



## City and County of Swansea

### Notice of Meeting

You are invited to attend a Meeting of the

## Governance & Audit Committee

**At:** Remotely via Microsoft Teams

**On:** Tuesday, 18 May 2021

**Time:** 10.00 am

**Chair:** Paula O'Connor

#### Membership:

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

Lay Member: Julie Davies

Watch Online: <https://bit.ly/3vvCgam>

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<b>2</b>	<b>Disclosures of Personal and Prejudicial Interests.</b> <a href="http://www.swansea.gov.uk/disclosuresofinterests">www.swansea.gov.uk/disclosuresofinterests</a>	
<b>3</b>	<b>Minutes.</b> To approve & sign the Minutes of the previous meeting(s) as a correct record.	<b>1 - 4</b>
<b>4</b>	<b>Updated Terms of Reference for the Governance and Audit Committee. (Adam Hill)</b>	<b>5 - 12</b>
<b>5</b>	<b>Internal Audit Annual Report 2020/21. (Simon Cockings)</b>	<b>13 - 56</b>
<b>6</b>	<b>Draft Governance and Audit Committee Annual Report 2020/21. (Chair)</b>	<b>57 - 75</b>
<b>7</b>	<b>Internal Audit Recommendation Tracking Report - Quarter 4 2020/21. (For Information) (Simon Cockings)</b>	<b>76 - 80</b>
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| 9  | <b>Annual Governance Statement 2020/21. (Richard Rowlands)</b>                                   | <b>120 - 164</b> |
| 10 | <b>Audit Committee Action Tracker Report. (For Information)<br/>(Jeremy Parkhouse)</b>           | <b>165 - 170</b> |
| 11 | <b>Audit Committee Work Plan 2020/21 &amp; 2021/22. (For Information)<br/>(Jeremy Parkhouse)</b> | <b>171 - 176</b> |

**Next Meeting:** Wednesday, 9 June 2021 at 2.00 pm

*Huw Evans*

**Huw Evans**  
**Head of Democratic Services**  
**Tuesday, 11 May 2021**

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**Contact: Democratic Services: - 636923**

# Agenda Item 3



City and County of Swansea

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

Remotely via Microsoft Teams

Tuesday, 20 April 2021 at 2.00 pm

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

**Councillor(s)**

C Anderson  
P R Hood-Williams  
S Pritchard

**Councillor(s)**

P M Black  
J W Jones  
T M White

**Councillor(s)**

D W Helliwell  
M B Lewis

**Lay Member**

Julie Davies

**Officer(s)**

Simon Cockings  
Jeff Fish  
Adam Hill  
Jeremy Parkhouse  
Jonathon Rogers  
Ben Smith  
Debbie Smith

Chief Auditor  
Corporate Fraud Team Investigator  
Deputy Chief Executive / Director of Resources  
Democratic Services Officer  
Corporate Fraud Team Investigator  
Chief Finance Officer / Section 151 Officer  
Deputy Chief Legal Officer

**Also Present**

Jason Garcia                      Audit Wales

**Apologies for Absence** – Councillors P K Jones, E T Kirchner, A H Stevens and L V Walton.

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**56 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.

**57 Minutes.**

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

**58 Audit Wales Report – City & County of Swansea Audit Plan 2020-2021.**

Jason Garcia, Audit Wales (AW) presented the 2021 Audit Plan which provided the proposed audit work, when it would be undertaken, how much it would cost and who would undertake it.

He made specific reference to the impact of COVID 19 outlined in the report, particularly the new methods of working introduced. Exhibit 1 provided the financial statement audit risks, which highlighted the significant risks. Details of other issues, particularly progress on the introduction of the Oracle Cloud based system and performance audit were provided at Exhibit 2. Exhibit 3 provided the Performance Audit Programme 2021-22 and Exhibit 4 set out the summary of grant claim certification work. Details of the Audit fee, Audit team and timetable were highlighted in Exhibits 5, 6 and 7.

The Committee discussed the following: -

- External audit of the City Deal and the arrangements already in place;
- How value for money is measured and the methods used to define the term, particularly the amount of work required which resulting in an area of work not being cost effective.

The Chair thanked Audit Wales for the manner in which they had worked with the Officers of the Council throughout the COVID 19 Pandemic.

**Resolved** that: -

- 1) The contents of the report be noted;
- 2) Audit Wales circulates additional information regarding definitions of cost effectiveness / value for money.

## **59 Fraud Function Annual Plan 2021/22.**

Jeff Fish and Jonathan Rogers, Corporate Fraud Team presented a report which set out the planned areas of activity for the Internal Audit Section's Fraud Function for 2021/22.

The report highlighted the Council's obligation to tackle fraud and the principles of tackling fraud. It also outlined the aims of the anti-fraud plan, measuring the values of the fraud function and focussed upon the fraud function resources. Specific references were made to Appendix 3 – Anti-fraud Risk Assessment Checklist 2021/22, Appendix 4 – Anti-fraud Statement 2021/22 and Appendix 4 – Anti-fraud Plan 2021/22.

It was summarised that the aim of the report was to demonstrate the Council's ongoing commitment to tackle fraud, to promote the highest levels of integrity, to minimise the potential for reputational damage and to ensure transparency by 'being seen to be getting its own house in order'.

The Committee discussed the following: -

- there had been no increase in internal fraud as a consequence of changed working patterns;
- the current resources / large work load of the Section;
- the continued importance of the Team acting as a deterrent against fraud;

- investigating sub-letting of Council house stocks;
- the proactive use of data matching information.

The Section 151 Officer stated that he had no immediate concern regarding the resources of the Team. He added that he would act if required but was always aware that the Council had to work within its boundaries. He also recognised that the Team was currently reactive due to its size and he praised the team members for their dedication to the job.

