



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Remotely via Microsoft Teams

Tuesday, 18 May 2021 at 10.00 am

Present: P O'Connor (Chair) Presided

Councillor(s)

P M Black
P R Hood-Williams
M B Lewis
T M White

Councillor(s)

D W Helliwell
J W Jones
S Pritchard

Councillor(s)

T J Hennegan
E T Kirchner
L V Walton

Lay Member

Julie Davies

Officer(s)

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

Chief Auditor
Deputy Chief Executive / Director of Resources
Chief Legal Officer / Monitoring Officer
Democratic Services Officer
Strategic Delivery & Performance Manager
Chief Finance Officer / Section 151 Officer

Apologies for Absence

Councillors C Anderson, P K Jones and A H Stevens
Jason Garcia – Audit Wales

64 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.

65 Minutes.

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

66 Updated Terms of Reference for the Governance and Audit Committee. (Adam Hill)

Adam Hill, Deputy Chief Executive presented a report which provided an update to the Committee Terms of Reference as a result of the Local Government and Elections (Wales) Act 2021 and the CIPFA Guide – Audit Committees Practical Guidance for Local Authorities and Police (2018 edition).

It was explained that the Committee received an update to the terms of reference at its meeting in March on changes to the remit and Committee name as a result of new legislation. The report added to those changes, taking account of best practice and the recommendations within the CIPFA Guide. The highlighted changes were provided at Appendix 1.

It was added that once agreed by the Committee, the terms of reference would be forwarded to the Constitution Working Group and Council for approval.

Resolved that the changes be approved.

67 Internal Audit Annual Report 2020/21. (Simon Cockings)

Simon Cockings, Chief Auditor presented a report which summarised the work completed by Internal Audit 2020/21 and included the Chief Auditor's opinion for 2020/21, based on the work undertaken in the year.

The report emphasised the effect of the Covid 19 Pandemic upon the Internal Audit Team, which had been involved in different areas of work as part of the Council's overall response to the Pandemic. It was added that as much of the Audit Plan as possible had been completed and all fundamental audits had been finalised up until 31 March 2021, except for Business Rates which received a substantial rating in 2019-20. The work completed by internal audit in year covered 68% of the original planned activities and key risks included in the 2020/21 audit plan and 99% of the recommendations made had been approved. It was added that thematic school audits had also taken place. 6 follow-ups on service areas receiving moderate reports had also been undertaken.

A complete list of each audits finalised during 2020-21, along with the level of assurance, the number of recommendations made and accepted were outlined in Appendix 1 and the performance indicators for 2020-21 were detailed in Appendix 2.

Details of the following were provided: -

- Review of 2020/21;
- Follow up work completed;
- Performance indicators;
- Quality assurance and improvement programme and Statement of Conformance with the Public Sector Internal Audit Standards (PSIAS);
- Statement of organisational independence;
- The Chief Auditor's opinion on the work completed in 2020-21.

The Chair stated that she had met with the Chief Finance / Section 151 Officer and Chief Auditor regarding the CIPFA guidance and was content that the Chief Auditor's opinion reflected the guidance.

The Chair and Committee expressed their thanks to the Chief Auditor and the Internal Audit Team for their significant work in very difficult circumstances.

The Committee discussed the following: -

- Continuation of peer reviews in the future and the benefits of previous reviews undertaken;
- Ongoing discussions amongst Chief Auditors around performance indicators, particularly the need for them to be more meaningful;
- How the thematic reviews of schools had been very productive;
- The Education Department were intending to repeat the training programme for schools, updating accounting instructions for schools and the procurement guide for schools was currently being updated;
- Ensuring the backlog of work created by the Pandemic is managed effectively, all deferred audits being lower risk / those Internal Audit cannot physically attend and all deferred audits being included in the 2021/22 Plan;
- The similarities between Swansea and other local authorities in Wales, particularly with staff being deployed to different areas of work;
- The impact of Covid 19 upon the workload, how it had changed working practices and how the ability to provide assurance remained the same.

Resolved that: -

- 1) The Internal Audit Annual Report 2020/21 be approved;
- 2) The Chief Auditor's opinion be noted.

68 Draft Governance and Audit Committee Annual Report 2020/21. (Chair)

The Chair presented the draft Governance and Audit Committee Annual Report for the 2020/21 Municipal year for the Committee to review and comment upon prior to the final report being presented to Council.

She paid tribute to the efforts of Council staff in striving to maintain sound governance and a tremendous effort throughout the challenges of COVID 19. She also thanked the Committee Members, Chief Auditor, Internal Audit, Audit Wales and Councillor L V Walton (Committee representative on the Governance Group) for their work and the progress made by the Committee.

She commented that there had been gaps in some areas but these had been improved with reports on Performance Framework, Partnerships, Value for Money / Benchmarking. She added that as had happened in the years prior to Covid 19, the Committee would engage with Audit Wales regarding its effectiveness.

Reference was also made to the improvements required in risk management, particularly focussing upon detail and it was noted that Officers were scheduled to receive additional training shortly. She also stated that all directors would update the Committee regarding how they deal with risks within their departments and the level of control they utilise to ensure they achieve their objectives.

