying with the PSIAS. Internal assessments are both ongoing and periodic and an external assessment must be undertaken at least once every 5 years.
- 1.5 The results of the QAIP will provide evidence to all relevant stakeholders that the City and County of Swansea's Internal Audit Section is:
  - Performing its work in accordance with its Internal Audit Charter which is consistent with all aspects of the PSIAS i.e. the Mission of Internal Audit, Definition of Internal Audit, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Attribute and Performance Standards.
  - Operating in an efficient and effective manner.
  - Is adding value and continually improving internal audit operations.

1.6 The 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.

## **2. Internal Assessment – Ongoing Review**

2.1 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 as shown in Appendix 1. 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 Director of Finance and the Governance and Audit Committee in the Internal Audit Annual Report.

- An action plan has also been produced as part of this report as shown in Appendix 2 to provide some justification in relation to those PI's that have not been achieved, together with proposed action that will be taken in 2022/23 to try and rectify this going forward.
- 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.

### **3. Internal Assessment – Periodic Review**

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

- A quarterly review of progress made against the Annual Audit Plan is made by the Chief Auditor to ensure the Section is meeting its aims and objectives. The results of the review are reported to the Director of Finance and the Audit Committee in the quarterly Internal Audit Monitoring Report.
- The Chief Auditor completes an annual self-assessment of compliance with the PSIAS using the detailed checklist included in CIPFA's Local Government Application Note.
- The annual self-assessment also fulfils the requirement established in the Accounts and Audit (Wales) Regulations 2014 for an annual assessment of the effectiveness of the Internal Audit service.
- The annual self-assessment was completed in July 2017 and this formed the basis for the external assessment validation that was completed in quarter 4 2017/18. A self-assessment review of conformance against the PSIAS undertaken in March 2022 by the Chief Auditor concluded that the Internal Audit Section is fully compliant with the PSIAS.

## **4. External Assessments**

- 4.1 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.
- 4.2 The format of the external assessment must be considered fully by the Chief Auditor and discussed with the Audit Committee. If an independent validation is to be used, the person or team appointed must be appropriately qualified, have sufficient knowledge of the PSIAS and there must be no conflicts of interest or impairment to objectivity.
- 4.3 The external assessment in Swansea was undertaken during quarter 3 and quarter 4 2017/18 with the preferred method being a self-assessment subject to an external validation using the peer review group established by the Welsh Chief Auditors Group. This approach was agreed with the Chief Finance Officer (now the Director of Finance) and was approved by the Governance and Audit Committee on the 8 August 2017.
- 4.4 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.
- 4.5 The outcome of the external assessment was presented to the Chief Finance Officer (now the Director of Finance), the Director of Resources and the Chief Executive on 28/03/18 and to the Governance and 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.
- 4.6 The external assessment must be undertaken at least every 5 years, so the next assessment is due for completion in 2022/23.

## **5 Reporting**

- 5.1 The Chief Auditor will report the outcome of the periodic internal assessment to the Director of Finance and Section 151 Officer and the Audit Committee on an annual basis.
- 5.2 The results of the external assessment will also be reported to the Director of Finance & Section 151 Officer and the Audit Committee when received along with an Action Plan to address any issues raised as a result of the assessment. The Action Plan will be subject to regular monitoring with progress being reported to the Director of Finance and the Audit Committee.

- 5.3 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.

## INTERNAL AUDIT – PERFORMANCE INDICATORS

No.	Performance Indicator		Target 2021/22	Actual 2021/22	Achieved/ Not Achieved
1	Audit assignments achieved against planned	%	75	82	Achieved
2	Clients at least satisfied with quality of audit service	%	98	99	Achieved
3	Audit recommendations accepted against made	%	95	99	Achieved
4	Audits completed within planned time	%	70	84	Achieved
5	Directly productive time against time available	%	60	65	Achieved
6	Average period from client response to issue of final report	Days	3	0.4	Achieved
7	Average period from closing meeting to issue of draft report	Days	10	0.6	Achieved
8	Directly productive time achieved against planned time	%	90	103	Achieved
9	Average cost per directly chargeable day	£	300	329	Not Achieved
10	Staff turnover rate	%	15	0	Achieved
11	Staff cost per £m gross revenue expenditure (incl HRA)	£	650	621*	Achieved

\*Awaiting Gross Revenue Expenditure figure for 2021/22 from the accounts, 2020/21 figure used until this is available.

## INTERNAL AUDIT – PI ACTIONS 2022/23

PI	Target / Actual	Justification	Action to be taken 2022/23
<p>9 - Average cost per directly chargeable day</p> <p><i>(Total Salary +NI +Pension Costs) / (Actual No. of Productive Days)</i></p>	<p>Target: £300 Actual: £329</p>	<p>As agreed by the WCIAG, average cost for this performance indicator is made up of salaries, NI and pensions costs of the Internal Audit Team. These costs have seen an overall total increase of 4.6% on 2020/21 costs. The number of directly chargeable days has actually increased from 1,462 in 2020/21 to 1,542 in 2021/22. As a result, average costs per directly chargeable day has decreased overall in 2021/22 to £329, from £331 in 2020/21 despite the increased costs. The increase in productive days has primarily been caused by a reduced number of days spent on staff training and less annual leave and sickness absence being taken in 2021/22.</p> <p>This PI was also not achieved in 2020/21 and the target of £300 average cost per chargeable day has also remained unchanged for a number of years. As a result of increasing salary costs which are outside of the control of the team, the target cost for this PI has been revised to £335 for 2022/23 and to £350 for 2023/24 to reflect possible further increases in salary costs going forward.</p>	<p>Marginally missed the target in year. Costs will continue to be monitored throughout 2022/23 but these costs are outside of the control of the audit team. To reflect continued salary inflation, the target for this PI has been amended to £335 for 2022/23 and £350 for 2023/24.</p>



**AUDIT LEVELS OF ASSURANCE****Basis of Audit Level of Assurance**

<b>Assurance Level</b>	<b>Basis</b>	<b>Description</b>
High Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High or Medium Risk. Any recommendations are mainly Good Practice with few Low Risk recommendations.	There is a sound system of internal control designed to achieve the system objectives and the controls are being consistently applied.
Substantial Assurance	Recommendations for ineffective controls affecting the material areas of the service are not High Risk. Occasional Medium Risk recommendations allowed provided all others are Low Risk or Good Practice	There is a sound system of internal control but there is some scope for improvement as the ineffective controls may put the system objectives at risk
Moderate Assurance	Recommendations for ineffective controls affecting the material areas of the service are at least Medium Risk	The ineffective controls represent a significant risk to the achievement of system objectives
Limited Assurance	Recommendations for ineffective controls affecting the material areas of the service are High Risk	The ineffective controls represent unacceptable risk to the achievement of the system objectives



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

**Which service area and directorate are you from?**

Service Area: Internal Audit

Directorate: Resources

**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:**

Internal Audit Annual Report to the Audit Committee outlining the findings and work undertaken by the Audit Team in 2021/22 which includes the Chief Auditors Annual Opinion.

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

n/a – no impact

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

Consultation undertaken with the Director of Finance & S151 Officer, Legal and Access to Services.

**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

---

**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

Council Services included within the Internal Audit programme of work for 2021/22 will be subject to internal audit reviews which may result in recommendations being made to improve compliance with Council policies and procedures and consequentially may result in changes to operations/processes within service areas if required.

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**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?

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

To update committee on the work undertaken by Internal Audit in the period and provide the Chief Auditors Annual Opinion.

# Integrated Impact Assessment Screening Form

## Outcome of Screening

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

The completion of the Integrated Impact Assessment Screening revealed that:

- The Internal Audit Annual Report 2021/22 has a potentially low positive impact across a number of identified groups.
- It has been subject to consultation with the Director of Finance & S151 Officer, Legal and Access to Services.
- All WFG considerations are positive and any risks identified are low.
- The overall impact of the Internal Audit Annual Report 2021/22 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: Simon Cockings</b>
<b>Job title: Chief Auditor</b>
<b>Date: 02/03/22</b>
<b>Approval by Head of Service:</b>
<b>Name: Ben Smith</b>
<b>Position: Director of Finance &amp; S151 Officer</b>
<b>Date: 02/03/22</b>

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

# Agenda Item 7



## Report of the Chair of the Governance and Audit Committee

Governance and Audit Committee – 31 May 2022

### **Draft Governance and Audit Committee Annual Report 2021/22**

<b>Purpose:</b>	This report provides the draft Governance and Audit Committee Annual Report for the 2021/22 municipal year for Members to review and comment on the contents prior to the final report being presented to Council.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services.
<b>Report Authors:</b>	Paula O'Connor, Simon Cockings, Jeremy Parkhouse
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Pamela Miford
<b>Access to Services Officer:</b>	Rhian Millar



# **Draft Governance and Audit Committee Annual Report 2021/22**

**City & County of Swansea**

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## **1. Foreword by Mrs Paula O'Connor, Chair of the Audit Committee**

- 1.1 The Council has continued to face significant challenges during 2021/22 with the ongoing impact of the COVID virus. Once again the Chair pays tribute to all staff and officers of the Council in dealing admirably with the challenges brought about by the COVID pandemic. Throughout this year officers of the Council as well as the Council's Partners were fully committed to meeting their responsibilities. The Chair also acknowledges that the Council continued its efforts to maintain continuity of governance.
- 1.2 I am pleased to present this report prepared by the Chief Auditor and Democratic Services that reflects on the work of the Governance & Audit Committee.
- 1.3 This report provides an overview of the Governance & Audit Committee's work in the municipal year 2021/22. On 9th June 2021 the Governance & Audit Committee considered the election of Chair for 2021/22 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the meeting on 13th July 2021 Councillor P R Hood-Williams was elected Vice-Chair for the 2021/22 Municipal Year. In addition, at the September 2021 meeting the Committee considered the requirements of the Local Government and Election (Wales) Act 2021 (the Act) that states that the Governance & Audit Committee shall consist of one third Lay Members. The Committee was asked to consider its new size and the implication that one third would be Lay Members. The recommendation made by Members to the full Council was to opt for 15 members consisting of 10 Councillors and 5 Lay Members. The Council approved this and in March 2022 progress was made in recruiting for three Lay Members.
- 1.4 As a result of the Act the Governance & Audit Committee Terms of Reference was amended to reflect the new membership plus the additional roles of the Committee. The new Act requires careful coordination between the Governance & Audit Committee and the Scrutiny Committee as both embark on the new co-ordinated responsibilities. It is a benefit at this time that the Scrutiny Committee Chair is also a Member of the Governance & Audit Committee. The Chair has also ensured that the Work Programme of the Scrutiny Committee is appended to every meeting of the Governance & Audit Committee. With regard to the Governance & Audit Committee's responsibility to review the annual Self-Assessment Report and also the Panel Performance Assessment Report, the Chair has liaised with the Chair of the Performance Committee who has agreed to attend the Governance & Audit Committee when these reports are presented.
- 1.5 The Committee's terms of reference form part of each Agenda as an aide to ensure that Members are sighted of the Committee's effectiveness in satisfying its role. The Chair has continually reviewed Committee Agendas in consultation with Democratic Services to ensure they meet the requirements of the Terms of Reference. In addition, the Chair has liaised with the Deputy Chief Executive to establish a formal Training Programme for Members to include the new areas of responsibility plus a clear

understanding of the roles of the Performance Committee and Scrutiny Committees that also consider these subject matters.

- 1.6 The Chair also notes that Part 5 of the Local Governance and Elections (Wales) Act 2021 provided for the establishment through regulations of Corporate Joint Committees (CJCs). This resulted in the establishment of the South West Wales Corporate Joint Committee. At the September 2021 Governance & Audit Committee further insight was given to Members as to the current status and progress of the CJC and then in December 2021 the Governance & Audit Committee were informed of progress and next steps being taken in establishing a formal governance framework. The status and progress of the work of the CJC will be brought back to the Governance & Audit Committee during the early part of 2022 where consideration will be given to any further changes to the Terms of Reference of the Governance & Audit Committee.
- 1.7 The Chair would highlight that changes were taking place with the Management Structure in February 2021 and these changes remained under consideration and consultation during 2021/22. The Governance & Audit Committee have continued to express concern around the absence of the Workforce Strategy and the challenges placed on resource throughout 2021/22. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy had been developed for the financial year April 2022-2025. It was also confirmed that the Strategy took into consideration the Council's Corporate Plan "Delivery of a Successful and Sustainable Swansea" as well as the provisions of the Well-Being of Future Generations (Wales) Act 2015. Subject to any final changes the Strategy was to be launched in March 2022.
- 1.8 The Chair also highlights that the Committee has previously reported on the shortfall in assurances being received around the Council's Risk Management arrangements. However, the Chair has ensured that the Service Directors have attended the Governance & Audit Committee during the year to provide assurance to the Committee that individual functions are exercised effectively and there is economic, efficient and effective use of resources and effective governance.
- 1.9 The development and roll out of the new electronic risk management system continued into early 2021 and the Chair would note that improvement had been made in the reporting format of the Risk Register. However, during the majority of 2021 the content of the Risk Report still required improvement. A Risk Report was presented to the Committee in September 2021, November 2021 and February 2022. The Chair also notes that additional Training had been undertaken along with Video Training access and towards the end of 2021/22 some improvement was recognised in the February 2022 report.
- 1.10 The new Act has placed responsibility on the Governance & Audit Committee to review the Council's draft response to the Panel Performance Assessment report, any Audit Wales recommendations arising from the

Council's performance as well as the Council's draft annual Self-Assessment report. The Governance & Audit Committee Work Programme has been updated to reflect the presentation of these reports in 2022.

- 1.11 The Annual Complaints report was presented to the Governance & Audit Committee in December 2021. The Committee welcomed the report but noted that it was important not to overlap the work of Scrutiny Committee. The Chair of Scrutiny Committee confirmed that the Complaints report was due to be considered by Scrutiny in March 2022 but this meeting was cancelled.
- 1.12 The Committee has reviewed the work programme at each meeting, taking account of risks and priorities and in particular pandemic issues and Internal Audit Moderate Assurance reports issued.
- 1.13 The Chair attended a further meeting of the All Wales Audit Committee Chairs network in September 2021 where there was opportunity to network, share ideas and problem solve with peers performing similar roles. The event was dedicated to understanding Governance and Audit Committee 'performance' responsibilities resulting from the Local Government Elections (Wales) Act 2021, to support us to discharge our new responsibilities effectively. Presentations were given by the Welsh Local Government Association and also the Public Service Ombudsman for Wales. An interactive section was also facilitated by Audit Wales to consolidate some of the learning from the Act.
- 1.14 The Governance & Audit Committee terms of reference states that the Committee "oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place".
- 1.15 The Committee received the 2021/22 Internal Audit Plan and Charter on 20th April 2021 and has received reports regularly during the year from the Chief Internal Auditor. The Chair has expressed her gratitude to the Chief Auditor in progressing with the plan alongside the pressures of the pandemic and also for responding to a request to enhance the detail in the reports to provide further understanding of the work undertaken and the risks identified. During 2021/22 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending Governance & Audit Committee to give assurance that appropriate action was being taken where significant weaknesses in control were identified. During the year the Chief Internal Auditor updated the Governance & Audit Committee of those audit assignments that had to be deferred as a result of the pandemic impacts. The final Chief Internal Auditor opinion is due to be presented to the Audit Committee in May 2021.
- 1.16 In March 2021 the Chief Internal Auditor presented the Draft Internal Audit Plan for 2021/22 and methodology applied. The Chair commented that the Committee was able to support approval of the Plan to Council with the caveat that assurances had been obtained from the Chief Internal Auditor that the Plan was risk based and complied with the Public Sector Internal

Audit Standards. The Committee would seek to gain further understanding of the scope of the reviews during 2021/22.

- 1.17 Audit Wales presented their 2021 Audit Plan to the Governance & Audit Committee on 20th April 2021, and has provided the Committee with regular updates to their work. The most recent update to the Quarter ending 31 December 2021 was presented on 8th March 2022. In 2017/18 and continuing to date the Chair suggested that consideration be given to developing a tracker to give focus to improved completion of external audit recommendations. This work is yet to be completed, but the Chair acknowledges the attempts being made to develop an electronic system to track action against recommendations. However in the interim the Scrutiny Committee has the opportunity to challenge non implementation of recommendations as well as the Governance & Audit Committee.
- 1.18 The Chair has met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and Audit Wales. When necessary during the year the Chair has been in communication with the Chief Executive.
- 1.19 On 20th April 2021 the Committee received the 2021/22 Fraud Function Annual Plan. The 2020/21 Anti-Fraud Annual Report was received at the meeting in July 2021.
- 1.20 An additional report was presented to provide the Governance & Audit Committee with an update against progress being made against recommendations in the Audit Wales report 'Raising our Game - Tackling Fraud in Wales', in March 2021 with an update on progress in November 2021. The Committee noted that some further work was required to address all those recommendations.
- 1.21 Cllr Lesley Walton is the Governance & Audit Committee Representative on the Council's Governance Group. The Governance Group was established to review the production of the Annual Governance Statement (AGS) during the year. The Group met in March 2022 to discuss the draft AGS for 2021/22.
- 1.22 The Chair attended the Scrutiny Panel Conference 12th October 2021. The Governance & Audit Committee also received the Scrutiny Committee's Annual Report and Work Programme.

## **2. Role of the Governance and Audit Committee**

- 2.1 The Local Government & Elections (Wales) Act became law in January 2021. The Act superseded the Local Government (Wales) Measure 2011. The Act also extended the remit of the Governance and Audit committee, with Members now having additional responsibility to review and assess the Council's performance management and complaints handling procedures.

- 2.2 The Measure required the Governance and Audit Committee to:
- Review and scrutinise the Council's financial affairs.
  - Make reports and recommendations in relation to the Authority's financial affairs.
  - Review and assess the risk management, internal control and corporate governance arrangements of the Authority.
  - Make reports and recommendations to the Authority on the adequacy and effectiveness of those arrangements.
  - Oversee the Council's internal and external audit arrangements and review the financial statements prepared by the Authority.
  - Review the Council's draft response to the Panel Performance Assessment Report, and make any appropriate recommendations for changes.
  - 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.
- 2.3 The Local Government & Elections (Wales) Act 2021 also stipulates that at least one third of the Governance and Audit Committee must be Lay Members. The current Chair of the Committee is a Lay Member and a second Lay Member was appointed to the Committee in November 2020. The Council is currently in the process of recruiting additional Lay Members to ensure the requirements of the Act are met for the new Municipal Year.
- 2.4 The work of the Governance and Audit Committee is structured so that the Committee can gain assurance over the areas identified above and to comply with its terms of reference as amended to reflect the changes introduced by the Local Government and Elections (Wales) Act 2021. The Terms of Reference of the Committee can be found in Appendix 1.
- 2.5 This draft report describes the assurance that has been gained by the Governance and Audit Committee from various sources during 2021/22 and also outlines a number of other areas where briefings have been provided to the Committee.
- 2.6 The draft Governance and Audit Committee Annual Report 2021/22 is reported to the Committee to provide Members with the opportunity to give their views on the assurances received and to identify the key messages arising from the work of the Committee during the year which should be reported to full Council.
- 2.7 The draft report will be amended for any comments made at this meeting with the final report being presented to the Governance and Audit Committee for formal approval at a later meeting. The Chair will then present the Annual Report to Council later in the year.