**Resolved** that the Anti-Fraud Plan 2021/22 be approved.

## **60 Internal Audit Charter 2021/22.**

Simon Cockings, Chief Auditor presented a report which sought to approve the Internal Audit Charter 2021/22. 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 recent legislative changes which would have to be reflected in the amended terms of reference.

**Resolved** that the Internal Audit Charter 2021/22 be approved, subject to the terms of reference being amended to reflect the legislative changes introduced by the Local Government and Elections (Wales) Act 2021.

## **61 Internal Audit Strategy & Annual Plan 2021/22.**

The Chief Auditor presented a report that sought approval of the Internal Audit Plan and Internal Audit Strategy for 2021/22.

The Internal Audit Strategy was provided at Appendix 1, a summary of the Internal Audit Plan 2021/22 at Appendix 2, the Internal Audit Annual Plan 2021/22 at Appendix 3 and the Assurance Map at Appendix 4.

He added that for 2021/22, the Internal Audit Section comprised of 9.1 full time equivalents plus the Chief Auditor, the same level of resources as 2020/21. 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: -

- How internal and external audit operate in respect of the Oracle Cloud / City Deal / Swansea Central projects;
- Senior Officer / Councillor disclosures in relation to interests / gifts.

The Chair reminded the Committee that they were having to place reliance solely on the Chief Auditor's assurance that the Annual Plan was risk based and that the scope would provide sufficient audit coverage to provide assurance.

She added that the Committee should support the approval of the Plan with the caveat that it was solely reliant on the Chief Auditor's compliance with the Internal Auditing Standards. She suggested that she liaises with the Chief Auditor to establish if additional information could be provided on the scope in future.

**Resolved** that: -

- 1) The Internal Audit Strategy and Annual Plan 2021/22 be approved;
- 2) The plan be supported based upon the Chief Auditor's assurance that it was been produced in accordance with the Internal Audit Standards and the scope of individual audits focus on the areas of key risk.

## **62 Audit Committee Action Tracker Report.**

The Audit Committee Action Tracker Report was provided 'for information'.

## **63 Audit Committee Work Plan.**

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

The Chair commented that work was ongoing in respect of the 2021/22 Work Plan and an updated version would be reported to the next meeting.

She noted that the Annual Governance Statement report would be added for the May meeting. She read out a statement received from Councillor L V Walton which confirmed that the process for drawing up the Annual Governance Statement had been robust, all 4 directorates had completed their sections on time, which had been inserted into the draft report and the timeline was being adhered to.

The meeting ended at 3.05 pm

**Chair**

# Agenda Item 4



## Report of the Deputy Chief Executive

Governance & Audit Committee – 18 May 2021

### Updated Terms of Reference for the Governance and Audit Committee

<b>Purpose:</b>	The report presents 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 Ed) .
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Legal, Finance, Access to Services.
<b>Recommendation(s):</b>	It is recommended that: 1) The committee review and approve the changes.
<b>Report Author:</b>	Adam Hill
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Background

- 1.1 The Local Government and Elections (Wales) Act 2021 became law in January 2021. It is an extensive piece of complex legislation of 189 pages 10 Parts and 170 sections. In addition there are complex commencement provisions which means that some parts of the legislation came into force immediately, others 2 months following Royal Assent and some in May 2022.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for people in public finance. CIPFA champion high performance in public services, translating sector experience and insight

into clear advice and practical guidance and sets the benchmark for sound public financial management and good governance. In 2018 CIPFA Published; The Audit Committees: Practical Guidance For Local Authorities And Police document, which represents best practice for audit committees in local authorities throughout the UK.

## **2. Governance and Audit Committee**

- 2.1 The Committee will recall that an update to the terms of reference was presented to committee on the 9<sup>th</sup> March 2021 on changes to the remit and the committee name as a result of the Local Government and Election (Wales) Act.
- 2.2 This report adds to those previous changes, taking account of best practice and the recommendations within the CIPFA Audit Committees: Practical Guidance For Local Authorities And Police 2018 Edition..
- 2.3 The highlighted changes can be seen within Appendix 1.

## **3. Approvals**

- 3.1 Once reviewed and approved by the Governance and Audit Committee the terms of reference will be presented to the Constitution working group and then onto Full Council.

## **4. Integrated Assessment Implications**

- 4.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
    - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
    - Advance equality of opportunity between people who share a protected characteristic and those who do not.
    - Foster good relations between people who share a protected characteristic and those who do not.
    - Deliver better outcomes for those people who experience socio-economic disadvantage
  - 4.2 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.
- 4.3 There are no integrated assessment implications associated with this report.



## **5. Financial Implications**

5.1 There are no financial implications associated with this report.

## **6. Legal Implications**

15.1 There are no legal implications associated with this report.

### **Background Papers:**

Audit Committee 9 march 2021 Item 10 - Local Government and Elections (Wales) Act 2021.

**Appendices:** Appendix 1 – Amended Terms of Reference (including tracked changes)

## 1 Governance and Audit Committee

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### 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.](#)

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### 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

m)–

**Internal Audit and External 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

n)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 head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.

u) To consider the Chief Internal Auditor's annual report including:

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- the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
  - The opinion on the adequacy and effectiveness of the Council’s framework of governance, risk management and control together with a summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement.
  
- 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: -
  - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
  - Regular reports on the results of the Quality Assurance and Improvement Programme (QAIP).
  - Reports on instances where the internal audit function does not conform to the PSIAS and Local Government Application Note (LGAN) considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
  
- 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
  
- e)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.
  
- p)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
  
- e)aa) To consider reports dealing with the management and performance of the providers of internal audit services.
  