Resolved that Draft Governance and Audit Committee Annual Report 2020/21 be agreed and forwarded to Council for approval.

69 Internal Audit Recommendation Tracking Report - Quarter 4 2020/21. (For Information) (Simon Cockings)

The Chief Auditor presented a 'for information' report which provided the Committee with the status of the recommendations made in those audits where the follow-up's has been undertaken in Quarter 4 2020/21, which allowed the Audit Committee to monitor the implementation of recommendations made by Internal Audit. Appendix 1 provided a summary of the recommendations accepted and implemented.

It was highlighted that from the 38 recommendations made, 38 had been implemented, providing a 100% implementation rate.

70 Corporate Risk Overview 2020/21 – Quarter 4. (For Information) (Richard Rowlands)

Richard Rowlands, Strategic Delivery & Performance Manager presented 'for information' the Quarter 3 202/21 report which 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 as at Quarter 4 2020/21, compared to Quarter 3 2020/21: -

- There were 5 Red status risks in the Corporate Risk Register:
 - Risk ID 153 – Safeguarding.
 - Risk ID 159 - Financial Control: MTFP aspects of Sustainable Swansea.
 - Risk ID 222 - Digital, data and cyber security.
 - Risk ID 264 – Covid-19
 - Risk ID 269 - Local economy and infrastructure.
- All of the Corporate risks were recorded as having been reviewed at least once during Quarter 4.
- A new Corporate Risk was added to the risk register during Q4 – Risk ID 289 Reducing & Tackling Fraud.
- No Corporate risks were deactivated.
- No risks were escalated to the Corporate Risk register.

Appendix A included the risks as at 30/04/21 recorded within the Council's Corporate Risk Register. The reports for each risk included general explanatory information relating to their classification.

It was added that the draft Annual Governance Statement for 2020/21 sets out that the quality of risk information within the risk register needed to be improved. A workshop on Risk Control Measures was scheduled to be held with the Leadership Team on 25 May 2021.

Reference was made to the request of the Chair that Directors attend each quarter on a rotational basis and provide the Committee with presentations regarding the internal control environment, including risk management. The quarterly risk reports would coincide with Director's attendance each quarter.

The Strategic Delivery & Performance Manager also thanked Officers for their support, particularly Adam Hill, Deputy Chief Executive and Gordon Wright, Business Performance Officer.

The Committee discussed the following: -

- The amount of work put in to get to the current position;
- The consistency provided when each risk is recorded in the same way;
- The delay in updating some risks which would be addressed by the new changes being introduced;
- The level of assurance the changes would bring.

71 Annual Governance Statement 2020/21. (Richard Rowlands)

The Strategic Delivery & Performance Manager presented the draft Annual Governance Statement (AGS) 2020/21 which allowed the Committee the opportunity to contribute to the annual review of governance.

The report referred to the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives revised framework guidance on the Code of Corporate Governance, which detailed the 7 principles provided within the framework. Details of how the Authority had complied with the framework were also outlined, along with significant issues faced during the year.

The draft AGS 2020/21 was provided at Appendix A and the final version would be reported to Council before being signed by the Leader and Chief Executive and published with the audited Statement of Accounts 2020/21.

Councillor L V Walton, the Committee's representative on the Governance Group confirmed that the overall process in drafting the AGS had been very robust and she praised the work of everyone involved in producing the report.

The Committee discussed the following: -

- Concern that some reports of external organisations were not available and exploring the possibility of using interim reports instead of using reports from previous Municipal years;
- Updating timetables to allow reports to fall in line with the AGS / Annual Statement of Accounts and the difficulties faced by the Council in achieving matters outside of its control;
- Principle B – Engagement of stakeholders and how departments had been using the principles of co-production;
- Typographical amendments in paragraph 12.1, Principle F which refers to a paragraph from last year's statement;
- Possible typographical amendments Appendix 1 paragraphs 6.3 and 6.4, which refer to 2018/19;
- Appendix 1, paragraph 7.1.1 required financial figures to be updated prior to Council meeting;

- Previous concerns highlighted by the Committee regarding workforce capacity and resilience and how these were being addressed and would be improved in the near future;
- How potential risks not previously identified are reviewed and they should be included within senior management assurance statements which capture the key risks that were 'live' during the year.

The Deputy Chief Executive, Chair of the Governance Group thanked the Group for achieving the document, especially during a very difficult year. He also thanked Councillor L V Walton for providing a political and wider challenge to the Group.

Resolved that the Annual Governance Statement be agreed and subject to the amendments highlighted by the Committee being added, be forwarded to Council for approval as part of the Statement of Accounts.

72 Audit Committee Action Tracker Report. (For Information) (Jeremy Parkhouse)

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

The Chair commented that a number of actions were ongoing but that dates had been added to the tracker report.

73 Audit Committee Work Plan 2020/21 & 2021/22. (For Information) (Jeremy Parkhouse)

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

The Chair commented that an updated Work Plan was required at the next scheduled meeting to reflect the new terms of reference and to ensure that future agendas were balanced throughout the year.

She added that Jason Garcia, Audit Wales would be approached regarding holding a more formal review of the Committee's effectiveness and Councillors were requested to forward any ideas to the Democratic Services Officer.

The meeting ended at 11.06 am

Chair