### **3. Work of the Governance and Audit Committee in 2021/22**

- 3.1 The Governance and Audit Committee has received regular reports in relation to standard agenda themes and received reports of interest based on risk, governance and internal control. Each aspect is reported on below.

#### **Standard Items**

##### Internal Audit Assurance

- 3.2 The Governance and Audit Committee approved the Internal Audit Charter 2021/22 as required by the Public Sector Internal Audit Standards.
- 3.3 The Committee also approved the Internal Audit Annual Plan 2022/23 and has received quarterly monitoring reports from the Chief Auditor showing progress against the 2021/22 Audit Plan.
- 3.4 The quarterly monitoring reports identified any audits that received a moderate or limited level of assurance along with an outline of the issues which led to the audit receiving the negative assurance level. A second quarterly report has also been presented to the Committee to allow members to review and monitor the implementation of the recommendations made in the internal audit reports that had been issued.
- 3.5 From April 2018 the relevant Head of Service and Service Manager (or Headteacher and Chair of Governors) have been required to attend the Governance and Audit Committee following a moderate or limited audit report being issued in order to provide an update to members as to what action is being taken to address the issues that have been highlighted by the audit.
- 3.6 The Internal Audit Annual Report for 2020/21 was reported to the Committee in May 2021. The report included a review of actual work completed compared to the Annual Plan.
- 3.7 The Internal Audit Annual Report for 2020/21 also included the Chief Auditor's opinion on the internal control environment which stated that, based on the audit testing carried out, reasonable assurance could be given that the systems of internal control were operating effectively and that no significant weaknesses were identified which would have a material impact on the Council's financial affairs.
- 3.8 However, it should be noted that the Committee has continued to raise concerns in relation to risk management arrangements across the Council. In addition, the Committee has also commented upon the weaknesses in internal control that are continuing to emerge as a result of staff resource pressures and reductions.
- 3.9 The Internal Audit Annual Report of School Audits 2020/21 was presented to the Governance and Audit Committee in July 2021. This report summarised the findings of the thematic audits and a small number of school

audits undertaken during the year and identified some common themes across the schools that had been included in the audits undertaken.

#### Annual Governance Statement 2020/21

- 3.10 The draft Annual Governance Statement for 2020/21 was presented to the Committee in May 2021, prior to being reported to Council for approval.
- 3.11 A Governance Group was established by the Council in 2018/19 comprising of the Deputy Chief Executive, the Director of Finance & Section 151 Officer, Monitoring Officer, Strategic Delivery and Performance Manager and the Chief Auditor (in an advisory capacity). A member of the Governance and Audit Committee is also a member of the Group. The Group is tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective across the Council.
- 3.12 The presentation of the draft Annual Governance Statement gave the Committee the opportunity to review and comment upon the Statement to ensure it properly reflected the assurances provided to the Committee.

#### Annual Statement of Accounts 2020/21

- 3.13 The Director of Finance & Section 151 Officer presented the draft Statement of Accounts 2020/21 for the Council in August 2021. Officers answered a number of queries raised by members of the Committee.
- 3.14 Following completion of the audit of the Statement of Accounts 2020/21, Audit Wales presented its ISA 260 reports on the audit of financial statements of the Council to the Governance and Audit Committee prior to the report going to full Council. The report presented the detailed findings of the audit and stated that Audit Wales's view was that the accounts gave a true and fair view of the financial position of the Council.

#### External Audit Assurance

- 3.15 As well as the Audit of the Statement of Accounts (ISA 260) reports mentioned above, Audit Wales also provided an update report at a number of the scheduled meetings. The reports outlined the progress being made in financial and performance audit work to the Committee.
- 3.16 Audit Wales also provided assurance to the Governance and Audit Committee by presenting the following reports:
- Audit Wales - ISA 260 Report - City and County of Swansea.
  - Audit Wales - Financial Sustainability Assessment - City and County of Swansea Council.
  - Audit Wales Work Programme and Timetable – City and County of Swansea Council – December 2021.
  - Audit Wales Work Programme and Timetable – City & County of Swansea Council – March 2022.
  - Audit Wales Report – City & County of Swansea Annual Audit Summary 2021.

- 3.17 The Audit Wales Annual Audit Summary 2021 Report (ISA 260) was presented to the Governance and Audit Committee in August 2021. The report summarised the work undertaken by Audit Wales as part of their annual audit of the financial statements for 2020/21, which also highlighted the high quality of the draft statement of accounts. The auditors gave a qualified opinion on the Council's financial statements on 2<sup>nd</sup> September 2021, in line with the statutory deadline.
- 3.18 The report also outlined the findings of the additional financial sustainability assessment that Audit Wales completed in 2020/21. The review examined the financial sustainability of each Council in Wales, and concluded that the Council was well placed to maintain its financial sustainability and had a plan in place to strengthen some aspects of its financial management.

#### Implementation of Audit Recommendations

- 3.19 An important role undertaken by the Governance and Audit Committee is monitoring the implementation of agreed audit recommendations arising from both internal and external audit.
- 3.20 The implementation of any Internal Audit recommendations arising from fundamental audits is reported to the Governance and Audit Committee in the Recommendations Tracker Report. For 2020/21, the results of the tracker exercise showed that 76% of agreed recommendations had been implemented by September 2021.
- 3.21 The implementation of any high or medium risk recommendations arising from non-fundamental audits that received a moderate or limited level of assurance are subject to follow up visits by Internal Audit to confirm they have been implemented. The results of the follow up audits are reported to the Governance and Audit Committee in the Quarterly Internal Audit Monitoring Reports.
- 3.22 The Internal Controls Report presented to the Governance and Audit Committee by the external auditors includes any recommendations made as a result of their work and the action taken by management to implement the recommendations.

#### Governance and Risk Management

- 3.23 The Local Government & Elections (Wales) Act 2021 makes the overview of risk management a function of the Governance and Audit Committee
- 3.24 The Strategic Delivery & Performance Manager provided regular updates to the Committee in relation to Risk Management throughout the year via the Quarterly Overall Status of Risk Reports.
- 3.25 A new Risk Management System was introduced in December 2019. Following the introduction of the new system, work was undertaken to embed the new risk management processes across the Council. The Strategic Delivery and Performance Manager began presenting reports outlining the contents of the new Risk Management System from February



2021 and work has continued in year to enhance the reporting functionality of the system. Members have also highlighted concerns in relation to the lack of assurance that could be taken from some of the control measures that were recorded against the risks on the new system. Whilst progress has been made in this area in year, further improvements would be welcomed. This remains one of the key areas of focus for the Governance and Audit Committee in 2022/23.

#### Relationship with Scrutiny Function

3.26 The Governance and Audit Committee has continued to develop a relationship with the Scrutiny function. The relationship is intended to ensure the following:

- Mutual awareness and understanding of the work of Scrutiny and the Governance and Audit Committee.
- Respective workplans are coordinated to avoid duplication / gaps.
- Clear mechanism for referral of issues if necessary.

3.27 The Chair of the Scrutiny Programme Committee last attended the Governance and Audit Committee to provide an update on the work of Scrutiny in October 2021. The Chair of the Scrutiny Committee, Cllr. Peter Black, is also a member of the Governance and Audit Committee and it is proposed that Cllr. Black will update the Committee on the work of Scrutiny in the new Municipal year.

3.28 The Chair of the Governance and Audit Committee has also attended the Scrutiny Programme Committee and provided an update on the work of the Committee in October 2021. The Chair will also attend one of the Scrutiny Committee meetings in the new Municipal Year.

#### Anti-Fraud

3.29 A Corporate Fraud Function was established during 2015/16 within the Internal Audit Section. The Corporate Fraud Annual Plan 2021/22 was presented to the Committee in April 2021. The Corporate Fraud Function Annual Report 2020/21 was presented to the Governance and Audit Committee in July 2021. The Fraud Function Annual Report for 2021/22 is due to be presented later in the 2022/23 Municipal Year. The Governance and Audit Committee also received a new Mid-Year Fraud Function Update Report in November 2021.

#### Governance and Audit Committee Briefings

3.30 The Governance and Audit Committee received a number of briefings during 2021/22 as noted below:

- Fraud Function Annual Report 2020/21
- Draft Governance and Audit Committee Training Programme
- Follow Up Review of Corporate Safeguarding Arrangements - Children in Swansea Council
- Corporate Risk Overview 2021/22 – Quarter 1
- Education Directorate: Internal Control Environment 2021/2022.

- Update Report South West Wales Corporate Joint Committee.
- Absence Management Audit Report 20/21.
- Service Centre – Accounts Receivable Update.
- Lay Members on the Governance & Audit Committee.
- Employment of Agency Staff Audit Report 2019/20 - 2021 Update.
- Scrutiny Annual Report 2020-21 & Scrutiny Work Programme.
- Auditor General for Wales Review of Town Centre Regeneration.
- Corporate Risk Overview 2021/22 – Quarter 2.
- (Directorate): Internal Social Services Department Control Environment 2021/22.
- Annual Report Corporate Safeguarding 2020-21.
- Update on Swansea Achieving Better Together.
- Impact of the Corporate Insolvency and Governance Act 2020.
- Annual Complaints Report 2020-21.
- City and County of Swansea Administered Trust Funds.
- Update Report South West Wales Corporate Joint Committee – January 2022.
- Service Centre – Accounts Receivable Update.
- Corporate Risk Overview – Quarter 3 2021/22.
- Place: Internal Control Environment 2021/22.
- Workforce Strategy.
- Draft Internal Audit Annual Plan 2022/23.
- Internal Audit Annual Plan Methodology.
- Absence Management Audit Report 20/21.
- Draft Internal Audit Charter 2022/23.
- Internal Audit Strategy & Annual Plan 2022/23.
- Corporate Risk Overview – Quarter 4 2021/22.
- Achieving Better Together – Recovery Plan.
- Governance and Audit Committee Training Programme.

#### Governance and Audit Committee Training

- 3.31 Following discussions with Democratic Services, it was agreed that repeated annual training in core areas was no longer necessary. Instead, Members agreed that specific training should be arranged based on training needs. The Governance & Audit Committee Training Plan 2022/23 was approved by the Committee on 12 April 2022.

## **4. Looking Forward**

- 4.1 Looking ahead to 2022/23 the Governance & Audit Committee's membership and responsibilities will need to have careful consideration and support. The Deputy Chief Executive has confirmed that following the May 2022 local elections it will be his intention to enact the Training Programme to support the work of the Committee in all new areas of responsibility. Also, this programme will reflect the needs of all new Councillor and Lay Members.
- 4.2 The Committee's concerns expressed during the 2021/22 Municipal year will be appropriately reflected in the Annual Governance Statement and will include the absence of the Workforce Strategy, the further improvements to

embedding the risk management arrangements and enhanced reporting and the Moderate or Limited Assurance Internal Audit reports where audit recommendations remain outstanding.

## 5. Committee Membership & Attendance

- 5.1 The membership of the Governance & Audit Committee at the start of the 2021/22 Municipal Year consisted of two Lay Members and 12 Non Executive and 1 Executive Councillor elected by Council. Independent Members are appointed for no more than two administrative terms with Council Members reappointed annually.
- 5.2 The Committee is serviced by Council Officers, principally the Director of Finance & Section 151 Officer, Chief Legal Officer, Strategic Delivery & Performance Officer, Chief Auditor and Democratic Services. Representatives from Audit Wales also attend Committee meetings.
- 5.3 During 2021/22 the Committee has followed a structured workplan which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The Committee includes 2 Lay Members and will have to amend its membership in 2022 as required by the Local Government and Elections (Wales) Act 2021. One Lay Member is also the Chair of the Committee.
- 5.4 The Governance and Audit Committee met on 11 occasions throughout the Municipal period 2021/22 on the following dates: 9<sup>th</sup> June 2021, 13<sup>th</sup> July 2021, 24<sup>th</sup> August 2021, 14<sup>th</sup> September 2021, 12<sup>th</sup> October 2021, 9<sup>th</sup> November 2021, 14<sup>th</sup> December 2021, 12<sup>th</sup> January 2022, 8<sup>th</sup> February 2022, 8<sup>th</sup> March 2022 and 12<sup>th</sup> April 2022. The meeting agendas, minutes and recordings can be located at:

<https://democracy.swansea.gov.uk/ieDocHome.aspx?bcr=1&LLL=0>

- 5.5 Committee Member attendance in 2021/22 is shown in the following table:

Attendance 2021/22	Possible	Actual
<b>Independent Lay Members</b>		
Mrs Paula O'Connor (Chair)	11	11
Julie Davies	11	11
<b>Non-Executive Councillors</b>		
Councillor Paxton Hood-Williams (Vice Chair)	11	9
Councillor Cyril Anderson	11	10
Councillor Peter Black	11	10

Councillor David Helliwell	11	9
Councillor Terry Hennegan	11	4
Councillor Oliver James	10	7
Councillor Jeff Jones	11	8
Councillor Hannah Lawson	1	0
Councillor Mike Lewis	11	10
Councillor Clive Lloyd	11	6
Councillor Sam Pritchard	11	11
Councillor Jen Raynor	11	8
Councillor Lesley Walton	11	10
Councillor Mike White	11	10

## 6. Future Governance and Audit Committee Meetings

- 6.1 As agreed by the Head of Democratic Services, the Council Diary for the current municipal year includes Governance and Audit Committee meetings on a monthly basis.
- 6.2 Additional/special meetings may need to be held at certain times of the year to ensure the smooth delivery of the Committee's work programme. The Committee also has the ability to call additional meetings when required.

## 7. Governance and Audit Committee Contact Details

<b>Paula O'Connor</b> Chair of Governance and Audit Committee	<a href="mailto:Chair.Audit@swansea.gov.uk">Chair.Audit@swansea.gov.uk</a>
<b>Councillor Paxton Hood-Williams</b> Vice Chair of Governance and Audit Committee	<a href="mailto:Cllr.Paxton.Hood-Williams@swansea.gov.uk">Cllr.Paxton.Hood-Williams@swansea.gov.uk</a> 01792 872038
<b>Ben Smith</b> Director of Finance & Section 151 Officer	<a href="mailto:Ben.Smith@swansea.gov.uk">Ben.Smith@swansea.gov.uk</a> 01792 636409
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<b>Tracey Meredith</b> Monitoring Officer & Chief Legal Officer	<a href="mailto:Tracey.Meredith@swansea.gov.uk">Tracey.Meredith@swansea.gov.uk</a> 01792 637521
<b>Richard Rowlands</b> Strategic Delivery & Performance Manager	<a href="mailto:Richard.Rowlands@swansea.gov.uk">Richard.Rowlands@swansea.gov.uk</a> 01792 637570

## 8. Integrated Assessment Implications

8.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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 Acts.
- 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
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

8.1.1 The Well-being of Future Generations (Wales) Act 2015 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'.

8.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

8.2 The completion of the Integrated Impact Assessment Screening revealed that:

- The Governance and Audit Committee Annual Report has a low positive impact across all groups.
- It has been subject to consultation with Legal, Access to Services and the Chair of the Governance and Audit Committee.
- All Well-being of Future Generations Act considerations are positive and any risks identified are low.

- The overall impact of the Governance and Audit Committee Annual Report is positive as it will support the Authority in its requirement to protect public funds.

## **9. Financial Implications**

9.1 There are no financial implications associated with this report.

## **10. Legal Implications**

10.1 Part of the role of the Governance and Audit Committee as set out by the Local Government (Wales) Measure 2011 is to make reports and recommendations in relation to the authority's financial affairs, including an assessment of the risk management and corporate government arrangements and the adequacy and effectiveness of those arrangements.

**Background Papers:** None

**Appendices:** Appendix 1 - Governance and Audit Committee Terms of Reference  
Appendix 2 – Integrated Impact Assessment

## **Audit Committee Terms of Reference**

### **Governance & 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.

#### **Membership**

The Local Government (Wales) Measure 2011 provides that at least one member of the Committee must be a lay member.

#### **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.
- n) To review any proposals in relation to the appointment of external providers of internal audit services and to make recommendations.
- o) To review the governance and assurance arrangements for significant partnerships or collaborations.

### **Internal Audit**

- p) To approve the internal audit charter and resources.
- q) To approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- r) To approve significant interim changes to the risk based internal audit plan and resource requirements.
- s) To make appropriate enquiries of both management and the Chief Internal Auditor to determine if there are any inappropriate scope or resource limitations.
- t) To consider the Chief Internal Auditor'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.
- u) To consider the Chief Internal Auditor's annual report including:
- v) To consider reports from the Chief Internal Auditor on Internal Audit's performance during the year including the performance of external providers of internal audit services. These will include:
- w) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.



- x) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Chief Internal Auditor. To approve and periodically review safeguards to limit such impairments.
- y) To consider summaries of specific internal audit reports as requested.
- z) To receive reports outlining the action taken where the Chief Internal Auditor has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- aa) To consider reports dealing with the management and performance of the providers of internal audit services.
- bb) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- cc) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- dd) To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five years.
- ee) To provide free and unfettered access to the Governance and Audit Committee Chair for the Chief Internal Auditor, including the opportunity for a private meeting with the Committee.

### **External Audit**

- ff) To consider the external auditor's annual letter, relevant reports, and to those charged with governance.
- gg) To consider specific reports as agreed with the external auditor.
- hh) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- ii) To commission work from external audit.
- jj) To advise and recommend on the effectiveness of relationships between external audit and other inspector agencies or relevant bodies.

### **Financial Reporting**

- kk) 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.

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

### **Accountability Arrangements**

- mm) 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.
- nn) To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness in meeting its purpose.
- oo) To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- pp) To work in synergy with the Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.
- qq) To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the Appendix 1 adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions
- rr) To publish an annual report on the work of the committee.

### **Training and Development**

- ss) To attend relevant training sessions including specialist training tailored for Members of the Governance and Audit Committee.

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

**Which service area and directorate are you from?**

Service Area: Internal Audit

Directorate: Resources

**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:**

Review of the Governance and Audit Committee Annual Report 2021/22.

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

**Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches?**

# Integrated Impact Assessment Screening Form

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

Consultation undertaken with the Director of Finance, Legal, Access to Services and the Chair of the Audit Committee.

**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

---

**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

---

**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?**

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

To ensure an effective Governance and Audit Committee is in place for the City and County of Swansea as set out by the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021 to make reports and recommendations in relation to the authority's financial affairs, including an assessment of the risk management and corporate government arrangements and the adequacy and effectiveness of those arrangements.