- f)bb) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
  
- r) To consider the external auditor’s annual letter, relevant reports, and the report to those charged with governance.
  
- r) To consider specific reports as agreed with the external auditor.

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\_\_\_\_\_ To comment on the scope and depth of external audit work and to ensure it gives value for money.

cc) \_\_\_\_\_ To commission work from internal and external audit.

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 auditors.

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.

t) \_\_\_\_\_

**Financial Reporting**

u)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.

v)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.

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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 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**

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

ss) \_\_\_\_\_

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# Agenda Item 5



## Report of the Chief Auditor

Governance & Audit Committee – 18 May 2021

### Internal Audit Annual Report 2020/21

<b>Purpose:</b>	This report summarises the work completed by Internal Audit in 2020/21 and includes the Chief Auditor's opinion for 2020/21 based on the work undertaken in the year.
<b>Recommendation</b>	That the Audit Committee discuss and review the work undertaken in the year, the progress against the Internal Audit Annual Plan 2020/21 and consider the Chief Auditor's opinion.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar

#### 1. Introduction

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

- 1.2 This report reviews the work of the Internal Audit Section in 2020/21 and compares its performance against the Internal Audit Annual Plan for the year which was approved by the Audit Committee on 1<sup>st</sup> June 2020.
- 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 2020/21 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 2020/21.
- 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 2020/21**

- 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 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 inevitably had an impact on the team's ability to initiate and progress with audits, due to the effect such measures have had across client departments. For example, some sites have been closed completely, the majority of staff across the council have been working from home and client departments have been prioritising emergency responses to the pandemic to ensure key operations and services continue to be delivered.
- 2.3 This has inevitably had a detrimental effect on the team's ability to progress with business as usual and hence has had an 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 in such challenging and unprecedented circumstances.
- 2.4 In addition, where we have been able to progress with audits we have found that it has taken longer than usual to complete some reviews 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 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 has also been heavily involved in assisting with the Council's Covid-19 response during the year. Earlier in the year one of the team was seconded full time to the Food Bank initiative. We also assisted with the checking of various Covid-19 support grant payments that have been managed by the Council. To the end of March, a total of 59.5 days has been spent on Covid-19 related support work, in addition to the 111 days attributable to the member of staff seconded to the food bank initiative. The team has inevitably also experienced a small amount of downtime in the year due to delayed responses from client department in relation to certain audits and the inability to effectively progress with audits as business as usual due to restricted access to council sites.
- 2.7 Cumulative sickness absence equated to 157 days as at the end of March which exceeded the 86 days of sick leave provision in the audit plan. Note that the majority of this absence related to one member of staff off work due to a period of long term sickness. One additional instance of absence was Covid-19 related.
- 2.8 As previously reported, the team has successfully completed all of the fundamental audits by year end, with the exception of Business Rates. However, the team have been heavily involved in checking the grant payment activities of the Business Rates Team throughout the pandemic and thus the committee can take assurance from the checks that have been completed on the alternative work undertaken by the Team.
- 2.9 The original Internal Audit Annual Plan for 2020/21 contained 160 separate audit activities. As reported in the Quarter 4 Internal Audit Monitoring Report, as at 31/03/21 79 audit activities from the 2020/21 audit plan had been completed to at least draft report stage (52%), with an additional 13 audits noted as being in progress (8%). As a result approximately 60% of the audit activities included in the 2020/21 Audit Plan had either 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, 7 audits included on the original audit plan were deemed to no longer be required.

- 2.10 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.
- 2.11 A list of the audits finalised each quarter has been included in the quarterly monitoring reports presented to the Audit Committee during the year. A complete list of each audit finalised during 2020/21 along with the level of assurance and the number of recommendations made and accepted is shown in Appendix 1.
- 2.12 Whilst we were unable to complete the majority of the primary and comprehensive school audits, we were able to undertake audits to provide assurance over the key risks encountered in schools. As previously reported, we successfully completed three thematic audits covering procurement activities across both the primary and comprehensive schools that were due to be audited in the year. We also completed an audit of the unofficial funds managed by the primary schools. It should also be noted that the team were able to successfully complete seven individual primary school audits remotely in the year.
- 2.13 As agreed by the Head of Revenues and Benefits and the Chief Finance and Section 151 Officer, and as previously reported to the Audit Committee, we opted to defer the fundamental audit of Business Rates in 2020/21. Ordinarily the Business Rates team would be responsible for the collection of a significant amount of income in the form of Business Rates. However, as a result of the pandemic and following Welsh Government direction, recovery action was suspended and several sectors were granted 100% rate relief hence income due was significantly reduced. In addition, the Business Rates Team were tasked with coordinating the payment of the vast majority of the Covid-19 Business Support Grants which resulted in a significant shift in operations within the team and key staff were inevitably required to prioritise the Covid-19 response. These changes made it inappropriate to carry out a routine audit in 2020/21.
- 2.14 However, the Audit and Fraud Team have been heavily involved in providing assurance over the revised activities of the Business Rates Team by the way of checking the various grant payments and the payment processes that were put in place to facilitate the roll out of the support grant schemes. This involved consultation on the grant payment process, in addition to the checking of grant payment records prior to final payment. As a result, whilst we have not undertaken a specific Business Rates audit in year, we have completed a significant amount of testing to provide assurance over the reactive work undertaken by the Business Rates Team in year in place of their business as usual processes.