# Integrated Impact Assessment Screening Form

## Outcome of Screening

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

The completion of the Integrated Impact Assessment Screening revealed that:

- The Governance and Audit Committee Annual Report has a potentially low positive impact across a number of identified groups.
- It has been subject to consultation with the Director of Finance, Legal, Access to Services and the Chair of the Audit Committee.
- All WFG considerations are positive and any risks identified are low.
- The overall impact of the Annual Report is positive as it will support the Authority in its requirement to ensure an effective Governance and Audit Committee is in place as set out by the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021 and 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: Simon Cockings</b>
<b>Job title: Chief Auditor</b>
<b>Date: 02/03/22</b>
<b>Approval by Head of Service:</b>
<b>Name: Ben Smith</b>
<b>Position: Director of Finance &amp; S151 Officer</b>
<b>Date: 02/03/22</b>

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

# Agenda Item 8



## Report of the Deputy Chief Executive

Governance & Audit Committee – 31 May 2022

### Draft Annual Governance Statement 2021/22

<b>Purpose:</b>	This report provides the draft Annual Governance Statement 2021/22 and allows the Governance & Audit Committee the opportunity to contribute to the annual review of governance.
<b>Policy Framework:</b>	Code of Corporate Governance.
<b>Consultation:</b>	Corporate Management Team, Annual Governance Group, Access to Services, Finance, Legal.
<b>Recommendation(s):</b>	It is recommended that the Governance & Audit Committee reviews the Annual Governance Statement 2021/22 prior to approval by Council as part of the Statement of Accounts.
<b>Report Author:</b>	Richard Rowlands
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Introduction

- 1.1 The Council is required by the Accounts and Audit (Wales) Regulations 2014 to undertake a review of its governance arrangements, at least annually. The review is intended to show how the Council has complied with its Code of Corporate Governance.
- 1.2 The Governance & Audit Committee's role in Corporate Governance is set out in the Local Government (Wales) Measure 2011. Paragraph 9.2 of the statutory guidance relating to the Measure states that one of the functions of the Audit Committee is to:

*'Review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements'*

- 1.3 The review of governance is brought together in the Annual Governance Statement (AGS) which is to accompany the Council's Annual Statement of Accounts. The AGS is a key document informed by a number of both internal and external assurance sources.
- 1.4 This report provides the opportunity for the Governance & Audit Committee to review and contribute to the draft AGS prior to being signed off and published.

## **2.0 Code of Corporate Governance**

2.1 Following a number of high profile cases of failed corporate governance, in both the private and public sectors, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published a Framework for Delivering Good Governance in Local Government in 2007. The Framework was reviewed by CIPFA and SOLACE in 2015 to ensure it remained fit for purpose and a revised Framework was published in spring 2016. The new 'Delivering Good Governance in Local Government Framework 2016' applies to annual governance statements prepared for the financial year 2016/17 onwards.

2.2 The revised framework defines governance as:

*'Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.'*

2.2.1 The Framework also states that:

*'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.'*

2.3 The Framework introduces 7 principles as follows: A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. B) Ensuring openness and comprehensive stakeholder engagement. C) Defining outcomes in terms of sustainable economic, social and environmental benefits. D) Determining the interventions necessary to optimise the achievement of the intended outcomes. E) Developing the entity's capacity, including the capability of its leadership and the individuals within it. F) Managing risks and performance through robust internal control and strong public financial management. G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

- 2.4 To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework. It should therefore develop and maintain a local Code of Corporate Governance reflecting the principles set out in the Framework.

### **3.0 Annual Governance Statement**

- 3.1 The AGS should report publically on the extent to which the Council has complied with its own code of governance on an annual basis, including how it has monitored and evaluated the effectiveness of the governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the AGS should itself add value to the effectiveness of the corporate governance and internal control framework.

- 3.2 The draft AGS 2021/22 is attached at Appendix A.

- 3.3 The final version of the AGS will be reported to Council before being signed by the Chief Executive and Leader and then published with the audited Statement of Accounts 2021/22.

### **4. Integrated Assessment Implications**

- 4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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 Acts.
- 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
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

- 4.1.1 The Well-being of Future Generations (Wales) Act 2015 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'.

- 4.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and



priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

- 4.3 The Annual Governance Statement is incorporated within the Annual Statement of Accounts and is a description of the Council's Governance arrangements 'as is' at the time of writing and does not have a direct impact on the relevant groups considered within the IIA.

## **5. Financial Implications**

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

## **6. Legal Implications**

- 6.1 Production of the Annual Governance Statement is required under the Accounts and Audit (Wales) Regulations 2014 and supports the Annual Statement of Accounts.

**Background Papers:** None.

### **Appendices:**

**Appendix A** Annual Governance Statement 2021/22.

**Appendix B** IIA Form.

**1. Scope of Responsibility**

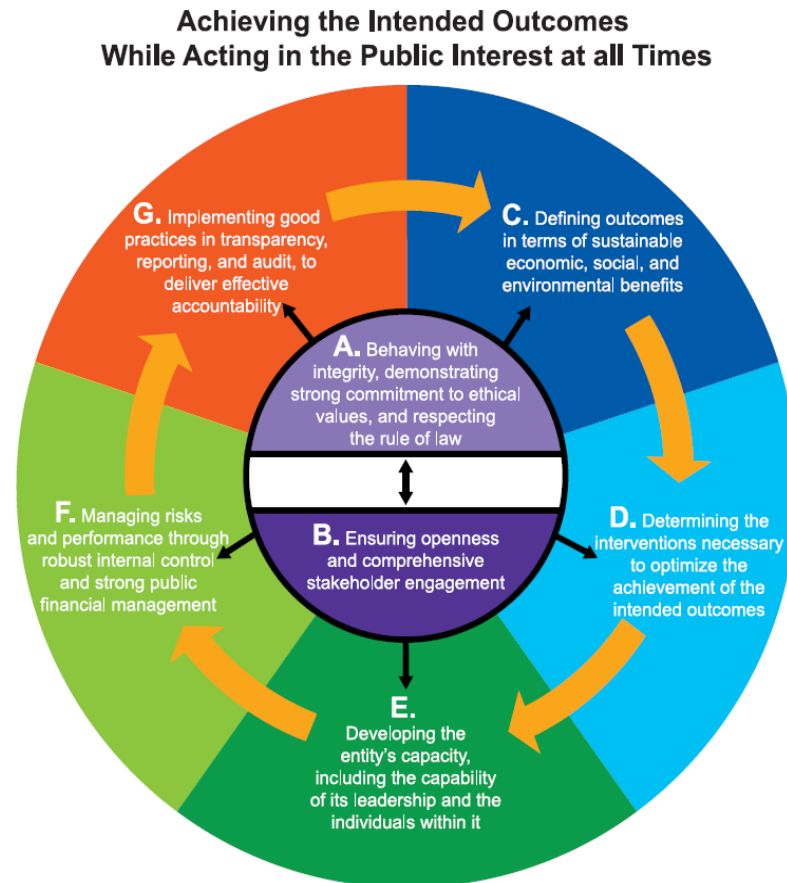
- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the City and County of Swansea is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The City and County of Swansea adopted a Code of Corporate Governance on 24 August 2017, which is consistent with the principles of the new CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government 2016*'. A copy of the Code can be found on the Council's website.

**2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the City and County of Swansea throughout the year ended 31 March 2022 and up to the date of approval of the Statement of Accounts.

**3. The Governance Framework**

3.1 The Council has adopted a Code of Corporate Governance based on the “*Delivering Good Governance in Local Government*” framework published by CIPFA and SOLACE in 2016.



3.2 This Statement explains how the Council has complied with the Governance Framework and meets the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018). The Council aims to achieve a good standard of governance by adhering to the 7 key principles of the CIPFA/Solace 2016 Guidance.

3.3 The 7 key principles are:

- A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B) Ensuring openness and comprehensive stakeholder engagement.
- C) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E) Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

- F) Managing risks and performance through robust internal control and strong public financial management.
- G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.4 The application of the principles of good governance is summarised below which sets out supporting information for the 7 key principles.

3.5 **Note - The issues set out within the Governance Statement have been materially affected by the COVID-19 pandemic. However, it should be noted that the Statutory Governance Chief Officers and CMT continued to maintain corporate grip to ensure that sufficient governance was maintained throughout this unprecedented crisis and during the recovery.**

## Principle A

**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

### Sub Principles:

**Behaving with Integrity**

**Demonstrating strong commitment to ethical values**

**Respecting the rule of law**

### How we do this:

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- The behaviour and expectations of officers/members is set out in the Constitution, Officer and Member Code of Conduct and Protocol.
- The Monitoring Officer provides training on the code of conduct and ensures the highest standards of conduct by the authority, members and officers – including use of Council email protocol.
- The Standards Committee is responsible for monitoring and scrutinising the standards of Members.
- Member led authority principles with training to senior officers and Cabinet members.
- Compliance with a suite of policies/rules set out in the Constitution.
- The Constitution sets out requirements as to gifts and hospitality and there are regular reminders circulated to both officers and members.
- Adoption of Member Dispute Resolution Protocol.
- Officers/members declarations of interest.
- Officer Secondary Employment Policy.

- The Council's appraisal and recruitment system based on competencies, training and objectives underpin personal behaviours with ethical values.
- Commitment to working to promote high standards of performance based on the Nolan principles.
- Adoption of Welsh Government ethical ways of working.
- The Swansea Pledge.
- The Constitution contains comprehensive Procurement and Financial Procedure Rules.

- The Statutory officers and Members ensure compliance with legislative and regulatory requirements via a robust framework including the scheme of delegation, induction training, standing procedures and rules set out in the Constitution.
- Reports to Committees have legal/finance clearance.
- Robust Scrutiny and Call-In function.
- Robust audit challenge.
- External challenge from auditors, Ombudsman and other external agencies.
- The Monitoring Officer ensures the Council complies with statute and reports on any maladministration.
- An effective anti-fraud and corruption framework supported by a suite of policies i.e. whistleblowing.

## Principle B

### Ensuring openness and comprehensive stakeholder engagement

#### Sub Principles:

##### Openness

##### Engaging comprehensively with institutional stakeholders

##### Engaging stakeholders effectively, including individual citizens and service users

#### How we do this:

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- The Council is committed to ensuring an open culture evidenced by open meetings and publication of agendas and minutes.
- A Forward Plan showing key decisions to be made by Council and Cabinet is published.
- There is appropriate Consultation and Engagement supporting the decision making process including annual budget consultation, co-production, engagement with trade unions and engagement with Disability and LGBT communities.
- There are Public questions at Council and Cabinet.
- There is engagement with children and young people to meet the requirement of the UNCRC.
- There is pre-decision scrutiny of Cabinet decisions and Call-In procedure
- Corporate risks are published.

- The Council adopts a Team Swansea approach working as a whole Council and effectively engages with stakeholders to ensure successful and sustainable outcomes by:
  - targeting communications;
  - effective use of social media;
  - formal and informal meetings with key stakeholder groups i.e. External auditors, Welsh Government, Health board.
- The Council has an extensive range of partnerships to support the delivery of the Council's objectives including:
  - The Public Services Board.
  - The Safer Swansea Partnership.
- The Council has adopted the Community/Town Council Charter and facilitates the Community/Town Council forum meetings with the 24 Councils.

- The Council has appropriate structures in place to encourage public participation which is used to inform proposals and key decisions including:
  - A Consultation and Engagement Strategy.
  - A Co-production Framework.
  - "Have your Say" consultations on website.
  - The Scrutiny Programme Committee invites stakeholder contributions and participation.
  - A Staff Survey with responses considered by CMT/Senior Management.
  - A Complaints Policy and Annual Report to assess organisational learning and change.
  - The appointment of Councillor Champions who provide a voice for under-represented groups.
  - An Integrated Impact Assessment to assess the equality, socio-economic and sustainability impacts on people with protected characteristics and future generations.

## Principle C

Defining outcomes in terms of sustainable economic, social and environmental benefits

### Sub Principles:

Defining outcomes

Sustainable economic, social and environmental benefits

### How we do this:

- The Council has a clear vision which is set out in the Corporate Plan *Delivering a Successful & Sustainable Swansea* which prioritises 6 Well-being Objectives.
- Delivery of the Corporate Plan is monitored through the Council's Performance Management Framework with quarterly and annual performance monitoring by CMT/Cabinet.
- There is an Annual Performance Review.
- Annual Service Plans address the sustainability of service delivery along with key corporate priorities.
- There is monthly Performance and Financial Monitoring meetings held for each Directorate.
- There is a Corporate Risk Management Policy ensuring consistent application of risk registers and terminology and audit scrutiny.

- The Council takes a long term and sustainable view and balances the economic, social and environmental impact of policies and plans by:
  - Medium Term Financial Planning covering 3 financial years approved annually by Council.
  - Refresh of the Corporate Plan annually
  - Annual service planning.
- The Council's new *Achieving Better Together Recovery and Transformation* programme, which replaces *Sustainable Swansea: Fit for the Future* seeks to allow the Council to recover from the COVID-19 pandemic and modernise and transform the council to meet the longer term challenges and ensure sustainable provision of services.
- There is public and stakeholder engagement.
- Council has passed a motion on tackling the climate emergency and has set a target and means to achieve net zero carbon emissions by 2030, including expanding our fleet of green vehicles, increasing tree cover, installing solar panels and improving energy efficiency.

## Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

### Sub Principles:

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

### How we do this:

- The Council ensures that decision makers receive objective and rigorous analysis of options with intended outcomes and risks by:
  - written reports from Officers;
  - report clearance by legal, finance and Access to Services officers;
  - embedding of impact assessment in decision making process;
  - clear option appraisals reflected in reports detailing impact, risk and any best value considerations.
- The results of consultation exercises are fully considered by decision makers with consultation responses set out in report.
- Consultation on budget proposals is extensive and includes roadshows with staff.
- The Council has a Corporate Risk Management Policy.

- The Council has established robust planning and control cycles covering strategic and operational plans, priorities and targets which is achieved through:
  - A timetable for producing and reviewing plans on an annual basis.
  - Working with a consultation and engagement strategy.
  - Quarterly and annual performance monitoring including achievement of national and local performance indicators.
- There is robust Medium Term Financial Planning.
- There is an Annual budget setting process in place including an extensive consultation exercise.

- The Council ensures the Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints by setting out any shortfall in resources and spending requirements in the context of service priorities.
- To ensure that the budget process is all inclusive there is regular engagement with members with robust scrutiny by the Service Improvement & Finance Scrutiny Performance Panel.
- *Achieving Better Together* (replacing Sustainable Swansea – Fit for the Future).
- The Council ensures the achievement of “social value” through the effective commissioning of service in compliance with CPR’s e.g. Beyond Bricks and Mortar (community benefit clauses in council contracts).



**Principle E**

**Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

**Sub Principles:**

**Developing the entity's capacity**

**Developing the capability of the entity's leadership and other individuals**

**How we do this:**

- The Council aims to ensure that Members and Officers have the right skills, knowledge and mind set to operate efficiently and effectively to achieve intended outcomes by:
  - adopting a comprehensive induction training programme for members and officers;
  - a Councillor Training Programme based on a Training Needs Assessment;
  - annual performance review of staff;
  - adoption of a mentoring scheme.
- Operational capacity is supported by the Transformation & Future Council objective to help tackle rising demand and reducing revenue budget.
- The Organisational Development Strategy aims to develop the right staff with the right skills to work in a sustainable way.
- There is engagement with benchmarking groups such as APSE, CIPFA.
- There is collaborative and partnership working including the Public Service Board, Regional Partnership Board, ERW.

- Effective shared leadership and understanding of roles and objectives is supported by:
  - The Leader and Chief Executive have clearly defined leadership roles.
  - The Chief Executive Appraisal and Remuneration Committee have responsibility for the appraisal of the Chief Executive.
  - There has been member led training with both senior officers and cabinet members.
  - There are regular 1-2-1 meetings with the Leader, Cabinet members, Chief Ex, CMT and Heads of Service.
  - The Transformation and Future Council objective and the Organisational Development Strategy.
- The Constitution sets out the Scheme of Delegation which is regularly reviewed.
- Annual appraisal and performance review.

## Principle F

**Managing risks and performance through robust internal control and strong public financial management**

### Sub Principles:

#### Managing risk

#### Managing performance

#### Robust internal control

#### Managing data

#### Strong public financial management

### How we do this:

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- Risk management is an integral part of decision making supported by:
  - A Corporate Risk Management Policy with clear nominated officer responsibility.
- New risk register application.
- Monthly review of risks by CMT.
- Monthly review of Directorate Risks at PFM meetings.
- The publication of Corporate Risks allowing greater scrutiny.
- The Governance & Audit Committee regular review of risks (see paras 8.34 & 9)

- There are quarterly performance monitoring reports to Cabinet.
- Each Head of Service produces an Annual Service Plan setting out clear objectives and SWOT analysis of their service.
- There are regular reports as to performance indicators and milestones against intended outcomes.
- There is robust scrutiny challenge by pre decision scrutiny, inquiries and Call-In.
- Monthly Directorate Performance and Financial Monitoring meetings.

- CIA provides independent assurance on the adequacy of internal control through the IA plan approved by the Governance & Audit Committee.
- The Governance & Audit Committee provides independent and objective assurance on effectiveness of internal control, risk management and governance arrangements.
- The Council is dedicated to tackling fraud and corruption and has an Anti-Fraud and Corruption Policy and Whistleblowing Policy
- The Governance & Audit Committee receives an annual report on the fraud function and Anti-Fraud Plan.
- The Internal Audit Plan is approved by Governance & Audit Committee.

- The Council demonstrates effective safeguarding of personal data and information by:
  - The appointment of a Data Protection Officer.
  - The adoption of a Data Protection Policy.
  - An Information Governance Unit and Senior Information Risk Officer.
  - An information asset register
  - The Council is signed up to the Wales Accord for Sharing Personal Information (WASPI).
  - Data Protection training is mandatory.

- The Council ensures both long term achievement of outcomes and short term performance through the delivery of the Medium Term Financial Plan.
- Financial management is integrated at all levels of planning and control by:
  - financial implications are included in all decision making reports;
  - there is a specific Corporate risk around Financial Control and MTFP owned by the S151 officer.