- 2.15 It should also be noted that the Audit and Fraud Teams also provided consultation, advice and completed additional testing in relation to the roll out of a number of additional Covid-19 support schemes, including school meal payments to parents, freelance worker grants, outdoor business adaptation grants and isolation / SSP enhancement grants.
- 2.16 As reported in the Quarter 4 Monitoring Report, we also had to defer four of the tier one cross cutting reviews. This is primarily due to the fact that these reviews would require a significant amount of input and commitment from Senior Managers and possibly members of the Corporate Management Team. Understandably, these key members of staff have had to prioritise the management of the Council's Covid-19 response and the additional workload that has arisen due to the pandemic. As a result it was not possible to progress these audits during the year.
- 2.17 Therefore, if we take into consideration the assurance coverage provided by the thematic school audits and the additional assurance work undertaken in relation to the revised activities of the Business Rates Team in response to the Covid-19 pandemic, overall the work completed by internal audit in year covers 68% of the original planned activities and key risks included in the 2020/21 audit plan.
- 2.18 Unfortunately the completion rate of 68% for 2020/21 is lower than the rate achieved over recent years which has seen completion rates rising to 87% in 2018/19 and 84% in 2019/20. Unfortunately this has been unavoidable given the difficult circumstances both the Audit Team and the wider Council have encountered throughout the year as a result of the Covid-19 pandemic. I would like to recognise the hard work and dedication of the Audit Team throughout this difficult period and the fact that we have been able to complete a significant amount of audit work is testament to the Team's dedication and commitment through a very challenging time.
- 2.19 As noted in the Internal Audit Quarterly Monitoring Reports, throughout 2020/21 audit resource has been targeted in order to provide maximum assurance over key areas and risks such as the fundamental audits. 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 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 2020/21.
- 2.20 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 2020/21:

<b>Grant</b>	<b>Amount £</b>
Housing Support Grant Regional Development Co-Ordinator (previously called SPPG Regional Co-ordinator Grant)	£42,683.00
Children & Communities Grant	£11,242,418
Regional Consortia School Improvement Grant (RCSIG) 2019/20	£8,855,920.00
Additional Support for Disadvantaged Learners Grant (Local Authority Education Grant) 2019/20	£4,367,773.00
Supporting People Programme Grant 2019/20	£13,817,121.00
Pupil Development Grant 2019/20	£7,506,433.09
Regional Consortia School Improvement Grant (RCSIG) EIG Element Q1-Q3 2020/21	£6,759,186.75
Pupil Development Grant Q1-Q3 2020/21	£5,736,741.92
ENABLE – Support for Independent Living Grant 2019/20	£303,600.00
Regional Consortia School Improvement Grant (RCSIG) – Professional Learning Grant Element	£504,590.00

- ii) A total of 18 days was spent in 2020/21 undertaking six unplanned follow up reviews for those audits receiving moderate assurance audit reports.
- iii) The Principal Auditor also compiled the Schools Annual Report 2019/20 which was presented to the Audit Committee on the 8th September.
- iv) Lloyds pre-paid card review in relation to the Covid-19 Foodbank set-up and operation.
- v) Completion of the Fundamental Audit Recommendation Tracker exercise for the fundamental audits completed in 2019/20 as reported to the Committee in January 2021.
- vi) Completion of the audit of Delegated Decision Making, which included the review and evaluation of the alternative emergency arrangements put in place to deal with the Covid-19 pandemic. The audit was given a High Assurance rating.
- vii) Continuation of checks and support in relation to the various Covid-19 support grants across the Council.
- viii) Advisory work in relation to the update of Accounting Instruction No. 5 for Schools (Creditor Payments).
- ix) Review of the progress of the Swansea Central Phase 1 scheme.
- x) Other pieces of work undertaken in year have been reported to the Committee as part of the quarterly monitoring reports.

### **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 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 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 Recommendations Tracker exercise carried out in 2020/21 was reported to the Audit Committee on 19 January 2021 where the conclusion was positive, with 83% of agreed recommendations due for implementation being implemented by the end of December 2020. The report also noted that one high risk and one medium risk recommendation that were partly implemented were from the Accounts Receivable audit. 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 2020/21 audit. The remaining recommendations that had not been implemented were all classed either low risk or good practice.

3.4 During 2020/21, six follow-up reviews of audits awarded a moderate assurance level were completed and it was found that in the majority of cases, suitable action had been taken to address the issues that had been highlighted. The outcome of all follow up reviews has been reported to Audit Committee throughout the year via the Internal Audit Quarterly Monitoring Reports. In addition, a number of client department representatives have attended audit committee meetings to provide an update to the committee 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 2 which shows that in 2020/21, the Internal Audit Section met or exceeded the target set at the start of the year for 9 out of the 11 PI's.
- 4.3 The PI's that were not achieved in 2020/21 were:
- PI 1 – audit assignments achieved against planned.
  - PI 9 - average cost per directly chargeable day.
- 4.4 As reported throughout 2020/21 via the Quarterly Monitoring Reports, the Covid-19 pandemic has had a significant impact on the Audit Team's ability to complete a number of audit assignments in the year and as a result we have not been able to meet the target for PI 1. However, despite the challenges the team were able to successfully complete 68% of the planned work programme to cover the key risks included in the original annual audit plan, against a target of 75%. It is hoped that a relaxation of restrictions in 2021/22 will allow the team to complete a greater number of planned audits in the year in line with previous year's performance records.
- 4.5 As agreed by the WCIAG, average cost for this performance indicator is made up of actual salary, NI and pensions costs of the Internal Audit Team. These costs have seen an overall increase of 3% on 2019/20 costs. In addition, the number of directly chargeable days has decreased from 1,526 in 2019/20 to 1,462 in 2020/21. As a result, average costs per directly chargeable day has increased overall in 2020/21 to £331, from £308 in 2019/20. The original target set for 2020/21 was £300. The decrease in productive days has primarily been caused by a secondment, increased sickness absence and some unavoidable downtime as a result of the Covid-19 pandemic.
- 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 2. 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.

## **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 Chief Finance and Section 151 Officer (then Head of Financial Services & Service Centre), the Director of Resources and the Chief Executive on 28/03/18 and to 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. 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 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 April 2021 can be found in Appendix 3. In summary there are 336 best practice lines within the PSIAS. The self-assessment review of conformance against the PSIAS revealed that the Internal Audit Section is 99.4% 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 2021/22 can be found in Appendix 4.

5.7

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

**The result 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 with 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 Chief Finance Officer (Section 151 Officer), who is a permanent member of Corporate Management Team.
- ii) The Chief Auditor reports functionally to the 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 Audit Committee and the Corporate Management Team on an annual basis.
- v) The risk-based audit plan is reviewed and approved by Audit Committee on an annual basis.
- vi) The performance of the Internal Audit Function is reported to 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 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 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 5.
- 7.4 The table below provides a summary of the assurance levels across the audits completed in 2020/21:

<b>2020/21 Audit Ratings Summary</b>		
Total Number of Audits Finalised	75	
<b>Assurance Rating</b>	<b>Number</b>	<b>%</b>
High Assurance	42	56
Substantial Assurance	29	39
Moderate Assurance	4	5
Limited Assurance	0	0

- 7.5 As can be seen in the table above, the outcome of 71 (95%) of the 75 audits completed was positive with the audits receiving either a high or substantial level of assurance.
- 7.6 As has been reported to the Audit Committee throughout the year, four audits received a moderate level of assurance in the year. As has been the case for the past two years, the fundamental Accounts Receivable audit was one of the audits that received a moderate assurance level in 2020/21.
- 7.7 There are 14 audits which are classed as fundamental audits. The fundamental audits are the 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 2020/21, 11 of the 14 fundamental audits have a high level of assurance. Two have a substantial level of assurance (Accounts Payable and Business Rates) and one has a moderate level of assurance (Accounts Receivable).
- 7.8 Prior to the most recent audit in 2019/20, the Business Rates audit had received 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 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 Audit Committee has been made aware of the fact that we were unable to complete the audit of Business Rates in 2020/21 due to the reasons set out earlier in this report and also in my quarterly monitoring reports. However, additional work has been undertaken in the year to provide assurance over the reactive work that has been undertaken by the Business Rates Team in facilitating the Council's response to the Covid-19 pandemic.
- 7.10 The Accounts Payable audit also received a substantial assurance level in 2020/21, as was also the case in 2019/20 and 2018/19. As a result, this also continues to be audited on an annual basis.
- 7.11 The Accounts Receivable audit received a moderate assurance level in both 2018/19 and 2019/20. The Audit Committee have had a number of updates from the relevant managers in relation to the work that is ongoing to address the issues that have been identified. The Audit Committee will continue to receive updates on this during 2021/22.
- 7.12 It is disappointing that the Accounts Receivable audit received a third moderate assurance rating in 2020/21. As detailed in updates provided to the Audit Committee from the client department, the reasons for the weaknesses identified in this area are primarily in relation to reduced 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 Authority and this continues to be the case.
- 7.13 Despite this, it should be noted that of the 14 fundamental system audits, 11 have a high assurance level and two have a substantial assurance level. In addition, the results of the work undertaken in 2020/21 shows that as at the 31 March 2021, 95% of all of the audits completed in year have either a high or substantial assurance level. This provides reasonable assurance that across the Authority the systems of internal control are operating effectively.
- 7.14 As recognised in paragraph 2.23 earlier in this report, due to the very challenging environment that the Internal Audit Team has endured throughout 2020/21, the number of audits on the plan that we have been able to complete in year has been lower than that of previous years. However, this does not detract from the positive outcomes of the work that has been completed as noted above. It is hoped that with pandemic restrictions continuing to be lifted at the time of compiling this report, the Team will be able to successfully complete a greater percentage of the 2021/22 audit plan in line with performance in previous years.
- 7.15 Throughout the year, a significant amount of effort has continued to be directed at further strengthening the systems of risk management across the Authority. The Audit Committee has recently been in receipt of update reports from the Strategic Delivery and Performance Manager outlining the status of key risks from the new Risk Management System

to further strengthen assurance in this area. 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.

- 7.16 As per the Terms of Reference, the 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 Audit Committee, and the presentation of detailed reports from the new system has recently recommenced. However, a number of concerns have been raised by both the Chief Auditor and the Audit Committee in relation to the documentation of the mitigating controls for key risks in some service areas.
- 7.17 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, it was noted that in some instances the control measures documented on the new system could not be categorised as 'control measures' in effect. As a result, it is 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 are not in place, but the way they have been documented on the system means we are unable to place reliance on some of the controls as they are currently recorded. As a result, this area can be considered as requiring attention and improvement in the coming year. This is due to be addressed via training for Risk Owners.
- 7.18 The Covid-19 Pandemic has had 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, were suspended during the year but meetings have recently resumed in the lead up to the year end and in preparation for the production of the Annual Governance Statement.
- 7.19 In response to the unexpected and unpredictable impact of the pandemic, a number of emergency protocols were introduced 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.