## Principle G

**Implementing good practices in transparency, reporting and audit to deliver effective accountability**

### Sub Principles:

**Implementing good practice in transparency**

**Implementing good practices in reporting**

**Assurance and effective accountability**

### How we do this

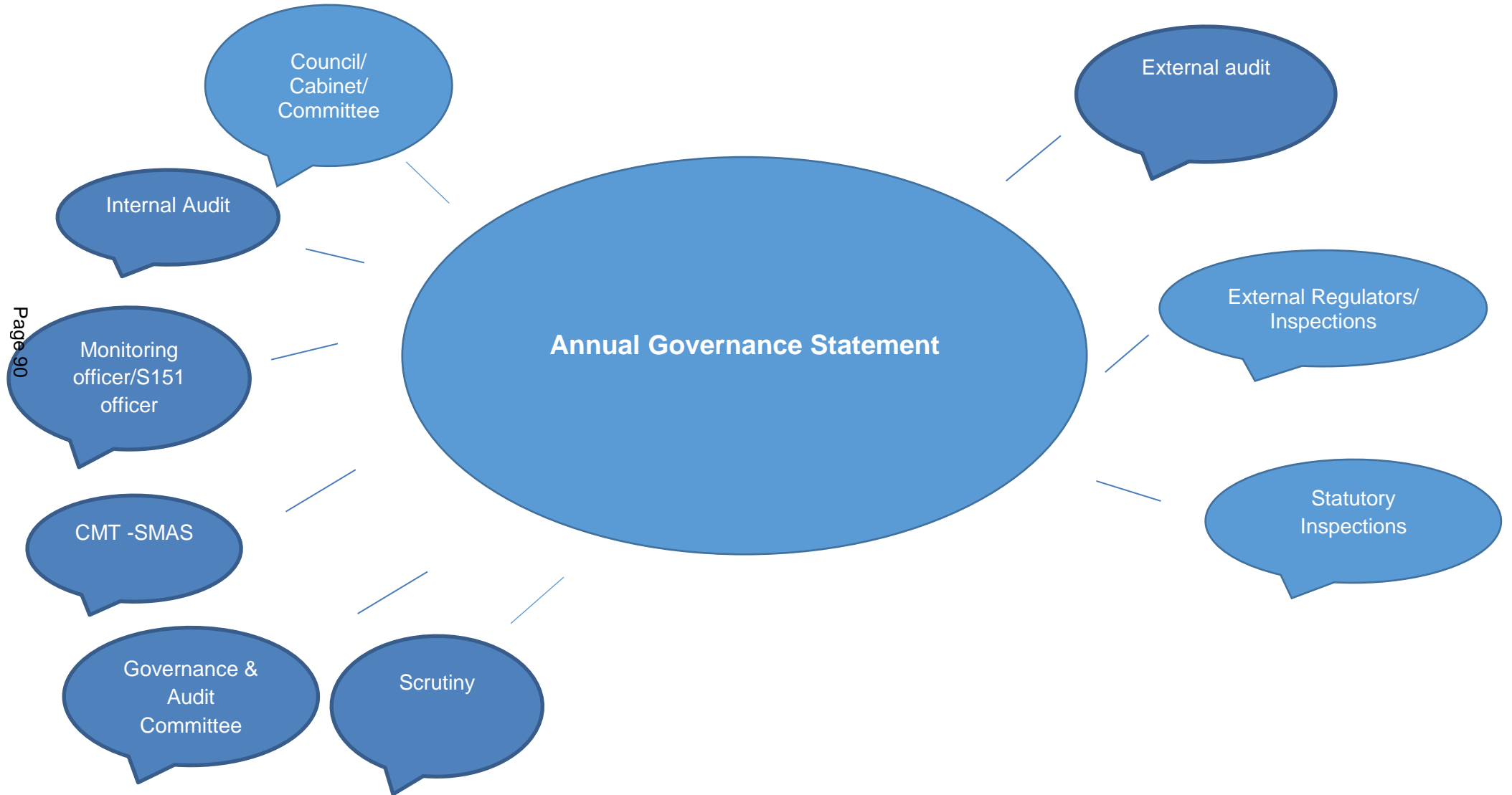
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- The Council aims to present understandable and transparent reports for both stakeholders and the public which is supported by:-
    - A Report Authors Protocol which ensures consistency in reports.
    - A Clear Writing guide for Officers.
    - All reports are signed off by Cabinet Member, legal, finance and Access to Services officers.
    - The Council has a Publication Scheme which is available on the website.
    - Where possible exempt reports are split so that the main report can be heard in public with confidential information being a separate exempt report.
    - Publication of delegated decisions.
    - Reports are published on the website and agendas are published in the Welsh Language.

- The Council reports at least annually on performance as evidenced by:
  - Quarterly and annual reports to Cabinet on performance.
  - An annual Review of Performance report setting out how the Council has performed in meeting its Corporate Objectives.
  - The Annual Statement of Accounts audited by external auditor and approved by Council and published demonstrates how the Council has achieved performance, value for money and the stewardship of resources.
- Senior Managers complete Self-Assessment & Management Assurance Statements (SMAS) reflecting performance against governance, risk management and internal control. The SMAS contribute to the Annual Governance Statement.
- The Council have adopted the Code of Corporate Governance based on CIPFA framework.

- Through the assurance mechanisms set out below the Council can demonstrate effective accountability:
- The Internal Audit work plan provides assurance on the council's control mechanisms, risk management and governance arrangements which is monitored by the Governance & Audit Committee.
- All agreed actions from Internal Audit reviews are monitored.
- Reports and plans to implement Audit Wales and Internal Audit recommendations reported (as relevant) to Scrutiny and Governance & Audit Committee.
- Peer Review and inspection from regulatory bodies and external compliance reviews which are reported to CMT/Cabinet and used to improve service delivery.
- There is Scrutiny and audit review of Audit Wales reports and action plans.
- Assurance on risks associated with delivery of services through third parties is achieved by:
  - Commissioning and monitoring arrangements and compliance with Contract Procedure Rules.
  - SMAS reflect risk assessments in relation to partnership/third party working.

**Internal Assurance**

**External Assurance**



#### **4. Review of Effectiveness**

4.1 The City and County of Swansea annually reviews the effectiveness of its governance framework including the system of internal control.

- (a) Statements from Corporate Management Team (CMT), Statutory Officers, the Internal Audit Manager and the Audit Committee.
- (b) External organisations i.e. Audit Wales and regulators.
- (c) Core evidence mapped to Council, Cabinet and Committees.

4.2 The following highlights the review of the governance framework in order to compile the Annual Governance Statement and sets out the assurance of CMT, officers and external organisations.

### **INTERNAL SOURCES OF ASSURANCE**

#### **5 Corporate Management Team/SMAS**

5.1 The Self-Assessment & Management Assurance Statement (SMAS) form part of the governance and performance self-assessment framework. The new performance self-assessment requirements introduced by Part 3 of the Local Government and Elections Act 2021 have been incorporated into the SMAS during 2021/22. The information will be used to develop both the Annual Governance Statement and the Annual Self-Assessment Report as required by Part 3 of the Local Government & Elections Act. Through the SMAS each Director responds to 12 good governance and performance statements covering:

- Vision, Strategy & Performance.
- Organisational Governance, Ethics and Values.
- Organisational Leadership.
- Customer & Community Engagement and Involvement.
- Resources Planning & Management.
- Risk Management & Business Continuity.
- Partnership / Collaboration Governance.
- Internal Control Environment.
- Compliance with Policies, Rules Legal and Regulatory Requirements.
- Fraud & Financial Impropriety.
- Programme and Project Assurance.
- Innovation & Change Management.

5.2 The Directors assess assurance using a 5 point maturity scale for their areas of responsibility ranging from “Not in place” to “Embedded”. Directors are expected to consult with their Heads of Service to support a directorate approach to each statement.

5.3 The four SMAS from the Directors of Corporate Services and Finance (combined), Social Services, Place and Education are challenged and reviewed at CMT.

- 5.4 The assurance statements showed overall that there were no categories that were deemed as being “Not in place” or with “Limited Application”. A small number (13.8%) of categories were regarded as showing “Mixed Application”. These categories with the most showing mixed application were: Resources Planning & Management (4) and Vision, Strategy & Performance (3). These have been captured in the significant governance risks for 2022/23 where relevant. However, 64.2% demonstrated “Strong Application” and 20% were described as “Embedded”. A limited number of categories (1.9%) were left blank where a Director regarded them as non-applicable to their directorate, e.g. where a category was deemed a corporate or other directorate responsibility.
- 5.5 The Council established an Annual Governance Group for the purpose of challenging the SMASs and assisting and overseeing the development of the Annual Governance Statement. The Group is led by the Deputy Chief Executive and members include the Council’s Section 151 Officer and Monitoring Officer, as well as the Strategic Delivery & Performance Manager and a member of the Governance & Audit Committee. The Chief Internal Auditor attends in an advisory capacity. The work of the Group in reviewing the SMASs and finalising the Annual Governance Statement and CMT in reviewing and approving the SMASs and Statement was disrupted by the COVID-19 situation; the Group met twice during 2021/22. CMT reviewed the SMAS and draft Annual Governance Statement on 23<sup>rd</sup> March 2022. The Significant Governance Issues for 2022/23 as identified by CMT are those set out below.

## **6. The Monitoring Officer**

- 6.1 The Chief Legal Officer is the Monitoring Officer with a specific duty to ensure that the Council, Officers and Members maintain the highest ethical standards of conduct. The Standards Committee has the responsibility for monitoring the ethical standards of conduct and to deal with any breaches of the Code referred to the Committee by the Public Service Ombudsman (PSOW).
- 6.2 In 2021/22 the Standards Committee considered one referral from the PSOW which related to Mumbles Community Council. During 2021/2022 the Monitoring Officer was notified of 26 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate 22 of those complaints. 3 complaints are being investigated and 1 complaint is outstanding. In relation to complaints reported to the PSOW the Committee receive regular updates as to the status of complaints. Regular PSOW bulletins are circulated to all councillors as to Code of Conduct issues when issued.
- 6.3 The Local Government and Election (Wales) Act 2021 brings in new duties for Standards Committees in Wales from May 2022. The Committee was provided with updates on 4 December 2020 and on 9 March 2022 the Committee considered changes to their Terms of Reference so as to comply with the legislation.

- 6.4 The Standards Committee Annual Report 2020/21 was presented to Council on 2 December 2021. The Report reflected the Committee's view that generally the conduct of members was high with the Committee only having to consider one complaint against a community councillor.
- 6.5 In January and March 2022 the Standards Committee interviewed the Leader and all Leaders of the Opposition Groups. The discussion with group leaders focused on their new duties under the legislation and how they would meet that duty. The Monitoring Officer is therefore of the view that the Authority is in a good position to comply with the new legislative requirements.
- 6.6 The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2021/22.
- 6.7 Work on the Council Constitution has been progressed with amendments being made to the Land Transaction Procedure Rules, Article 12 – Officers and terms of reference of the Governance and Audit Committee. Further constitutional changes will be progressed during 2022/23.

## **7. The S151 Officer**

- 7.1 Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2021/22. The reports consistently identified some service revenue budget overspends at year-end, driven exclusively by Covid spending, albeit reducing throughout the year and by third quarter down to a miniscule margin of variation, once adjusted for Covid, so that service underspend was as likely as overspend based on available information. Towards the year-end the pace and scale of reimbursement of costs and lost tax and service income from Welsh Government became increasingly clear and as a result at several verbal updates on third quarter position to Cabinet, Council, Governance & Audit Committee and Scrutiny panels, the S151 Officer advised an overall significant outturn underspend was once again expected.
- 7.1.1 Total service underspending has now been confirmed (at just over £xxm) and is an extremely good outcome. On an even more positive note the equally fully planned substantial continued underspending on capital financing (£xm) and contingency, central inflation and other corporate items including additional Welsh Government Covid grants (also around £xm) has enabled sums to be added to the recovery reserve, the capital equalisation reserve, the general reserve and some to be carried forward once again on contingency which is a prudent way of planning for and addressing some of, the future certain increased costs of financing the ambitious mid-term capital programme and the uncertainty of COVID-19.
- 7.2 A verbal **Mid Term Budget Statement 2021/22** was presented to Council in November this year given the substantially delayed settlement due to Covid and the Comprehensive Spending Review. The written report on the **Review of Reserves** was presented to Council on 07/10/21, which provided a strategic and focussed assessment of the current year's financial performance

and an update on strategic planning assumptions over the next 3 financial years.

- 7.2.1 The conclusion of the Statement was that the Council could potentially struggle to deliver within the overall resources identified to support the budget in 2022/23 and beyond unless the local government settlement was much enhanced and preferably multi-year (the quantum was duly confirmed much enhanced by March 2022 and pleasingly was a three year settlement albeit heavily front loaded then dropping off significantly). The likely projected outturn was dependent upon the ability of the Council to reduce and restrict ongoing expenditure across all areas, its ability to recover expenditure and lost income from Welsh Government and continued reliance on active capital financing strategies to maximise the short term savings to enable the capital equalisation reserve to be bolstered for the medium to long-term recognising the major future capital commitments already irrevocably made by Council decisions on the size of the capital programme and associated borrowing.
- 7.2.2 The Revenue and Capital Budgets were approved by Council on 03/03/22. They continued to set out an ongoing ambitious programme of approved capital spending plans and future capital spending plans (partly financed by the Swansea Bay City Deal but predominantly by unsupported borrowing now fully externalised at fixed rates for up to 50 years de-risking general fund exposure to future interest rate movements) which would require modest budget savings to be delivered to help facilitate that major capital investment and economic regeneration stimulus. These plans are likely to still be affected by ongoing ripple effects of COVID-19. It remains entirely unclear as to the scale of additional spending, the loss of income, and the funding arrangements for reimbursement in part, or in full, that the Authority faces in responding both locally, with partners, and supporting the national strategic response to the COVID-19 pandemic during the first part of 2022-23.
- 7.2.3 The impact will be very financially material on the 2021-22 accounts but the national lock down arrangements and the prioritisation of the response to COVID-19 may have impaired our ability to fully prepare the accounts to our normally exceptionally high standards in line with accounting standards. Any necessary deviation caused will be disclosed separately throughout these accounts.
- 7.3 The **Medium Term Financial Plan 2023/24 – 2025/26** was approved by Council on 03/03/2022. The Plan outlined the range of options around funding faced by the Council over the period, the key reliance on the scale and value of future local government finance settlements and the strategy to be adopted to address the various scenarios as well as the inherent risks to the success of the adopted strategy.
- 7.3.1 All spending and funding assumptions were set before the ongoing economic scale of the repayment of costs incurred during COVID-19 pandemic was fully apparent, exacerbated by the late nature of the UK and Welsh government budget setting processes. Whilst the Authority will consider future spending



plans in line with projected funding announcements there is no indication at present that any of the assets of the Authority may be impaired as a result of a need to close facilities and reduce the level of service provision.

7.4 Each Corporate Director held monthly **Performance and Financial Monitoring** meetings where Chief Officers and Heads of Service reported on progress in terms of continuous improvement and budgets.

7.5 **Audit Wales Annual Audit Summary 2021.** Audit Wales noted that their opinion on the financial statements was qualified. This was because the Council misclassified historical cost depreciation between its revaluation reserve and its capital adjustment account resulting in both being potentially materially misstated; the Council is undertaking further analysis to assess and correct the level of potential error. During 2020-21, Audit Wales examined the financial sustainability of each council in Wales. They concluded that the Council is well placed to maintain its financial sustainability and plans to strengthen some aspects of its financial management. The Auditor General certified that the Council had met its remaining Local Government (Wales) Measure 2009 duties concerning continuous improvement for the financial year 2020-21, as saved by an order made under the Local Government and Elections (Wales) Act 2021.

7.5.1 The Council is the Administering Authority for the City and County of Swansea Pension Fund (the Pension Fund) and Swansea Bay Port Health Authority (SBPHA). The governance arrangements detailed in this Annual Governance Statement apply equally to the Council's responsibilities to the Pension Fund and SBPHA. There are further specific requirements for the Pension Fund which are:

- Investment Strategy Statement.
- Internal Dispute Resolution Process.
- Funding Strategy Statement.
- Administration Strategy Statement.
- A full actuarial valuation to be carried out every third year.
- Communications Strategy Statement.

## **8. Chief Auditors Opinion**

8.1 The system of internal control is designed to help the Council manage and control the risks which could affect the achievement of the Council's objectives. However it is not possible to eliminate all risks completely.

8.2 This means that Internal Audit can only provide 'reasonable' assurance that the systems of internal control within the areas of the Council reviewed are operating adequately and effectively.

8.3 The table below provides a summary of the assurance levels across the audits completed in 2021/22:

<b>2021/22 Audit Ratings Summary</b>		
Total Number of Audits Finalised	90	
<b>Assurance Rating</b>	<b>Number</b>	<b>%</b>
High Assurance	38	42
Substantial Assurance	48	53
Moderate Assurance	4	5
Limited Assurance	0	0

- 8.4 As can be seen in the table above, the outcome of 86 (95%) of the 90 audits completed was positive with the audits receiving either a high or substantial level of assurance.
- 8.5 As has been reported to the Governance & Audit Committee throughout the year, four audits received a moderate level of assurance in the year. As has been the case for the past three years, the fundamental Accounts Receivable audit was one of the audits that received a moderate assurance level in 2021/22.
- 8.6 In total there are 14 audits which are classed as fundamental audits. The fundamental audits are the core systems that are considered to be so significant to the achievement of the Council’s objectives that they are audited either annually or bi-annually. Following the audits completed in 2021/22, 10 of the 14 fundamental audits have a high level of assurance. Three have a substantial level of assurance (Accounts Payable, Business Rates and Employee Services) and one has a moderate level of assurance (Accounts Receivable).
- 8.7 Prior to the audit in 2019/20, the Business Rates audit had received a consistent high assurance level and had therefore been subject to an audit every two years. However, as a result of the findings of the audit undertaken in 2019/20, a substantial level of assurance was awarded and as a result this audit is completed on an annual basis.
- 8.8 The Governance & Audit Committee was made aware that we were unable to complete the review of Business Rates in 2020/21 due to the fact that the department had to swiftly adapt to facilitate the roll out of the various Covid-19 support schemes, and as such the Business Rates Section did not have the capacity to accommodate an audit. Additional work was completed by the Audit Team during this period to provide assurance over the reactive work that has been undertaken by the Business Rates Team in facilitating the Council’s continued response to the Covid-19 pandemic. However, Internal Audit was able to complete the review of Business Rates in 2021/22 with a substantial level of assurance being awarded.
- 8.9 The Accounts Payable audit also received a substantial assurance level in 2021/22, as was also the case in the past three financial years. As a result, this will continue to be audited on an annual basis.

- 8.10 The Accounts Receivable audit received a moderate assurance level in 2021/22, as has also been the case in the previous three financial years. The Governance & Audit Committee has received a number of updates from the relevant managers within the department in relation to the work that is ongoing to address the issues that have been identified. The Committee will continue to receive updates on this during 2022/23 as required.
- 8.11 It is disappointing that the Accounts Receivable audit received a fourth moderate assurance rating in 2021/22. As detailed in updates provided to the Governance & Audit Committee from the client department, the reasons for the weaknesses identified in this area are primarily in relation to reduced staff resources. As noted in previous annual reports, continuity and maintenance of core grip with changing, and more often diminishing, resources was a recognised clear challenge across the Council and this continues to be the case.
- 8.12 Despite this, as stated previously it should be noted that of the 14 fundamental system audits, 10 have a high assurance level and three have a substantial assurance level. In addition, the results of the work undertaken in 2021/22 shows that as at the 31<sup>st</sup> March 2022, 95% of all of the audits completed in year have either a high or substantial assurance level. This provides reasonable assurance that across the Council the systems of internal control are operating effectively.
- 8.13 The Internal Audit Team has continued to operate in a very challenging environment throughout 2021/22. As a result of continued challenges also being faced by client departments caused by the ongoing pandemic, a small number of audits on the 2021/22 audit plan had to be deferred to 2022/23. However, we have successfully completed a significant number of audit activities on the 2021/22 plan with 94 audit activities (72%) issued as final or completed and 2 audits (2%) issued as draft, with an additional 11 audits (8%) in progress at year end. As a result, 82% of the audit activities on the 2021/22 audit plan had either been completed or were in progress at year end. This is a positive result given the circumstances faced by the Team. It is also pleasing to note the overall positive outcomes of the work that has been completed in year as highlighted above.
- 8.14 A review was also undertaken in March 2022 to establish whether those charged with governance within the Council had undertaken a detailed review of their financial management arrangements. The review was undertaken to determine whether the standards, as defined by the Financial Management Code (FM Code) introduced by the Chartered Institute of Public Finance & Accountancy (CIPFA) were being met. The FM Code is designed to support good practice in financial management and assist Local Authorities in demonstrating their financial sustainability. The FM Code is based on a series of principles supported by specific standards. The requirement to be fully compliant with the FM Code came into effect from the 1 April 2021.

- 8.15 Our review confirmed that the Director of Finance & Section 151 Officer had completed a number of self-assessment exercises to benchmark Swansea Council's processes and practices against the FM Code Standards using a RAG Rating approach throughout 2021/22 which have been presented to Corporate Management Team. The RAG rating approach evaluated the Council's level of compliance with each element of the Financial Management Standards as follows:  
Rag Rating:
- Green - Compliance is being demonstrated.
  - Amber - Minor to moderate improvements are required to demonstrate full compliance.
  - Red - Moderate to significant improvements are required to demonstrate full compliance.
- 8.16 The latest high-level self-assessment review completed in February 2022 concluded that of the 17 Standards, the Council could demonstrate full compliance with 13 standards (assessed as green) with minor to moderate improvements required to demonstrate full compliance with the remaining 4 standards (assessed as amber).
- 8.17 Changes that have been made throughout the year in order to improve the level of compliance with the Standards have been clearly documented as part of the self-assessment process. In addition, the self-assessment includes a comprehensive list of evidence to substantiate and support the Director of Finance & Section 151 Officer's assessment of compliance.
- 8.18 To conclude, the self-assessment review completed by the Director of Finance & Section 151 Officer demonstrates that the Council is broadly compliant with the FM Code, with only minor to moderate improvements being required to demonstrate full compliance with 4 of the 17 Standards.
- 8.19 Throughout the year, a significant amount of effort has continued to be directed at further strengthening the systems of risk management across the Council. The Governance and Audit Committee has received regular update reports from the Strategic Delivery and Performance Manager outlining the status of key risks from the Corporate Risk Register. The Corporate Management Team and Risk Owners have also reviewed the risk register entries regularly throughout the year to ensure the register is up to date. The new Risk Management System has also been further embedded in the year which has improved the monitoring and control of risks.
- 8.20 As per the Terms of Reference, the Governance and Audit Committee must be satisfied that they have sufficient information in order to gain assurance over the risk management controls across the Council. Prior to the introduction of the new Risk Management System, the Committee highlighted concerns over the amount of information that was available to Members to allow them to discharge this responsibility. These concerns were also echoed by the Council's External Auditors. The introduction of the new Risk Management System has facilitated greater scrutiny of the risk management

arrangements in place by the Governance and Audit Committee and detailed reports from the new system have been presented to the Committee throughout the year.

- 8.21 A number of concerns were raised previously by both the Chief Auditor and the Governance and Audit Committee in relation to the documentation of the mitigating control measures recorded in the Risk Register for a number of Corporate Risks.
- 8.22 As part of the migration from the old Risk Registers to the new Risk Management System, Risk Owners were asked to review and update the risks and associated mitigating controls under their management. Following a review of the mitigating controls in 2020/21, it was noted that in some instances the control measures documented on the new system could not be considered to be 'control measures' as such. As a result, it was not possible to place reliance on the documented mitigating controls for some of the corporate risks on the Risk Management System. This is not to say that mitigating controls were not in place, but the way they had been documented meant that we were unable to place reliance on some of the 'controls' as they were recorded. As a result, last year's Annual Governance Statement and Chief Internal Auditor's Opinion noted that this area required attention and improvement in 2021/22.
- 8.23 It is pleasing to note that a significant amount of work has taken place throughout 2021/22 in order to ensure that the corporate risks remain relevant and up to date. In addition, as evidenced by the most recent Risk Update Report from the Strategic Delivery & Performance Manager, the quality of the documentation of the associated control measures has greatly improved.
- 8.24 The Covid-19 Pandemic has continued to have a significant impact on the Council and most 'business as usual' operations. The meetings of the Governance Group, tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective, resumed in 2021/22 in the lead up to the year end and in preparation for the production of the Annual Governance Statement.
- 8.25 In response to the unexpected and unpredictable impact of the pandemic, a number of emergency protocols were introduced in 2020/21 to ensure governance and overall corporate grip remained strong and effective during such unprecedented times. This included the formation of an Executive Control Group (ECG) in early March 2020.
- 8.26 Those attending the ECG included the Leader, Deputy Leaders, Chief Executive, S151 Officer, Monitoring Officer, Director of Place, Head of Communications & Marketing, Corporate Health Safety & Wellbeing Manager and Temporary CCoS/NPT/SBUHB Liaison Officer. We were advised that attendance at meetings varied due to the fluid situation facing the Council and due to daily meetings taking place, including on weekends. The Sit Rep group was a wider group of members and senior officers.

- 8.27 The ECG ceased to be a decision-making forum when Cabinet and Council meetings resumed in June 2020, but it continued to exist as a forum for information and communication throughout 2021/22.
- 8.28 The work undertaken by the Internal Audit Team in the year did not uncover any significant concerns in relation to governance and overall management control across the areas of the council that were subject to internal audit review. Despite the ongoing period of upheaval and change, Officers have continued to adapt speedily and effectively to the emergency response to the pandemic with no obvious signs of deterioration in control or corporate grip across the areas subject to audit in the period.
- 8.29 In conclusion, Statutory Governance Chief Officers and CMT have succeeded in continuing to maintain appropriate corporate grip and have ensured adequate recording and reporting mechanisms have been maintained throughout the crisis.
- 8.30 At the time of writing this opinion, it is unclear as to the scale of additional spending, including rapidly rising inflation, or ongoing losses of income that the Council faces in dealing with the pandemic both locally, with partners, and supporting the national strategic response to the residual immediate public health crisis and now rapidly growing economic and wider health effects of Covid-19 and the ongoing crisis in Ukraine going into 2022/23. The Director of Finance & Section 151 Officer has advised that his view is that there is adequate assurance of sufficient and necessary recovery and reimbursement in relation to 2021/22 already in place, pending the formal final outturn and statement of accounts certification. However, it should be noted that there are currently no meaningful sums announced available to bid against nationally for 2022/23 by UK or Welsh Governments. In March 2022, the Leader of the Council set out the Council's intention to expand the locally funded Covid-19 Economic Recovery Fund with the target sum of a further £20m-25m. This in part may mitigate the known certainty of significantly reduced Government funding cash increases in future years. This may also assist with dealing with some, but not all, of the immediate inflationary effects, which means future real terms reductions look inevitable. However, this is pending formal certification of the final outturn and statement of accounts by the Section 151 Officer and Council.
- 8.31 Given the audit plan completion rates noted previously, and the fact that Internal Audit has completed all of the planned fundamental audits and the majority of the cross cutting audits by year end, the Chief Auditor feels that no impairment to the Chief Auditor's opinion on internal control is required. Assurance can be provided across a range of Council services as a result of the audits completed and other assurance work undertaken in the year.
- 8.32 In addition, for the reasons set out previously, the Chief Auditor is of the opinion that governance arrangements across the Council have proven to continue to be robust and resilient throughout the continuing period of

challenge and change that the Council has faced over the past year. It should also be noted that the Senior Management Assurance Statements have been enhanced during the year to incorporate the new provisions of Part 6 of the Local Government and Elections (Wales) Act in relation to performance self-assessment. The Council has continued to adapt speedily and effectively to the challenges brought about as a result of the pandemic, with core services continuing to operate effectively throughout.

- 8.33 Given the previous points made in relation to internal control, governance and risk management the Chief Auditor is of the opinion that there is no need to issue any limitation of scope on the aspects of governance and internal control. In addition, as a result of a significant amount of work undertaken in year to further enhance and embed risk management controls across the Council, and to strengthen the documentation of risks and control measures on the Corporate Risk Register, the Chief Auditor believes that there is no longer a need to declare a limitation of scope in relation to risk management. However, improvements should continue to be made in this area throughout 2022/23 to further embed and strengthen the Council's risk management controls across all of the Directorate and Service Level Risk Registers.
- 8.34 The Governance and Audit Committee and the Chief Auditor have also raised concerns throughout the year around the absence of a Workforce Strategy. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy has been developed for the financial year April 2022/23, with the Strategy due to be launched in March 2022. It should also be noted that Internal Audit were unable to complete the audit of the 'Transformation' element of the Achieving Better Together programme that had been planned for completion in 2021/22. As a result, these areas will be reviewed as part of the 2022/23 work programme.

8.35

**Chief Auditors Opinion for 2021/22**

***Based on the programme of audit work undertaken in 2021/22, the Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control is effective with no significant weaknesses identified in 2021/22 which would have a material impact on the Council's financial affairs or the achievement of its objectives.***

**9. The Governance & Audit Committee**

- 9.1 The Council has continued to face significant challenges during 2021/22 with the ongoing impact of the COVID virus. Once again the Chair pays tribute to all staff and officers of the Council in dealing admirably with the challenges brought about by the COVID pandemic. Throughout this year

officers of the Council as well as the Council Partners' were fully committed to meeting their responsibilities. The Chair also acknowledges that the Council continued its efforts to maintain continuity of governance.

- 9.2 Noted below is an overview of the Governance & Audit Committee's work in the municipal year 2021/22. On 9th June 2021 the Governance & Audit Committee considered the election of Chair for 2021/22 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the meeting on 13th July 2021 Councillor P R Hood-Williams was elected Vice-Chair for the 2021/22 Municipal Year. In addition, at the September 2021 meeting the Committee considered the requirements of the Local Government and Election (Wales) Act that states that the Governance & Audit Committee shall consist of one third Lay Members. The Committee was asked to consider its new size and implication that one third would be Lay Members. The recommendation made by Members to the full Council was to opt for 15 members consisting of 10 Councillors and 5 Lay Members. The Council approved this and in March 2022 progress was made in recruiting for three Lay Members.
- 9.3 As a result of the Act the Governance & Audit Committee Terms of Reference was amended to reflect the new membership plus the additional roles of the Committee. The new Act requires careful coordination between the Governance & Audit Committee and the Scrutiny Committee as both embark on the new co-ordinated responsibilities. It is a benefit at this time that the Scrutiny Committee Chair is also a Member of the Governance & Audit Committee. The Chair has also ensured that the Work Programme of the Scrutiny Committee is appended to every meeting of the Governance & Audit Committee. With regard to the Governance & Audit Committee's responsibility to review the annual Self-Assessment Report and also the Panel Performance Assessment Report the Chair has liaised with the Chair of Performance Committee who has agreed to attend the Governance & Audit Committee when these reports are presented.
- 9.4 The Committee's terms of reference forms part of each Agenda as an aide to ensure that Members are sighted of the Committee's effectiveness in satisfying it's role. The Chair has continually reviewed Committee Agenda's in consultation with Democratic Services to ensure they meet the requirements of the Terms of Reference. In addition, the Chair has liaised with the Deputy Chief Executive to establish a formal Training Programme for Members to include the new areas of responsibility plus a clear understanding of the roles of Scrutiny Committees that also consider these subject matters.
- 9.5 The Chair also notes that Part 5 of the Local Government and Elections (Wales) Act 2021 provided for the establishment through regulations of Corporate Joint Committees (CJC). This resulted in the establishment of the South West Wales Corporate Joint Committee. At the September 2021 Governance & Audit Committee further insight was given to Members as to the current status and progress of the CJC and then in December 2021 the



Governance & Audit Committee were informed of progress and next steps being taken in establishing a formal governance framework. The status and progress of the work of the CJC will be brought back to the Governance & Audit Committee during the early part of 2022 where consideration will be given to any further changes to Terms of Reference of the Governance & Audit Committee.

- 9.6 The Chair would highlight that changes were taking place with the Management Structure in February 2021 and these changes remained under consideration and consultation during 2021/22. The Governance & Audit Committee have continued to express concern around the absence of the Workforce Strategy and the challenges placed on resource throughout 2021/22. In February 2022 the Strategic HR&OD Manager confirmed that a proposed Workforce Strategy has been developed for the financial year April 2022-2025. It was also confirmed that the Strategy took into consideration the Council's Corporate Plan "Delivery a Successful and Sustainable Swansea" as well as the provisions of the Well-Being of Future Generations (Wales) Act 2015. Subject to any final changes the Strategy was to be launched in March 2022.
- 9.7 The Chair also highlights that the Committee has previously reported on the shortfall in assurances being received around the Council's Risk Management arrangements. However, the Chair has ensured that the Service Directors have attended the Governance & Audit Committee during the year to provide assurance to the Committee that individual functions are exercised effectively, there is economic, efficient and effective use of resources and effective governance.
- 9.8 The development and roll out of the new electronic risk management system continued into early 2021 and the Chair would note that improvement had been made in the reporting format of the Risk Register. However, during the majority of 2021 the content of the Risk report still required improvement. A Risk Report was presented to the Committee in September 2021, November 2021 and February 2022. The Chair also notes that additional Training had been undertaken along with Video Training access and towards the end of 2021/22 some improvement was recognised in the February 2022 report.
- 9.9 The new Act has placed responsibility on the Governance & Audit Committee to review the Council's draft response to the Panel Performance Assessment report, any Audit Wales recommendations arising from Council's performance as well as the Council's draft annual Self-Assessment report. The Governance & Audit Committee Work Programme has been updated to reflect the presentation of these reports in 2022.
- 9.10 The Annual Complaints report was presented to the Governance & Audit Committee in December 2021. The Committee welcomed the report but noted that it was important not to overlap the work of Scrutiny Committee.

The Chair of Scrutiny Committee confirmed that the Complaints report was due to be considered by Scrutiny in March 2022.

- 9.11 The Committee has reviewed the work programme at each meeting, taking account of risk and priorities and in particular pandemic issues and Internal Audit Moderate Assurance reports issued.
- 9.12 The Chair attended a further meeting of the All Wales Audit Committee Chairs network in September 2021 where there was opportunity to network, share ideas and problem solve with peers performing similar roles. The event was dedicated to understanding Governance and Audit Committee 'performance' responsibilities resulting from the Local Governments Elections (Wales) Act 2021, to support us to discharge our new responsibilities effectively. Presentations were given by the Welsh Local Government Association and also the Public Service Ombudsman for Wales. An interactive section was also facilitated by Audit Wales to consolidate some of the learning from the Act.
- 9.13 The Governance & Audit Committee terms of reference states that the Committee “oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 9.14 The Committee received the 2021/22 Internal Audit Plan and Charter on 20th April 2021 and has received reports regularly during the year from the Chief Internal Auditor. The Chair has expressed her gratitude to the Chief Auditor in progressing with the plan alongside the pressures of the pandemic and also for responding to a request to enhance the detail in the reports to provide further understanding of the work undertaken and the risks identified. During 2021/22 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending Governance & Audit Committee to give assurance that appropriate action was being taken where significant weaknesses in control were identified. During the year the Chief Internal Auditor updated the Governance & Audit Committee of those audit assignments that had to be deferred as a result of the pandemic impacts. The final Chief Internal Auditor opinion is due to be presented to the Governance & Audit Committee in May 2022.
- 9.15 In March 2021 the Chief Internal Auditor presented the Draft Internal Audit Plan for 2021/22 and methodology applied. The Chair commented that the Committee was able to support approval of the Plan to Council with the caveat that assurances had been obtained from the Chief Internal Auditor that the Plan was risk based and complied with the Public Sector Internal Audit Standards. The Committee would seek to gain further understanding of the scope of the reviews during 2021/22.
- 9.16 Audit Wales presented their 2021 Audit Plan to the Governance & Audit Committee on 20th April 2021, and has provided the Committee with regular updates to their work. The most recent update to Quarter 31

December 2021 presented on 8th March 2022. In 2017/18 and continuing to date the Chair suggested that consideration be given to developing a tracker to give focus to improved completion of external audit recommendations. This work is yet to be completed but the Chair acknowledges the attempts being made to develop an electronic system to track action against recommendations but in the interim the Scrutiny Committee has the opportunity to challenge non implementation of recommendations as well as the Governance & Audit Committee.

- 9.17 The Chair has met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and Audit Wales. When necessary during the year the Chair has been in communication with the Chief Executive.
- 9.18 On 20th April 2021 the Committee received the 2021/22 Fraud Function Annual Plan. The 2020/21 Anti-Fraud Annual Report was received at the meeting in July 2021.
- 9.19 An additional report was presented to provide the Governance & Audit Committee with an update against progress being made against recommendations in the Audit Wales report Raising our Game - Tackling Fraud in Wales in March 2021 with an update on progress in November 2021. The Committee noted that some further work was required to address all those recommendations.
- 9.20 Cllr Lesley Walton is the Governance & Audit Committee Representative on the Council's Governance Group. The Governance Group was established to review the production of the AGS during the year. The Group met in March 2022 to discuss the draft AGS for 2021/22.
- 9.21 The Chair attended the Scrutiny Panel Conference 12th October 2021. The Governance & Audit Committee also received the Scrutiny Committee's Annual Report and Work Programme.
- 9.22 Looking ahead to 2022/23 the Governance & Audit Committee's membership and responsibilities will need to have careful consideration and support. The Deputy Chief Executive has confirmed that following the May 2022 local elections it will be his intention to enact the Training Programme to support the work of the Committee in all new areas of responsibility. Also, this programme will reflect the needs of all new Councillor and Lay Members.
- 9.23 The Committee's concerns expressed during the 2021/22 Municipal year will be appropriately reflected in the Annual Governance Statement and will include the absence of the Workforce Strategy, the further improvements to embedding the risk management arrangements and enhanced reporting and the Moderate or Limited Assurance Internal Audit reports where audit recommendations remain outstanding.

## **EXTERNAL SOURCES OF ASSURANCE**

### **10. External Auditors**

- 10.1 In response to the COVID-19 pandemic, Audit Wales changed the approach and focus of their performance audit work in local government and other bodies. Audit Wales undertook a project to support public sector efforts by sharing learning through the pandemic. The project aims to help prompt some thinking, and practise exchange. During 2020-21, Audit Wales reviewed the arrangements that each council in Wales was putting in place to support recovery planning. Audit Wales undertook this work on an ongoing basis, providing real-time and ongoing feedback where appropriate.
- 10.2 Audit Wales' Annual Audit Summary 2020 noted that during 2020-21, Audit Wales examined the financial sustainability of each council in Wales. Audit Wales concluded that the Council is well placed to maintain its financial sustainability and plans to strengthen some aspects of its financial management. Audit Wales were satisfied the Council had met its legal duties for improvement planning and reporting and is likely to meet the requirements of the Local Government Measure (2009) concerning continuous improvement.
- 10.3 Audit Wales on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2020/21** to Governance & Audit Committee on 24/08/21 and to Council on 02/09/20. The report highlighted any significant issues to those charged with governance that needed to be considered prior to the approval of the financial statements. The Auditor General issued a qualified audit report on narrow but material technical matters for the financial statements; the Director of Finance has already started looking to address this issue working alongside Audit Wales. The report concluded that the financial statements for the City & County of Swansea and the City and County of Swansea Pension Fund, (which was presented separately to the Pension Fund Committee on the 17/11/21), gave a true and fair view of the financial position of the Council and had been properly prepared.

### **11. Statutory external inspections/regulators**

- 11.1 CiW carried out an Assurance visit in June 2021. Estyn recently provided feedback to the Council, and more recently a Risk Assessment Workshop was delivered by CiW, Estyn and Audit Wales to CMT and Leadership Team.
- 11.2 Both CiW and Estyn recently provided feedback to the Council on 23<sup>rd</sup> February 2022 at an Assurance and Risk Assessment Workshop delivered alongside Audit Wales to CMT and Leadership Team.
- 11.3 Estyn noted in general, most inspection outcomes have been strong in both primary and secondary schools. The Council's Education directorate responded well to the challenges during the COVID-19 pandemic and supported schools and PRUs effectively. Officers consider the current issues

in education appropriately, including the new curriculum and ALN reform, and identify current needs well, such as the recent upward trend in exclusion rates. The Director of Education has developed a good understanding of the needs of the local Authority and schools and know schools well; an experienced Council member is appointed as portfolio holder. Good support to schools is provided in follow-up.