- 7.20 The ECG was set up due to the unprecedented effects of the Covid-19 pandemic on the management of the Council's affairs. Whilst the ECG met daily in the morning a "Sit Rep" meeting also took place each afternoon to review the daily changes in the crisis. Decisions taken at ECG were looked at as part of internal audit's review of delegated decisions.
- 7.21 Cabinet meetings were cancelled between 19 March 2020 and the 27 April 2020 and Council meetings were also cancelled. The ECG and Sit Rep groups addressed strategic, collaborative, operational and financial issues which had to be dealt with as a matter of urgency.
- 7.22 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 (JS). 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.
- 7.23 Strategic operational and financial decisions were taken by the ECG and Sit Rep meetings, as required, without the usual Cabinet and Council approval. While formal "minutes" of meetings were not taken, a Corporate Management Team PA attended each meeting and recorded discussions and maintained a log of actions/decisions agreed. Given the unpredictability and unprecedented nature of the pandemic, we are assured that appropriate controls were in place in relation to the decision making process during this period.
- 7.24 We were further advised by the Chief Finance and Section 151 Officer that where required, FPR7 Reports (for capital expenditure) or Delegated Powers Reports (for revenue expenditure) were subsequently presented to Cabinet and Council when meetings resumed early in June 2020.
- 7.25 The ECG ceased to be a decision-making forum when Cabinet and Council meetings resumed, but it continues to exist as a forum for information and communication.
- 7.26 It was noted that significant decisions made by the ECG in 2020 have been published on the Council's website. It was also found that Democratic Services had been informed of other decisions but a decision was taken not to publish these because they contained commercially sensitive/sensitive information warranting an exemption from publication.
- 7.27 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 a significant period of upheaval and change, Officers have adapted 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.

- 7.28 In conclusion, Statutory Governance Chief Officers have succeeded in maintaining appropriate corporate grip and have ensured adequate recording and reporting mechanisms have been maintained throughout the crisis.
- 7.29 At the time of writing this opinion, it is unclear as to the scale of additional spending, loss of income or 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 going into 2021/22. The Section 151 Officer has advised that his view is that there is adequate assurance of sufficient and necessary recovery and reimbursement in relation to 2020/21 already in place, pending the formal final outturn and statement of accounts certification. However, it should be noted that the sums available to bid against nationally for 2021/22 are materially lower and no sums are currently flagged as available in 2022/23 by UK or Welsh Governments. In March 2021, the Leader of the Council set out the Council's intention to establish a locally funded Covid-19 Recovery Fund with the target sum of £20m. This in part may mitigate the risk of reduced Government funding in future years, but again this is pending formal certification of the final outturn and statement of accounts by the Section 151 Officer and Council.
- 7.30 In previous years, the Audit Committee and the Council's External Auditors have raised a number of concerns in relation to risk management arrangements and also with regard to the lack of pace with which Directorates have been able to deliver agreed savings targets. These concerns have been echoed by Internal Audit and the Chief Finance and Section 151 Officer. It is hoped that the Achieving Better Together audits encompassing both the Council's recovery and later transformation will address these issues in 2021/22. The programme of planned audits for 2021/22 will also seek to provide the Committee with some clarity and assurance on these issues.
- 7.31 Given the audit plan completion rates noted previously, and the fact that we have completed all of the fundamental audits (with the exception Business Rates) by year end, I do not feel any 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 that have been successfully completed, especially when considered alongside the wider thematic audits and other assurance work completed in year. We hope to be able to provide assurance in those areas that have seen the audits deferred this year by the completion of the deferred reviews in 2021/22.

- 7.32 In addition, for the reasons set out previously, I believe that governance arrangements across the Council have proven to be robust and resilient throughout the significant period of challenge and change that the Council has faced over the past year. The Council has adapted speedily and effectively to the challenges brought about as a result of the pandemic, with core services continuing to operate effectively throughout.
- 2.33 In connection with the points raised above, and as previously reported, CIPFA have issued guidance to Internal Auditors, Leadership Teams and Audit Committees of Local Government Bodies recognising the difficulties faced by audit teams to deliver their planned programme of audit work due to the impact of the pandemic. The guidance reiterates the requirement that the Chief Auditor must consider the level of assurance that can be provided across all three aspects of the Chief Internal Auditor's Opinion, which includes governance and risk in addition to internal control.
- 2.34 A summary of the various scenarios that internal audit providers may consider when determining whether any limitation of scope is required for the Chief Auditors Opinion may be seen below, as documented in the full CIPFA guidance note that may be found in Appendix 6.

<b>Type of limitation</b>	<b>Suggested wording</b>
<p>The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is a requirement of PSIAS. The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers is presented in the annual report but this does not result in a comprehensive opinion.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across one of the three aspects of the opinion:</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of [specify one of governance, or risk management or control].</p>

<p>governance, risk management and internal control. The limitation of scope will be restricted to that aspect only.</p>	<p>The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers in respect of [governance or risk management or control] is presented in the annual report but this does not result in an opinion on this aspect. [The HIA can then present their opinion on the remaining two aspects required.]</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material.</p>	<p>The HIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is [set out opinion].</p> <p>The HIA opinion however must exclude [specify area excluded] as there is insufficient assurance available for the HIA to offer reasonable assurance.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>

7.35 Given the previous points made in relation to internal control, governance and risk management I do not feel that there is a need to issue any limitation of scope on the aspects of governance and internal control. However, given the issues identified in the documentation of the control measures for some of the Corporate Risks recorded on the new Risk Management System, I feel that a limitation of scope in relation to the framework of risk management across the Authority is required. The internal audit work undertaken in 2020/21 provides assurance over the risk management processes within the Resources Directorate and also provided assurance over the controls within the new Risk Management System. However, other work undertaken in year has highlighted a number of issues in relation to the way in which some of the mitigating controls have been documented. Given the issues that have been noted, the work undertaken in year is not sufficient to determine whether the risk management framework is adequately embedded across the Council as a whole. Therefore, it is felt that improvements must be made to further embed and strengthen the adequacy and effectiveness of the Council's framework of risk management in 2021/22.