- 11.4 The Council has undertaken a review of its ALN provision – but it is too soon to measure the impact of this on implementation of ALNET Act and provision in schools and PRUs. There has been a 2<sup>nd</sup> tier structure review underway with three Head of service posts and the Council is now in a new regional partnership with two other local authorities. School reserves continue to be high especially in secondary schools. The needs of learners met by the 10 year Welsh in Education Strategic Plan will need to be kept under review.
- 11.5 CiW sought Authority-wide assurance review on how well local authority social services continue to help and support adults and children with a focus on safety and well-being. Also feedback was structured around their key lines of enquiry - the four principles of the Social Services and Wellbeing (Wales) Act 2014: People - Voice and Control, Prevention, Well-Being, Partnerships and Integration. In their letter CiW notes that at the beginning of the pandemic, Swansea Council was able to build on its established agile working systems, developing proactive regional approaches to support front-line services and recovery planning, with specific examples in Adults and Child and Family Services. More specific feedback and areas of improvement were noted in the four key areas:
- **People - voice and control** – whilst there are good examples of practice to build on in Swansea, people's and child's voices need to be strengthened in assessments and care planning, and to follow up on improving the carers experience in accessing support.
  - **Prevention-** Swansea Council's approach to prevention is co-developed and delivered by a wide range of partners, including third-sector organisations within multi-agency hubs through Tackling Poverty initiatives, Discharge to Assess/Re-able, and Local Area Coordination. Delays and waiting times in some areas such as availability of domiciliary care and common access point lessened the impact of early intervention and support to parents and carers. Swansea Council is actively exploring means of incorporating best practice into longer-term service provision
  - **Partnerships and Integration** – CiW commented that partnerships had been strengthened within Swansea Council during the pandemic, for example working more closely with education in relation to vulnerable children, and on how flexibility shown with providers and in adapting services helped meet demand. Although there has been positive impact on reducing the number of children looked after. Locally and nationally, a lack of specialist placements for those with more complex needs was commented on. They also noted how good working relationships between professional are helping to produce better outcomes, though closer partnership working with police and health

services could be achieved and that more resource at a strategic level may be needed to drive change.

- **Well-being-** whilst staff felt appropriately supported throughout the pandemic staff, they have continued to work under significant pressure in a number of teams, and with the added challenges in recruitment and retention to key posts. CiW were positive about the initial changes in adult safeguarding, with the new team demonstrating a good analysis of risk, balancing between risk management and individual well-being. CiW are keen to follow these changes in safeguarding adults, and in applying quality assurance frameworks in services to adults, children and families, once they are fully embedded.

## **CORE EVIDENCE**

### **12. Council & Cabinet**

- 12.1 The following provide assurance based on reports covering 2021/22. In some instances reports from 2020/21 are reflected in the Annual Governance Statement as the reports for 2021/22 are not yet available.
- 12.2 Council adopted a revised Corporate Plan 2017/22 *Delivering a Successful and Sustainable Swansea* on 25 October 2018. The Corporate Plan for 2017/22 was refreshed and approved at Cabinet on 19<sup>th</sup> March 2019 and was refreshed again and approved by Cabinet on 19<sup>th</sup> March 2020. The five year Corporate Plan was rolled forward into 2021/22 and will be refreshed and rolled forward for a further year into 2022/23 until after the local government elections when a five year plan will be produced. The Corporate Plan sets out the Council's values and principles underpinning the delivery of the objectives and sets out how the Council will monitor progress through quarterly and annual performance monitoring reports.
- 12.3 Performance on delivery of the Council's Well-being Objectives is monitored quarterly by Cabinet. The reports contain outturn compliance with performance indicators and an overview of performance for each Objective provided by Directors/Heads of Service. The End of Year Performance Monitoring Report for 2020/21 was presented to Cabinet on 15<sup>th</sup> July 2021. The report showed that 35 out of 59 (59%) of comparable indicators showed improvement or stayed the same compared to the previous year. Continued disruption from COVID-19 meant that performance targets were not set during 2021/22 and any comparisons to previous performance were appropriately contextualized.
- 12.4 The Annual Review of Performance 2020/21 was approved by Cabinet on 21<sup>st</sup> October 2021. The report showed the results of each performance measure for the 6 Objectives set out in the Corporate Plan 2017/22. The results showed that overall the Council has made significant progress undertaking the steps to meet its Well-being Objectives but that there were areas for development and lessons learnt.

- 12.5 The Corporate Complaints Policies were reviewed to ensure they were in line with the Public Services Ombudsman (Wales) Act 2019 and the Welsh Language Standards. The Annual Complaints Report 2020/21 was presented to the Scrutiny programme Committee on the 15<sup>th</sup> March 2022. In addition, the Ombudsman's annual report was presented to Cabinet in November 2021. The Annual Complaints Report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. 73 complaints were made to the Ombudsman including corporate complaints and Social Services (there were 92 cases received in 2019-20). 67 of which were closed within the year, and nine of which received intervention (early resolution / voluntary settlement (5) or were upheld (4)). PSOW complaints reduced compared with the 92 closed in 2019-20. There was an assurance that there were no s16 Public Interest reports during the year.
- 12.6 The Governance & Audit Committee Annual Report 2020/21 was presented to Council on 7<sup>th</sup> July 2021 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the course of 2020/21. In particular, the report highlighted the work that had been undertaken throughout the year in line with the Committee's terms of reference.
- 12.7 The Equality Review Report 2020/21 was reported to Cabinet on 16<sup>th</sup> September 2021, which highlighted progress against the Council's Equality Objectives. The report highlighted work linked to the core principles i.e. co-production, engagement and embedding of children's rights.
- 12.8 The Welsh Language Annual Report 2020/21 reflected progress and compliance on the 163 Welsh Language Standards across five categories with which the Council has to comply. The report contained an overview of activity and how the Council internally promotes the Welsh Language Standards with tools and information. The report concluded that good progress continued to be made on implementing the Welsh language standards during 2020/21 and highlighted some areas to support ongoing development and improvement.
- 12.9 There were a number of key reports presented to Cabinet/Council during 2021/22 including reports relating to the Swansea Bay City Deal, regeneration and capital works and a number of Cabinet reports in response to the COVID-19 pandemic. On 15<sup>th</sup> October 2020 Cabinet approved the new Swansea - *Achieving Better Together "From Recovery to Transformation"* Transformation Strategy and Programme Framework. In January 2022 an update report reflected the progress and changes to the programme since the framework was adopted as well as identifying the ongoing flexibility required to respond to the ongoing and emerging challenges and changes to the Council, its services and its workforce.
- 12.10 The Report showed that Council has not only **maintained services throughout the pandemic** but is well underway on its journey to refocus the Council. Projects, plans and strategies have been re-introduced when safe to

do so, ensuring that Swansea did not fall behind in its ambitions to make Swansea better.

- 12.11 An internal Audit examination has been undertaken and the outcome was “high” level of assurance with no recommendations. This indicates that ‘there is a sound system of internal control designed to achieve the programme objectives and the controls are being consistently applied.
- 12.12 The strategic governance of the *Achieving Better Together* is undertaken by the Recovery, Reshaping & Budget Strategy Board and the operational and Delivery of the workstreams is overseen by the Organisational Cross Cutting & Transformation Steering Group. Reports are considered by Cabinet, Scrutiny and Governance and Audit Committee.

### **13. Committees**

- 13.1 The Council’s Scrutiny function is carried out by a **Scrutiny Programme Committee**, which delivers an agreed programme of work through Committee meetings and through **Scrutiny Panels and Working Groups** established by the Committee. Through this range of activities, scrutiny councillors make sure the work of the Council is accountable and transparent, effective and efficient, and help the Council to achieve its objectives and drive improvement, by questioning and providing challenge to decision-makers on issues of concern. This covers a wide range of policies, services and performance issues. The Committee is a group of 13 cross-party councillors who organise and manage what Scrutiny will look at each year, and develop a single work programme showing the various activities that will be carried out. The Committee has questioned Cabinet Members on specific portfolio responsibilities and is the statutory Committee for Scrutiny of Swansea Public Services Board and Crime & Disorder Scrutiny. It also co-ordinates pre-decision scrutiny enabling consideration of specific Cabinet reports and views being brought to the attention of Cabinet ahead of decision-making.
- 13.2 Over the last year the work of Scrutiny has included an in-depth scrutiny inquiry looking at Council Procurement processes and practice, focusing on what the Council is doing to ensure it procures locally, ethically, and greenly while being cost effective and transparent in its practices. Also, the Equalities Inquiry Panel reconvened to follow up actions agreed by Cabinet in 2019. In order to ensure ongoing monitoring and challenge to key service areas there have been regular meetings of Scrutiny Performance Panels, looking at Education, Adult Services, Child & Family Services, Development & Regeneration, Natural Environment, as well as one looking at overall Service Improvement & Finance focusing on corporate performance and financial monitoring and budget scrutiny. One-off Scrutiny Working Groups met to consider the following topics: Workforce, Digital Inclusion and Bus Services. There has also been collaborative scrutiny with other Local Authorities for topics / issues of shared interest or concern, and models of regional working. Scrutiny activity has continued to be flexible and responsive to organisational pressures following the COVID-19 pandemic, which has affected the delivery



of some planned activities. There are also clear processes in place for members of the public to raise issues for scrutiny, or ask questions and contribute views on matters being discussed. A number of public requests were considered over the past year.

- 13.3 Views and recommendations from scrutiny activities are communicated either by reports to Cabinet or letters sent directly to individual Cabinet Members, with responses provided as requested and followed up. The practice of writing 'chair's letters' is well-established way of communicating quickly with Cabinet Members, and letter and responses are monitored to ensure scrutiny is getting a timely response.
- 13.4 The **Scrutiny Annual Report 2020/21** was presented to Council on 2<sup>nd</sup> September 2021. The report highlighted the work carried out by Scrutiny during that year, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. As a consequence of the pandemic the 2020/21 Council year was a shorter one than usual and accordingly reflects on a less than typical amount of scrutiny that was carried out then. Nevertheless, the report continues to shows a high level of councillor commitment to scrutiny. It shows action taken to improve the scrutiny process and its effectiveness, and further efforts to support councillors, take practice forward and improve the quality of scrutiny.
- 13.5 Although Scrutiny and Audit have distinctive roles, there are common aims in terms of good governance, improvement in performance and culture, and financial management, and so a regular conversation is held which helps to ensure we are working together effectively. The Chair of the Scrutiny Programme Committee addressed the Governance & Audit Committee on this in October 2021 and the Committee also heard from the Chair of the Governance & Audit Committee, at the Scrutiny Programme Committee that month. This has made sure there is good awareness of each other's work, avoiding duplication and gaps in work programmes, and the ability to refer issues between Committees. It was highlighted that some of the areas that will benefit from co-ordination between Committees include the new responsibilities arising from the Local Government and Elections (Wales) Act 2021 around Council performance, and around the systematic reporting of external audit reports, and respective role in considering and monitoring these.
- 13.6 The **Standards Committee** met on 4 occasions during 2021/22 and the **Standards Committee Annual Report 2020/21** was presented to Council on 2 December 2021. The Committee is chaired by an independent person and is responsible for monitoring the ethical standards of the authority and maintaining the highest standards of conduct by elected councillors. The Committee has been updated as to their new duties under the Local Government and Elections (Wales) Act 2021 and has been consulted on both the statutory guidance in relation to the new duty and has considered their new terms of reference which will go forward to Constitution Working Group and Council in due course. The Committee also had an opportunity to meet

with the Leader and all political group leaders during the year to discuss with them how they intend to discharge their new duties to ensure the highest ethical standards within their group from May 2022.

- 13.7 The **Governance & Audit Committee** met on 12 occasions during 2021/22 and followed a structured work-plan, which covered all areas of the Committee's responsibilities with the aim of obtaining assurance over the areas included in its terms of reference. The Committee includes two lay members, one of which is also the Chair of the Committee. The Committee receive all Audit Wales reports once reported to Scrutiny Programme Committee. The Committee may decide to track or prioritise specific proposals or recommendations in addition to the oversight provided by Scrutiny. This arrangement provides additional assurance that the Council responds and puts in place action plans to address any recommendations. The Committee also receives quarterly updates on the overall status of risk within the Council to give assurance that the risk management process is being followed.
- 13.8 During 2015/16, The Local Pension Board was established, in compliance with the Public Service Pensions Act 2013. The role of the Board is to assist the Council (and Pension Fund Committee) as Scheme Manager and Administering Authority to secure compliance with LGPS regulations and other legislation relating to the scheme. Terms of Reference for the Board were established and appropriate Board members were appointed. The Board successfully convened meetings under Covid regulations, virtually on 4 occasions during 2021/22, with the single cancelled meeting agenda being rolled forward and considered at the next convened meeting.
- 13.9 The **Pension Fund Committee** establishes and keeps under review policies to be applied by the Council in exercising its obligations duties and discretions as an administering Authority under the Local Government Pension Scheme (LGPS) Regulations. The Committee is Chaired by a Councillor and membership consists of six elected Members, including the Chair, and two lay members. The Committee met on 3 occasions during 2021/22, virtually, under Covid Regulations and dealt with all issues relating to the investment matters, governance and administration of the Pension Fund. The Chair of the Pension Fund Committee also represents the Council on the Joint Governance Committee (JGC) of the Wales Pension Partnership, a collaborative working arrangement between the 8 local government pension funds in Wales. The Chair also represents the WLGA (Welsh Local Government Association) on the Scheme Advisory Board (SAB) advising the HM Government (Ministry of Housing, Local Government, MHCLG) on matters relating to the LGPS.
- 13.10 The **Democratic Services Committee** reviews the adequacy of provision by the authority of staff, accommodation and other resources to discharge Democratic Services functions. The Committee is chaired by a Councillor and, along with the Chair, membership consists of thirteen Councillors. The Committee met on 5 occasions during 2021/22 and considered the Councillors Handbook, Councillors Questionnaire, Councillor Training & Induction Programme 2022, Democratic Services Annual Report, Interim

Guidance on Multi-Location Meetings, Diversity in Democracy Action Plan, Cllrs ICT Policy – May 2022 & Beyond, Multi-Location Meetings Policy, Councillors Safety & Support, and the Independent Remuneration Panel for Wales (IRPW Annual Report).

13.11 The purpose of the **Policy Development Committees (PDCs)** is to drive the development of policy for consideration and adoption by Cabinet and or Council as appropriate. Due to COVID-19, some of the Council meetings, including PDC meetings, were cancelled or re-arranged. However, the work now being done by the PDCs has become more embedded over 2021/22 in carrying out the Council’s function of developing policy. Both PDCs and Scrutiny are open to all non-executive Councillors, in developing policy then reviewing its effectiveness.

13.12 The PDCs are chaired by a Councillor and, along with the Chair, membership consists of ten elected Members. There were five Committees meeting in 2021/22: listed here with examples of both completed work and that in progress:

- **Economy, Environment & Infrastructure** – Swansea Bay City Deal Skills and Talent business case; Economic Recovery Plan. High Street Regeneration; Green Fleet Policy; Tree Policy; Siting of Bus Stops; Ultra Low Emission Vehicle Strategy.
- **Education & Skills** – Vocational Education; Data Trends on Vulnerable Learners; Adverse Childhood Experiences.
- **Recovery & Future Generations** – Supporting the overarching *Achieving Better Together* transformation work programme and COVID-19 Recovery; Workforce Strategy; Co-production; Sustainable Development.
- **People** – Young Carer’s Strategy; Volunteers Strategy; Employability; Children and Young People’s Rights Scheme.
- **Poverty Reduction** – Tackling Poverty Strategy revision; Promoting Affordable Credit Draft Policy; Benefits Take-up; Fairness in Green Health; Corporate Personal Debt Recovery.

### Significant Governance Issues

The following table identifies issues that had been identified in 2020/21 during the review of effectiveness, together with the proposed actions to be taken during 2021/22 to address the issues. **Note - the COVID-19 pandemic has had an impact on the timescales and actions included in the action plan below.**

Significant Governance Issue linked to Framework	Action to be taken	Update	Status
Budget pressures (including	Address continued material uncertainty as a	<ul style="list-style-type: none"> <li>• Budgets are monitored at a service level,</li> </ul>	<ul style="list-style-type: none"> <li>• Arrangements in place.</li> </ul>

<p>external and demand-led pressures and overspends) &amp; problems living within budgets.</p>	<p>result of Covid and other challenges and continue a deliberately blended approach to robust monitoring of budgets, savings and transformation activity and action consistent with other Councils and policy responses at Welsh Government, UK Government and report as such to Cabinet, Council, Governance &amp; Audit Committee and Scrutiny.</p>	<p>department level and corporate level. PFM meetings are held across the directorates to monitor budgets. In addition, the financial quarters are reviewed by CMT, Cabinet and Scrutiny committees and governance and assurance is also monitored via Governance &amp; Audit Committee.</p>	
	<p>Commence and oversee delivery of the Achieving Better Together Transformation Programme through the Strategic Recovery Board to ensure that the Council is sustainable and financially resilient in the longer term.</p>	<ul style="list-style-type: none"> <li>• The Achieving Better Together Steering Group and Board meet monthly and has overseen the development of the MTFP and savings plan. The Board has also monitored the in-year savings targets and ensured delivery of the targets through holding Directors to account.</li> <li>• The work streams also identify transformation and change programmes that are required to ensure services are fit-for-purpose and horizon scan to ensure that changes</li> </ul>	<ul style="list-style-type: none"> <li>• Arrangements in place.</li> </ul>

		are sustainable and value for money and meet future needs of the council and its residents.	
Lack of workforce capacity, capability and resilience and relying on staff goodwill.	Development of a Workforce Plan to support high performance and enable a skilled, flexible and engaged workforce as part of the Council's Achieving Better Together Transformation Plan.	<ul style="list-style-type: none"> <li>• The Workforce Strategy has been developed following thorough consultation with Members, Leadership teams, Trade Unions and employees. This has taken into account corporate and service level plans, council vision and key objectives.</li> <li>• The Strategy has been developed taking into consideration the requirements of the Well-being of Future Generations Act and the Council's Achieving Better Together Transformation Plan.</li> <li>• The Workforce Strategy has 4 Key Themes and 9 Key Strands. Underneath each Strand there are a series of agreed activities with key milestones and success criteria identified.</li> <li>• The agreed activities will be subject to regular</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption and implementation during 2022/23.</li> </ul>

## DRAFT Annual Governance Statement 2021/22

		<p>review. Additional funding has been sourced for 2022/23 to enable progression on key activities.</p>	
<p>Performance Reviews, i.e. appraisals system / induction training not fit for purpose.</p>	<p>Recommend appraisals and continue to develop a new appraisal solution to be delivered digitally through the new Oracle Cloud solution in November 2021.</p>	<ul style="list-style-type: none"> <li>• Oracle Cloud implementation now to be delivered by October 2022. This includes a “Goals and Performance” module that will inform a revised performance management approach in the Council, to incorporate the ability of continuous appraisals and/or more regular 121 discussions.</li> <li>• Appraisals have been carried out due to Covid through a streamlined model via 121’s or (where able) a normal appraisal scheme. Appraisals are now being fully reintroduced.</li> </ul>	<ul style="list-style-type: none"> <li>• Oracle Cloud implementation in 2022/23.</li> </ul>
	<p>Address Induction training of new staff as part of the review of the induction process and future policy reviews.</p>	<ul style="list-style-type: none"> <li>• Induction training is part of the activities identified in the Workforce Development Strand of the Workforce Strategy and an action plan has been developed within the strategy to ensure delivery.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation in 2022/23.</li> </ul>

<p>Embed the Future Generation Act principles into the Council's processes and decision making.</p>	<p>Provision of training/information on the requirements of the Future Generations Act.</p>	<ul style="list-style-type: none"> <li>• An Integrated Impact Assessment (IIA) has been developed and rolled-out to take account of the Well-being of Future Generations Act, as well as the Equalities Act, Socio-economic Duty and Welsh Language (Wales) Measure, in decision-making.</li> <li>• Training of decision makers including CMT, Leadership Team and Members has taken place on the socio-economic duty. The training programme for elected members after May has been updated to reflect the training requirements, along with the various committee who have been directly affected by the LG&amp;E Act such as Governance &amp; Audit Committee. Training on the Well-being of Future Generations Act is incorporated in the action plan to deliver the Workforce Strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Arrangements in place.</li> </ul>
<p>Patchy Partnership Governance, including application of</p>	<p>Develop a plan to establish CJs resulting from the Local Government and Elections (Wales) Act.</p>	<ul style="list-style-type: none"> <li>• CJC's have been established as a result of the LG&amp;E Act. A major review has been undertaken of the</li> </ul>	<ul style="list-style-type: none"> <li>• Arrangements in place.</li> </ul>

## DRAFT Annual Governance Statement 2021/22

risk management.		<p>regional school improvement delivery model through ERW and the new partnership model and footprint from September 2021 should continue to enhance transparency of funding and decision-making.</p> <ul style="list-style-type: none"> <li>• A partnership review document was presented to Governance &amp; Audit Committee showing the governance of the key strategic partnerships and gave assurance of the management of risk.</li> </ul>	
ICT Disaster recovery.	Resolve through the move to cloud services, particularly Oracle Cloud in November 2021.	<ul style="list-style-type: none"> <li>• Plans to improve DR, all of which are underway, include: <ul style="list-style-type: none"> <li>○ The move to Cloud;</li> <li>○ the new data centre infrastructure, which will have multiple lines and access to a generator if needed;</li> <li>○ Phase 2 of the data centre move will also include a secondary fall-over site.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Oracle Cloud implementation in 2022/23.</li> </ul>
Continue to improve risk management arrangements	Work with responsible officers to improve	<ul style="list-style-type: none"> <li>• Training specifically on improving Risk Control Measures took place at</li> </ul>	<ul style="list-style-type: none"> <li>• Arrangements in place.</li> </ul>



	<p>the quality of risk controls.</p>	<p>Leadership Team on 25 May 2021.</p> <ul style="list-style-type: none"> <li>• A video based on the workshop was uploaded, which is now directly accessible through the risk register along with all other videos provided on risk management and on using the risk register.</li> <li>• Responsible officers were signposted to the video and reminders to review and revise control measures in line with the training and video have also been issued each month since the workshop took place.</li> <li>• Control Measures and changes to Control Measures in the Corporate Risks were reviewed and feedback / advice on improving them was provided to responsible officers in Feb 2022.</li> </ul>	
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The following table identifies issues which have been identified during the review of effectiveness, and also highlights any other significant governance issues that need to be considered, together with the proposed actions to be taken during **2020/21** to address the issues. **At the time of writing the COVID-19 is in remission but there remains an ongoing risk for the foreseeable future that the timescales and actions in the table below could be impacted depending on the future severity and longevity of the pandemic.**

<b>Significant Governance Issue linked to Framework</b>	<b>Action to be taken</b>
Lack of workforce capacity, capability and resilience and relying on staff goodwill.	<ul style="list-style-type: none"> <li>• Approve the Workforce Strategy and action plan / targets by Sept 2022.</li> </ul>
Performance Reviews, i.e. appraisals system / induction training not fit for purpose.	<ul style="list-style-type: none"> <li>• Continue to develop a new appraisal solution to be delivered digitally through the new Oracle Cloud solution in October 2022.</li> <li>• Develop Corporate Induction training for delivery in 2022.</li> </ul>
ICT Disaster recovery.	<ul style="list-style-type: none"> <li>• Resolve through the move to cloud services, particularly Oracle Cloud in October 2022.</li> <li>• National performance issues with WCCIS being addressed nationally through a review of continued viability and a local / regional options appraisal being undertaken in partnership with Health.</li> </ul>
<b>New</b> - Procurement – Governance around Contracts.	<ul style="list-style-type: none"> <li>• Internal Audit to undertake a review in 2022 on the operation of contracts within CPR and the UK PCR.</li> <li>• Review how advice and support can be given and whether capacity can be increased to assist Schools to consider the full implications from decisions from entering into contract with third parties.</li> <li>• Review the process from sign-off to Contract issued to ensure any risk is removed.</li> <li>• Review Governance arrangements for involvement by commercial services.</li> </ul>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed ..... Chief Executive

Date .....

Signed..... Leader

Date .....

# Integrated Impact Assessment Screening Form – Appendix B

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

## Which service area and directorate are you from?

Service Area: SDU

Directorate: Corporate Services

### 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:

Annual Governance Statement 2021/22

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

## Integrated Impact Assessment Screening Form – Appendix B

- 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 Annual Governance Statement is incorporated within the Annual Statement of Accounts and is a description of the Council's Governance arrangements 'as is' at the time of writing and does not have a direct impact on the relevant groups considered within the IIA

- 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  N/a
- b) Does the initiative consider maximising contribution to each of the seven national well-being goals?  
Yes  No  N/a
- c) Does the initiative apply each of the five ways of working?  
Yes  No  N/a
- d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?  
Yes  No  N/a

- 
- 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

- 
- 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?

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

# Integrated Impact Assessment Screening Form – Appendix B

## Outcome of Screening

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

- Summary of impacts identified and mitigation needed (Q2)
- Summary of involvement (Q3)
- WFG considerations (Q4)
- Any risks identified (Q5)
- Cumulative impact (Q7)

The Annual Governance Statement is incorporated within the Annual Statement of Accounts and is a description of the Council's Governance arrangements 'as is' at the time of writing and does not have a direct impact on the relevant groups considered within the IIA

(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> R Rowlands
<b>Job title:</b> Strategic Delivery & Performance Manager
<b>Date:</b> 13/05/22
<b>Approval by Head of Service:</b>
<b>Name:</b> Lee Wenham
<b>Position:</b> Head of Communications & Marketing
<b>Date:</b> 17/05/22

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

# Agenda Item 9



## Report of the Head of Democratic Services

Governance & Audit Committee – 31 May 2022

### Election of Governance & Audit Committee Representative on the Governance Group

<b>Purpose:</b>	This report seeks to appoint a representative of the Governance & Audit Committee on the Governance Group.
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation:</b>	It is recommended that a representative of the Governance & Audit Committee is appointed onto the Governance Group.
<b>Report Author:</b>	Jeremy Parkhouse
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Background

- 1.1 At the Audit Committee meeting held on 16 September 2019, the Chief Legal Officer highlighted the requirement for a representative of the Committee to be appointed as a member of the Governance Group.
- 1.2 The Committee agreed to proceed and Councillor L V Walton was appointed as the Governance & Audit Committee representative on the Governance Group for 1 year only. Councillor Walton was subsequently appointed in January 2021, until the end of the previous Council term in May 2022. Appendix 1 provides the terms of reference of the Annual Governance Group.

#### 2. Appointment of Governance & Audit Committee Representative 2022-2023

- 2.1 The Committee is requested to appoint a representative on the Governance Group for one year only until May 2023.

### **3. Governance Group**

The Deputy Chief Executive is the lead on governance and assurance and is chair of the Governance Group. In addition, the Group comprises the Strategic Delivery & Performance Manager (who is responsible for the production of the Annual Governance Statement), the Section 151 Officer and the Monitoring Officer, together with a representative from the Governance & Audit Committee. The Chief Internal Auditor will be a co-opted for his experience and expertise but not to participate as a direct member of this group and only in an advisory capacity. In the event that the Group wish to co-opt additional members, it will be done by unanimous agreement.

### **4. Integrated Assessment Implications**

4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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 Acts.
- 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
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

4.1.1 The Well-being of Future Generations (Wales) Act 2015 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'.

4.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

4.2 There are no impact assessment implications associated with this report.

### **5. Financial Implications**

5.1 There are no financial implications associated with this report.



## **6. Legal Implications**

6.1 There are no legal implications associated with this report

**Background Papers:** None.

**Appendices:** Appendix 1 – Governance Group Terms of Reference.  
Appendix 2 – IIA Form

## **Governance Group – Terms of Reference**

With a view to improving both the Annual Governance Statement and monitoring governance arrangements within the City and County of Swansea, a Governance Group was formed in 2017. The Group comprises the S 151 Officer, the Monitoring Officer, and Corporate Performance Manager.

The remit and terms of reference of the Governance Group will include:

- Enhancing the Annual Governance Statement.
- Oversight of the Self-assessment and Management Assurance Statement process.
- Testing the robustness and detail of the Self-assessment and Management Assurance Statements.
- Challenging CMT assertions as to governance and assurance levels
- Ensuring that significant governance issues are both identified appropriately and addressed.
- Preparation of the Annual Governance Statement and collation of all appropriate evidence.

Role of the Governance & Audit Member:

The Governance & Audit Committee representative will be a full member of the Governance Group contributing to the remit and terms of reference as identified above. The member will have access to all documentation that is provided to the Governance Group including the Self-assessment and Management Assurance Statements. Such documentation to be provided on a confidential basis where appropriate. The Member will be invited to all meetings of the Group and is expected to contribute to discussions to ensure that the Annual Governance Statement reflects the governance position within the City and County of Swansea.

The representative will report back to the Governance & Audit Committee in order to provide the Committee with assurance on the work of the Governance Group as outlined within these terms of reference. However, the ultimate responsibility for the Annual Governance Statement rests with CMT.

## Integrated Impact Assessment Screening Form – Appendix 2

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

**Which service area and directorate are you from?**

**Service Area:** Legal, DS & BI

**Directorate:** Corporate Services

<b>Q1a</b>	<b>What are you screening for relevance?</b>
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- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service
- 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)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh

<b>Q1b</b>	<b>Please name and fully describe initiative here:</b>
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	Appointment of Governance & Audit Committee representative onto the Governance Group.
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<b>Q2</b>	<b>What is the potential impact on the following: the impacts below could be positive (+) or negative (-)?</b>
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	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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Future Generations (yet to be born)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Integrated Impact Assessment Screening Form – Appendix 2

<b>Q3</b>	<b>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.</b>
	If approved by Governance & Audit Committee, a representative will be elected to the Governance Group.

<b>Q4</b>	<b>Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:</b>		
		<b>Yes</b>	<b>No</b>
<b>4a)</b>	Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>4b)</b>	Does the initiative consider maximising contribution to each of the seven national well-being goals?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4c)</b>	Does the initiative apply each of the five ways of working?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>4d)</b>	Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<b>Q5</b>	<b>What is the potential risk of the initiative? (Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc.)</b>		
	<b>High Risk</b>	<b>Medium Risk</b>	<b>Low Risk</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<b>Q6</b>	<b>Will this initiative have an impact (however minor) on any other Council service?</b>		
	<b>Yes</b>	<b>No</b>	<b>If Yes, Please provide details below:</b>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

<b>Q7</b>	<b>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?</b> <i>(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact / poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)</i>
	The report allows the Governance & Audit Committee to elect a representative to the Governance Group.

## Integrated Impact Assessment Screening Form – Appendix 2

### Outcome of Screening

<b>Q8</b>	<p><b>Please describe the outcome of your screening below:</b></p> <ul style="list-style-type: none"> <li><b>Summary of impacts identified and mitigation needed (Q2)</b></li> <li><b>Summary of involvement (Q3)</b></li> <li><b>WFG considerations (Q4)</b></li> <li><b>Any risks identified (Q5)</b></li> <li><b>Cumulative impact (Q7)</b></li> </ul> <p>(NB: This summary paragraph should be used in the relevant section of corporate report)</p>
	The report allows the Governance & Audit Committee to elect a representative to the Governance Group.

<input type="checkbox"/>	<b>Full IIA to be completed.</b>
--------------------------	----------------------------------

<input checked="" type="checkbox"/>	<b>Do not complete IIA – please ensure you have provided the relevant information above to support this outcome.</b>
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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.

Screening completed by:	
<b>Name:</b>	<b>Jeremy Parkhouse</b>
<b>Job Title:</b>	<b>Democratic Services Officer</b>
<b>Date:</b>	<b>17 May 2022</b>

Approval by Head of Service:	
<b>Name:</b>	<b>Tracey Meredith</b>
<b>Position:</b>	<b>Chief Legal Officer</b>
<b>Date:</b>	<b>23/5/22</b>

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

# Agenda Item 10



## Report of the Head of Democratic Services

Governance & Audit Committee – 31 May 2022

### Governance & Audit Committee Action Tracker Report

<b>Purpose:</b>	This report details the actions recorded by the Governance & 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
<b>For Information</b>	

#### 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 2022/23 is attached at Appendix 1.
- 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. Integrated Assessment Implications

2.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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 Acts.
- 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
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

2.1.1 The Well-being of Future Generations (Wales) Act 2015 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'.

2.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

2.2 There are no 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:

<b>Appendix 1</b>	Governance & Audit Committee Action Tracker 2022/23 (Closed actions removed).
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### Governance & Audit Committee - Action Tracker 2021/2022

Date of Meeting	Minute Ref	Action	Nominated Officer(s)	Status
12/04/22	96	<b>Governance &amp; Audit Committee Action Tracker Report</b>		
		The Chair noted that the Workforce Strategy had been scheduled to be reported in February 2023 and requested it be reported earlier. The Deputy Chief Executive added that the Strategy would be shortly going through the formal approval process and the Committee would be updated following this.	Rachael Davies / Adrian Chard	<b>Ongoing</b> The workforce Strategy will be added to the July 2022 Agenda.
12/04/22	95	<b>Governance and Audit Committee Training Programme</b>		
		The Deputy Chief Executive establishes if the performance management and performance monitoring / reporting training can be moved to an earlier date in the Programme.	Adam Hill / Richard Rowlands	<b>Closed</b> Training moved to 26/07/22 training session.
12/04/22	93	<b>Audit Wales Report – City &amp; County of Swansea Annual Audit Summary 2021</b>		
		The Committee requested that an update be provided regarding the current position of discussions. He added that a joint Council & AW note would be circulated to the Committee regarding progress made.	Adam Hill / Ben Smith	<b>Ongoing</b> Historic debt delisting from stock exchange achieved in full during 21-22. Detailed work continued during 21-22 with AW locally re historic valuation of assets and reserve split. Whilst not yet formally signed off by AW technical team considered by S151 evidenced to be not material for 21-22 and thus should resolve immediate ongoing qualification issue. Work to be progressed on wider historical tracking back on both sides. Emerging audit issue across all Councils over historic infrastructure asset valuations which raise new qualification risk, but this is a sector wide not Swansea specific risk.
		The Chair also requested an update regarding progress in respect of the Deprivation of Liberty Safeguards (DoLS) review and requested that the Director of Social Services updates the Committee regarding progress when presenting his annual update on internal Social Services Department controls.	Dave Howes	<b>Ongoing</b> Director's report added to the Work Plan for November 2022.



12/04/22	91	<b>Internal Audit Strategy &amp; Annual Plan 2022/23</b>		
		A report on the Public Participation Strategy be added to the work plan for 2022/23.	Lee Wenham	<b>Ongoing</b> To be added to September 2022 agenda.
12/04/22	90	<b>Draft Internal Audit Charter 2022/23</b>		
		The Charter be updated to reflect the expanded role of Internal Audit with regards to partner organisations.	Simon Cockings	<b>Closed</b> The Charter for 22/23 was approved by the Committee in April 22. Updates will be reflected in the Charter for 2023/24.
08/03/22	87	<b>Governance &amp; Audit Committee Work Plan</b>		
		The Deputy Chief Executive added that the recent split of the former Resources Directorate into the Finance and Corporate Services Directorates meant that the updates on the control environment reports in respect of both departments would be provided during the next Municipal year.	Adam Hill / Richard Rowlands / Jeremy Parkhouse	<b>Ongoing</b> A new date is to be scheduled for the next Municipal Year.
08/03/22	84	<b>Absence Management Audit Report 20/21</b>		
		Ben Smith, Director of Finance advised that the Service Centre would be expected to continue providing sickness absence data to the Committee when timing and resourcing allowed.	Sian Williams / Adrian Chard	<b>Ongoing</b> Update to be provided in September 2022.
		The Chair noted that Internal Audit would be carrying out a follow-up audit in March and requested that evidence of before / after figures be examined to provide additional assurance	Simon Cockings	<b>Closed</b> Detail outlining the results of the follow up are included in the Q4 Monitoring Report due in June 2022.
		The Chief Auditor stated that the follow-up audit would involve the service area being checked and tested. He added that he was unsure whether Internal Audit would examine statistics and he would request they be tested if required.	Simon Cockings	<b>Complete</b> Detail outlining the results of the follow up are included in the Q4 Monitoring Report due in June 2022.
08/03/22	83	<b>Internal Audit Annual Plan Methodology</b>		
		The Chief Auditor stated that he would report the request to broaden the scope of the Assurance Map document to include 'business as usual' categories to CMT/Risk Owners for comment.	Simon Cockings	<b>Ongoing</b> Chief Auditor's update is awaited.
08/02/22	77	<b>Workforce Strategy</b>		
		The Chair welcomed the introduction of the Strategy and requested that an annual update be provided to the Committee.	Adrian Chard	<b>Closed</b> Duplicate with Minute Reference 96 – 12/04/22.
08/02/22	76	<b>Place: Internal Control Environment 2021/22</b>		
		The Chair referred to Key Performance Indicators (KPI's) and requested additional information be provided in future reports surrounding both positive and negative results, particularly regarding	Mark Wade	<b>Ongoing</b> Added to 2022/2023 Work Plan for February 2023.

		high levels of sickness in Waste, Parks and Cleansing. She requested that assurance be provided regarding high sickness levels and the use of agency staff as cover.		An additional dedicated Absence Management Resource is being trialled across the Place service areas. One of the early areas targeted was Waste, Parks and Cleansing where absence levels (excluding Covid) reduced from 5.65% to 5.51% over the four months of the trial. The additional resource has now been made permanent and is being rotated around the place service areas to ensure continued progress.
<b>08/02/22</b>	<b>75</b>	<b>Corporate Risk Overview – Quarter 3 2021/22</b>		
		The Chair requested that Internal Audit include the new Corporate Risk of WCCIS and the Availability of Domiciliary Care be investigated early in the 2022/23 Audit Plan.	Simon Cockings	<b>Ongoing</b> Non-residential care audit and WCCIS audit were already included on the draft 22/23 audit work plan and can be scheduled as soon as possible in 22/23 depending on client department availability/capacity.
<b>08/02/22</b>	<b>74</b>	<b>Internal Audit Recommendation Follow-Up Report - Quarter 3 2021/22</b>		
		The Chair highlighted that a suitable solution in respect of External Audit Recommendation Tracking should be found as soon as possible in order for the Council to have a far better control of the situation.	Adam Hill / Richard Rowlands	<b>Ongoing</b> A specification on a software performance solution, including the facility to track actions, has been developed and shared with Corporate procurement.
		The Chair added that the pressures across all areas be noted and the Committee needed to keep a watchful eye on the position of Accounts Receivable as it was likely to get worse not better. She added that a further update would be required.	Adam Hill	<b>Ongoing</b> Update scheduled for June 2022.
<b>12/01/22</b>	<b>67</b>	<b>Update Report South West Wales Corporate Joint Committee</b>		
		The Chair highlighted the need to closely monitor the progress of the CJC and requested that regular summary progress updates be provided to the Committee.	Martin Nicholls / Jeremy Parkhouse	<b>Ongoing</b> Future reports to be added to the Work Plan. Added to 2022-2023 Work Plan for June 2022.
<b>12/01/22</b>	<b>65</b>	<b>Response to the Grand Theatre Audit Report 2020/21</b>		
		Internal Audit would revisit the service and report to the Committee in their Quarter 4 Monitoring Report.	Simon Cockings	<b>Closed</b> Detail outlining the results of the follow up are included in the Q4 Monitoring Report due in June 2022.