### **Chief Auditors Opinion for 2020/21**

***Based on the programme of audit work undertaken in 2020/21, the Chief Auditors opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control is effective with opportunity for improvement. No significant weaknesses were identified in 2020/21 which would have a material impact on the Council's financial affairs or the achievement of its objectives.***

***The Chief Auditor's opinion however must exclude the assessment of how effectively the framework of risk management is embedded across the Council as a whole as there is insufficient assurance available for the Chief Auditor to offer reasonable assurance.***

***To avoid similar limitations in the future the Chief Auditor has highlighted the issues in relation to the documentation of the control measures for the risks recorded on the Risk Management System. These issues will be addressed by the Deputy Chief Executive and Strategic Delivery and Performance Manager to strengthen the adequacy and effectiveness of the Council's framework of risk management in 2021/22.***

## **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 2020/21 has a potentially low positive impact across a number of identified groups.
- It has been subject to consultation with the Chief 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 2020/21 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 2020/21

**Appendices:** Appendix 1 Internal Audit – Audits Finalised 2020/21  
Appendix 2 Internal Audit – Performance Indicators 2020/21  
Appendix 3 Internal Audit – PSIAS Compliance Report  
Appendix 4 Internal Audit – QAIP Report & Action Plan 2020/21  
Appendix 5 Internal Audit – Audit Levels of Assurance  
Appendix 6 Internal Audit – Cipfa Guidance on Annual Opinion  
Appendix 7 Internal Audit – Governance & Assurance Map

## AUDITS FINALISED 2020/21

Head of Service	Audit Title	Date Finalised	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
<b>Quarter 1 (18 Audits)</b>						
Social Services Directorate Services	Paris System*	06/04/20	High	0	0	0
Communications & Marketing	Corporate Management Team Support	07/04/20	High	0	0	0
Highways & Transportation	Swansea Marina	11/05/20	High	2	2	0
Housing & Public Health	Sheltered Housing Service	14/05/20	High	6	6	0
Contract Audits	Contracts Review (Education & IT)*	01/06/20	High	0	0	0
Planning & City Regeneration	Planning - AONB	02/06/20	High	3	3	0
Contract Audits	Acceptance of Tenders*	02/06/20	High	4	4	0
Social Services Directorate Services	Client Property & Finance*	09/06/20	High	3	3	0
Housing & Public Health	Estate Caretakers	09/06/20	High	5	5	0
Fundamental Audits	Housing & Council Tax Benefit 2019/20*	17/06/20	High	13	13	0
Housing & Public Health	Rent & Arrears Team	18/06/20	High	4	4	0
Cross Cutting Reviews	Corporate Governance Review*	22/06/20	High	3	3	0
Achievement & Partnership Service	Challenge Advisors	05/05/20	Substantial	16	16	0
Fundamental Audits	NNDR 2019/20*	21/05/20	Substantial	6	6	0
Child & Family Services	Leaving Care Act	16/06/20	Substantial	8	8	0
Legal, Democratic Services & Business Intel.	Debt Recovery Process - Legal*	17/06/20	Substantial	10	10	0
Contract Audits	Contract Register*	19/06/20	Substantial	4	4	0
Fundamental Audits	Accounts Receivable 2019/20*	27/05/20	Moderate	18	18	0
<b>Quarter 2 (14 Audits)</b>						
Financial Services & Service Centre	Direct Payments - Adult and Child & Family	03/07/20	High	3	3	0
Fundamental Audits	Capital Accounting 2019/20*	23/07/20	High	0	0	0
Education Planning & Resources	Capital Planning and Delivery Unit	27/07/20	High	1	1	0
Legal, Democratic Services & Business Intel.	Councillors Expenses & Allowances	30/07/20	High	3	3	0
Adult Services	Self Assessment Checklists - Adult Services	05/08/20	High	17	17	0
Fundamental Audits	Main Accounting System 2020/21	05/08/20	High	1	1	0
Waste Management & Parks	Specialist Park Services	05/08/20	High	3	3	0
Waste Management & Parks	Knotweed Service	03/09/20	High	4	4	0
Waste Management & Parks	Parks Support & Tree Services	15/09/20	High	5	5	0
Fundamental Audits	Treasury Management 2020/21	18/09/20	High	3	3	0
Education Planning & Resources	Oystermout Primary School	15/07/20	Substantial	9	9	0
Adult Services	Victoria Park Kiosk	10/09/20	Substantial	4	4	0
Education Planning & Resources	YGG Tirdeunaw	18/09/20	Substantial	10	10	0