14/12/21	61	<b>Governance &amp; Audit Tracker Report</b>		
		<p>The Chair asked for the following to be added to the Tracker Report: -</p> <ul style="list-style-type: none"> <li>Minute No.46 – Response to the Community Equipment Stores &amp; Community Alarms Service Audit Report 2021/22</li> </ul> <p>‘The Chair asked the Internal Audit Section to include a Review of the Performance Management Arrangements’ to be included in their follow-up review’.</p>	Simon Cockings	<b>Closed</b> Detail outlining the results of the follow up including an update on performance management arrangements are included in the Q4 Monitoring Report due in June 2022.
09/11/21	52	<b>Annual Report Corporate Safeguarding 2020-21</b>		
		The Chair asked that Compliance of Safeguarding training be highlighted in the Risk Register.	Simon Jones / Adam Hill	<b>Ongoing</b> A review of the current and future provision has been undertaken and assurance that Oracle Fusion will include reporting. CMT are currently considering the Corporate Risk.
13/07/21	17	<b>Audit Wales - Follow Up Review of Corporate Safeguarding Arrangements - Children in Swansea Council</b>		
		<ul style="list-style-type: none"> <li>Future training provision for Councillor School Governors to be provided.</li> </ul>	Helen Morgan-Rees	<b>Ongoing</b> Update - Safeguarding training is provided for all Councillors as part of their induction and training programme which is managed by Democratic Services. The vast majority of Councillors are also school governors. The safeguarding training offer for governors includes the information provided in the Councillor training but also additional information specific to school contexts and the responsibility of governing bodies. This is a more detailed course with a requirement for all governors to undertake this training on a three yearly cycle. If a Councillor undertakes this training as a governor then it supersedes the Councillor training offer. However, if they have not undertaken governor training they should ensure they attend the training offered by Democratic Services. Councillors can also do both if they wish. The training for governors is monitored by the Education

				Directorate and records provided to Democratic Services as needed.
19/01/21	31	<b>Election of the Audit Committee Representative on the Annual Governance Group</b>		
		Councillor L V Walton be elected as the Governance & 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>Closed</b> Report included on the agenda for 31/05/2022.



## Report of the Head of Democratic Services

### Governance & Audit Committee – 31 May 2022

### **Governance & Audit Committee – Work Plan 2022/23**

<b>Purpose:</b>	This report details the Governance & Audit Committee Workplan to May 2023.
<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 July 2022 is attached at Appendix 1 for information.
- 1.2 The Governance & Audit Committee Work Plan to May 2023 in Terms of Reference Order is attached at Appendix 2.
- 1.3 The Scrutiny Programme Committee Work Plan 2022/23 will be discussed at the Scrutiny Programme Committee meeting scheduled for 19 July 2022.
- 1.4 The Additional Work programme Governance and Audit Committee as a result of the Local Government and Elections Act is attached at Appendix 3.
- 1.5 The Governance & Audit Committee Statement of Purpose is attached for information at Appendix 4.
- 1.6 The dates included for the meetings in 2022/23 were approved at the Council's Annual Meeting on 24 May 2022.

## **2. Integrated Assessment Implications**

2.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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 Acts.
- 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
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

2.1.1 The Well-being of Future Generations (Wales) Act 2015 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'.

2.1.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

2.2 There are no impact assessment 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 Workplan 2022/23.

**Appendix 2** - Governance & Audit Committee Work Plan to May 2023

in Terms of Reference Order.

**Appendix 3** - Additional Work Programme - Governance and Audit Committee as a result of the Local Government and Elections Act.

**Appendix 4** – Governance & Audit Committee Statement of Purpose.

## Governance & Audit Committee Plan

## Appendix 1

Terms of Reference	Report Title	Report Summary	Report Author	Date of Meeting
Governance & Assurance	<b>Election of Chair for the 2022-2023 Municipal Year.</b>	Election of the Chair for the 2022-2023 Municipal Year.	Jeremy Parkhouse	31 May 2022
Governance & Assurance	<b>Election of Vice-Chair for the 2022-2023 Municipal Year.</b>	Election of Vice-Chair for the 2022-2023 Municipal Year.	Jeremy Parkhouse	31 May 2022
Internal Audit	<b>Internal Audit Annual Report 2021/22.</b>	This report summarises the work completed by Internal Audit in 2021/22 and includes the Chief Auditor's opinion for 2021/22 based on the work undertaken in the year.	Simon Cockings	31 May 2022
Governance & Assurance Page 142	<b>Draft Governance and Audit Committee Annual Report 2021/22.</b>	This report provides the draft Governance and Audit Committee Annual Report for the 2021/22 municipal year for Members to review and comment on the contents prior to the final report being presented to Council.	Simon Cockings	31 May 2022
Governance & Assurance	<b>Annual Governance Statement 2021/22.</b>	To report the draft Annual Governance Statement 2021/22 prior to approval by Council as part of the Statement of Accounts.	Richard Rowlands	31 May 2022
Governance & Assurance	<b>Election of Governance &amp; Audit Committee Representative on the Governance Group.</b>	This report seeks to appoint a representative of the Governance & Audit Committee on the Governance Group.	Jeremy Parkhouse	31 May 2022



## Governance & Audit Committee Plan

## Appendix 1

Terms of Reference	Report Title	Report Summary	Report Author	Date of Meeting
Governance & Assurance	<b>Governance &amp; Audit Committee Action Tracker Report.</b>	This report details the actions recorded by the Governance & Audit Committee and response to the actions.	Jeremy Parkhouse	31 May 2022
Governance & Assurance	<b>Governance &amp; Audit Committee – Work Plan 2022/23.</b>	This report details the Governance & Audit Committee Workplan to May 2023.	Jeremy Parkhouse	31 May 2022
Governance & Assurance	<b>Update Report South West Wales Corporate Joint Committee.</b>	To provide an update on the progress towards setting up the new corporate joint committee for the south west wales region.	Martin Nicholls	15 Jun 2022
Internal Audit Page 143	<b>Internal Audit Annual Plan 2021/21 – Quarter 4 Monitoring Report.</b>	This report summarises the audits finalised and work undertaken by the Internal Audit Section in Quarter 4 2021/22.	Simon Cockings	15 Jun 2022
Internal Audit	<b>Service Centre – Accounts Receivable – Moderate Report.</b>	The Accounts Receivable Internal Audit report was issued in April 2022 with a Moderate rating. The attached report summarises the position and the progress made.	Michelle Davies, Sian Williams	15 Jun 2022
Internal Audit	<b>Corporate Complaints - Review of Freedom of Information (FOI) requests, Subject Access Requests (SAR) requests and Environmental Information Regulation (EIR) requests – Moderate Report.</b>	The review report was issued in April 2022 with a Moderate rating. The attached report summarises the position and the progress made.	Sarah Lackenby	15 Jun 2022
External Audit	<b>Audit Wales Work Programme and Timetable – City and County of Swansea Council.</b>	Quarterly Update.	Justine Morgan	15 Jun 2022

## Governance & Audit Committee Plan

## Appendix 1

Terms of Reference	Report Title	Report Summary	Report Author	Date of Meeting
Governance & Assurance	<b>Workforce Strategy - Update.</b>	Progress Report.	Adrian Chard, Adam Hill	13 Jul 2022
Governance & Assurance	<b>Annual Complaints Report - Six Month Update.</b>	The report provides a six-month progress update.	Sarah Lackenby	13 Jul 2022
Internal Audit	<b>Annual Report of School Audits 2021-22.</b>	The report provides a summary of the school audits undertaken by the Internal Audit Section during 2021/22 and identifies some common issues found during testing.	Nick Davies	13 Jul 2022
Internal Audit	<b>Corporate Fraud Annual Report.</b>	The Annual Performance summary of the actions and outcomes of the work undertaken by the Internal Audit Fraud Function 2021/2022.	Jeff Fish, Jonathon Rogers	13 Jul 2022
External Audit	<b>Audit Wales - Financial Sustainability Assessment - City &amp; County of Swansea.</b>	Audit Wales 2021-22 assessment on the financial sustainability of the Council.	Jeremy Parkhouse	13 Jul 2022
External Audit	<b>Audit Wales - Audit of Accounts Report – City and County of Swansea.</b>	Audit Wales summarise the main findings from their audit of the Council's 2021-22 accounts in this report.	Jeremy Parkhouse	13 Jul 2022
Financial Reporting	<b>Statement of Accounts 2021-22.</b>	To receive and approve the Statement of Accounts 2021/22.	Ben Smith	13 Jul 2022

Terms of Reference	31 May 2022	June 2022	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023
<b>Training</b>	Governance and Audit Committee Induction Training	Training – Organisational Knowledge / Committee Role & Function	.									
<b>Governance &amp; Assurance</b>	Election of Chair & Vice Chair  Appointment of Committee Member on Annual Governance Group  Annual Governance Statement 2021/22  Draft Governance & Audit Committee Annual Report	Update Report – South West Wales Corporate Joint Committee.	To consider the Council's framework of assurance  To review the governance and assurance arrangements for significant partnerships or collaborations  Workforce Strategy Update		Update Report – South West Wales Corporate Joint Committee.  To review the Council's draft annual Self-Assessment Report,	Scrutiny Annual Report 2021-22.			Update Report – South West Wales Corporate Joint Committee			Update Report – South West Wales Corporate Joint Committee
<b>Internal Audit</b>	Internal Audit Annual Report	IA Quarter 4 Monitoring Report  Service Centre – Accounts Receivable Update.  FOI/SAR/EIR Audit Update	Annual Report of School Audits 2021-22		IA Recommendation Tracking Report – IA  Q1Recommendations Tracker  IA Quarter 1 Monitoring Report  Management of Absence Update  Employment of Agency Staff.		Fundamental Audits – Recommendation Tracker Report  IA Recommendation Follow-up Report – Q2  IA Q 2 Monitoring Report			IA Recommendation Tracking Report – Q3  IA Q 3 Monitoring Report	IA Annual Plan Methodology Report 2023/24  Draft IA Annual Plan 2023/24	IA Charter 2023/24  IA Strategy & Annual Plan 2023/24

Governance & Audit Committee Workplan 2022/23

Appendix 2

<b>Risk Management &amp; Performance</b>					Q1 Risk Monitoring Report		Q2 Risk Monitoring Report			Q3 Risk Monitoring Report		Q4 Risk Monitoring Report
<b>Counter Fraud</b>			Corporate Fraud Annual Report and Plan				Corporate Fraud – Six Month Update					
<b>Operational matters / key risks</b>			Complaints Report – 6 Month Update.		Update on Internal Control Environment – Director of Education		Update on Internal Control Environment - Director of Social Services / Director of Finance	Annual Complaints Report		Update on Internal Control Environment – Director of Place		Update on Internal Control Environment – Director of Corporate Services
<b>External Audit</b>		Audit Wales Work Programme and Timetable – City and County of Swansea Council.	External Audit Annual Report  Audit Wales - ISA 260 Report - City And County of Swansea  Audit Wales - Financial Sustainability Assessment - City and County of Swansea Council.		Audit Wales Work Programme and Timetable – City and County of Swansea Council.			Audit Wales Work Programme and Timetable – City and County of Swansea Council.			Audit Wales Work Programme and Timetable – City and County of Swansea Council.  Audit Wales Annual Summary	
<b>Financial Reporting</b>			Statement of Accounts									

Reports Carried Over to 2023-2024 Municipal Year

Terms of Reference	Report Title
Governance & Assurance	Appointment of Committee Member on Annual Governance Group

**Additional Work programme Governance and Audit Committee**  
**As a result of the Local Government And Elections Act.**

Across all areas of the work programme, consideration and acknowledgement will be given to the views, feedback and assurance from the scrutiny and performance committees that robust overview and scrutiny has taken place of decisions, policies and proposals and the assurance then given to Audit committee when they are reviewing the area of work in relation to Assurance, risk environment, Regulatory compliance and overall governance.

Area of work	Owner	Frequency  <i>The frequencies are a guide and additional reviews may take place as and when the committee feel necessary.</i>	Month to present to committee
To review the Council's corporate governance arrangements against the good governance framework	Adam Hill / Richard Rowlands	Every 2 years	See Annual Governance Statement
To review the Council's draft annual Self-Assessment Report,	Richard Rowlands	Annual	September.
To review the Council's draft response to the Panel Performance Assessment Report	Richard Rowlands	Once every 4 years	TBC
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	Adam Hill	As and When required	TBC
To review the programme of work from regulators	Richard Rowlands	Annually	TBC

## Appendix 4

To review and assess the authority's ability to handle complaints effectively	Sarah Lackenby	Annual	
To review the Annual Governance Statement prior to approval	Richard Rowlands	Annual	May
To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.	Richard Rowlands / Adam Hill	Annual	Possibly covered to a degree in the self-assessment report but too early to say.
To consider the Council's framework of assurance	Richard Rowlands / Adam Hill	Annual	See Internal Audit Assurance Map
To monitor the effective development and operation of risk management	Richard Rowlands	Each meeting	Quarterly Overview of Risk Reports
To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	Simon Cockings	As and when required	Quarterly Monitoring Reports throughout the year.
To review the assessment of fraud risks and potential harm to the Council from fraud and corruption	Simon Cockings	Every 6 months	Fraud Function Annual Plan – March  Fraud Function Annual Report – July  Fraud Function Half-Year Update Report - November
To monitor the counter fraud strategy, actions and resources	Simon Cockings	Every 6 Months	Fraud Function Annual Plan – March  Fraud Function Annual Report – July

## Appendix 4

			Fraud Function Half-Year Update Report - November
To Receive proposals in relation to the appointment of external providers of internal audit services and to make recommendations	Simon Cockings	as and when	n/a
To review the governance and assurance arrangements for significant partnerships or collaborations	Deputy Chief Executive / Richard Rowlands / Relevant Director	Annual / as and when new Partnerships or collaborations are established	June/July
To approve the internal audit charter and resources	Simon Cockings	Annual	Internal Audit Charter Report – April
To consider the Chief Internal Auditor'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	Simon Cockings	Annual	Internal Audit Annual Report – May
To consider reports from the Chief Internal Auditor on Internal Audit's performance during the year including the performance of external providers of internal audit services	Simon Cockings	Every 6 months	Quarterly Monitoring Reports throughout the year.
To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations	Simon Cockings	Annual	Internal Audit Annual Report – May

To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Chief Internal Auditor. <b>To approve and periodically review safeguards to limit such impairments</b>	Simon Cockings	Annual	Internal Audit Charter Report – April
To receive reports outlining the action taken where the Chief Internal Auditor has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions	Simon Cockings	As and when	Quarterly Monitoring Reports throughout the year.
To consider reports dealing with the management and performance of the providers of internal audit services	Simon Cockings	As and when required	Quarterly Monitoring Reports throughout the year.
To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.	Simon Cockings	Quarterly	Quarterly Monitoring Reports throughout the year.
To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five year	Simon Cockings	Every 5 Years	Internal Audit Annual Report – May
To consider the external auditor’s annual letter, relevant reports, and to those charged with governance.	Ben Smith	Annual	External Auditor’s annual letter – July



**Appendix 4**

To review the annual statement of accounts.	Ben Smith	Annual	Report of S151 officer including Statement of Accounts – July
To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts	Ben Smith	Annual	External Audit Annual Report - July
To publish an annual report on the work of the committee.	Paula O'Connor	Annual	Draft Audit Committee Annual Report – May

## Governance & 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.

### Membership

The Local Government (Wales) Measure 2011 provides that at least one member of the Committee must be a lay member.

### 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.

- n) To review any proposals in relation to the appointment of external providers of internal audit services and to make recommendations.
- o) To review the governance and assurance arrangements for significant partnerships or collaborations.

#### **Internal Audit**

- p) To approve the internal audit charter and resources.
- q) To approve the risk-based internal audit plan, containing internal audit's resource requirements, the approach to using other sources of assurances and any work required to place reliance upon those other sources.
- r) To approve significant interim changes to the risk based internal audit plan and resource requirements.
- s) To make appropriate enquiries of both management and the Chief Internal Auditor to determine if there are any inappropriate scope or resource limitations.
- t) To consider the Chief Internal Auditor'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.
- u) To consider the Chief Internal Auditor's annual report including:
- v) To consider reports from the Chief Internal Auditor on Internal Audit's performance during the year including the performance of external providers of internal audit services. These will include:
- w) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- x) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Chief Internal Auditor. To approve and periodically review safeguards to limit such impairments.
- y) To consider summaries of specific internal audit reports as requested.
- z) To receive reports outlining the action taken where the Chief Internal Auditor has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- aa) To consider reports dealing with the management and performance of the providers of internal audit services.
- bb) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- cc) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- dd) To contribute to the Quality Assurance and Improvement Programme and in particular the external quality assessment of internal audit that takes place at least once every five years.
- ee) To provide free and unfettered access to the Governance and Audit Committee Chair for the Chief Internal Auditor, including the opportunity for a private meeting with the Committee.

## **External Audit**

- ff) To consider the external auditor's annual letter, relevant reports, and to those charged with governance.
- gg) To consider specific reports as agreed with the external auditor.
- hh) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- ii) To commission work from external audit.
- jj) To advise and recommend on the effectiveness of relationships between external audit and other inspector agencies or relevant bodies

## **Financial Reporting**

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

## **Accountability Arrangements**

- mm) 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.
- nn) To report to Council on an annual basis and to publish an annual report on the Committee's work, its performance in relation to the Terms of Reference, and its effectiveness in meeting its purpose.
- oo) To raise the profile of probity generally within the Council and to report on matters of concern to the individual Cabinet Member, relevant Scrutiny Committee, Cabinet or to Council as necessary and appropriate.
- pp) To work in synergy with the Scrutiny Committees of the Council and liaise with other Council Committees as and when appropriate to avoid duplication in work programmes.
- qq) To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the Appendix 1 adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions
- rr) To publish an annual report on the work of the committee.

## **Training and Development**

- ss) To attend relevant training sessions including specialist training tailored for Members of the Governance and Audit Committee.

*Note: Governance & Audit Committee Statement of Purpose extracted from the Council Constitution (07.09.21).*