## AUDITS FINALISED 2020/21

Education Planning & Resources	Primary School Procurement Exercise	24/09/20	Substantial	4	4	0
<b>Quarter 3 (16 Audits)</b>						
Highways & Transportation	Clydach Finance & Admin	06/10/20	High	5	5	0
Cross Cutting Reviews	Corporate Performance Management*	20/10/20	High	4	4	0
Contract Audits	Tender & Evaluation of Building Contracts	20/10/20	High	0	0	0
Financial Services & Service Centre	Officers Expenses	03/11/20	High	7	7	0
Computer Audits	Oracle Change Control*	09/11/20	High	0	0	0
Fundamental Audits	Council Tax 2020/21	23/11/20	High	2	2	0
Poverty & Prevention	Partnerships, Performance & Commissioning	30/11/20	High	2	2	0
Housing & Public Health	Blaenymaes District Housing Office	03/12/20	High	3	3	0
Economic Regeneration & Planning	Planning Enforcement	11/12/20	High	2	2	0
Education Planning & Resources	Parkland Primary School	21/12/20	High	4	4	0
Communications & Marketing	Risk Management System	06/10/20	Substantial	3	3	0
Highways & Transportation	Highways Trading Account	12/10/20	Substantial	2	2	0
Waste Management & Parks	Trade Refuse (inc. Skip Hire)	14/10/20	Substantial	13	13	0
Financial Services & Service Centre	Assisted Car Purchase Scheme	16/10/20	Substantial	5	5	0
Cultural Services	Brangwyn Hall	20/10/20	Substantial	12	12	0
Housing & Public Health	Public Protection - Administration Division	12/11/20	Substantial	9	9	0
<b>Quarter 4 (25 Audits)</b>						
Housing & Public Health	Townhill DHO	11/01/21	High	7	7	0
Cultural Services	Branch Libraries	14/01/21	High	4	4	0
Financial Services & Service Centre	PCI - Data Security Standards	18/01/21	High	1	1	0
Financial Services & Service Centre	Passport to Leisure	09/02/21	High	6	6	0
Legal, Dem. Services and Business Intelligence	Electoral Services**	24/02/21	High	0	0	0
Legal, Dem. Services and Business Intelligence	Scrutiny	11/03/21	High	0	0	0
Communications & Marketing	Risk Management (Resources Directorate)	03/02/21	High	3	3	0
Fundamental Audits	Cash 2020/21	04/02/21	High	1	1	0
Housing & Public Health	Homes Preparation Unit	29/03/21	High	4	4	0
Legal, Dem. Services and Business Intelligence	Delegated Decision Making*	31/03/21	High	5	5	0
Property Services	Facilities Management	15/01/21	Substantial	9	9	0
Cross Cutting Reviews	Whistleblowing	25/01/21	Substantial	16	16	0
Education Planning & Resources	Casllwchwr Primary	01/02/21	Substantial	10	10	0
Planning & City Regeneration	Development & Physical Regeneration	03/02/21	Substantial	6	6	0
Education Planning & Resources	Llanrhydian Primary	04/02/21	Substantial	18	18	0
Miscellaneous Audits	Swansea Bay Port Health Authority	25/02/21	Substantial	8	7	1
Education Planning & Resources	Cwmrhydyceirw Primary	01/03/21	Substantial	12	12	0

## AUDITS FINALISED 2020/21

Education Planning & Resources	Secondary Schools Procurement Review	05/03/21	Substantial	5	5	0
Education Planning & Resources	Plasmarl Primary School	22/03/21	Substantial	10	10	0
Child & Family Services	Youth Offending Service	25/03/21	Substantial	11	11	0
Education Planning & Resources	Primary School Unofficial Fund Review	29/03/21	Substantial	9	9	0
Commercial Services	Retrospective Oracle Orders	30/03/21	Substantial	3	3	0
Chief Transformation Officer	Management of Absence	27/01/21	Moderate	19	19	0
Cultural Services	Grand Theatre	01/02/21	Moderate	25	25	0
Fundamental Audits	Accounts Receivable 2020/21	15/03/21	Moderate	17	17	0
				<b>Total</b>	<b>454</b>	<b>453</b>
						<b>1</b>

Audits Completed to draft stage by 31/03/21 finalised shortly after year end: (2 Audits)						
Head of Service	Audit Title	Date Finalised	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
Fundamental Audits	Accounts Payable 2020/21 (draft issued 29/03/21)	21/04/21	Substantial	13	13	0
Cross Cutting Audits	Corporate Governance (draft issued 31/03/21)	16/04/21	Substantial	6	6	0

2020/21 Audit Ratings Summary		
Total Number of Audits Finalised	75	%
High Assurance	42	56%
Substantial Assurance	29	39%
Moderate	4	5%
Limited	0	0%

INTERNAL AUDIT - PERFORMANCE INDICATORS 2020/21

APPENDIX 2

Performance Indicator			2019/20		2020/21		2020/21	2021/22
			Target	Actual	Target	Actual	WCIAG Average	Target
1	Audit Assignments achieved against planned	%	75	84	75	68	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	93	70	87	Unavailable	70
5	Directly productive time against time available	%	60	65	60	62	Unavailable	60
6	Average period - from response to final report	Days	3	0.4	3	0.3	Unavailable	3
	Average period - closing meeting to draft report	Days	10	1.3	10	1.2	Unavailable	10
8	Directly productive time achieved against planned time	%	90	102	90	96	Unavailable	90
9	Average cost per directly chargeable day	£	278	308	300	331	Unavailable	300
10	Staff turnover rate	%	15	0	15	0	Unavailable	15
11	Staff costs per £m gross revenue expenditure (inc. HRA)	£	650	602	650	594	Unavailable	650

Notes

> Quality Control Questionnaire (QCQ) return rate for 2020/21 was 91%.

> Comparator figures for 2020/21 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.



## Report of the Chief Auditor

Governance and Audit Committee – 18 May 2021

### Internal Audit

#### Self-Assessment of PSIAS Conformance 2020/21

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 partly-compliant can be found in Appendix B.

In summary there are 336 best practice lines within the PSIAS. A self-assessment review of conformance against the PSIAS was undertaken during April 2021 by the Chief Auditor revealed that 99.4% of the best practice of the PSIAS was in place.

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	17	1		18
2400. Communicating Results	53			53
2500. Monitoring Progress	3		1	4
2600. Communicating the Acceptance of Risks	2			2
<b>Total</b>	<b>334</b>	<b>1</b>	<b>1</b>	<b>336</b>
<b>Percentage</b>	<b>99.4%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>100%</b>

Key: C - Compliant. P – Partly 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?		✓		Working papers are either held on paper files or on the Galileo Audit Management System. Paper files are held in the Internal Audit room but are not locked away when the room is unattended. However, unauthorised access to the files is unlikely due to the position of the room within the Guildhall. The permission of the Chief Auditor is required before access to records is granted to anyone outside the Section.
<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?			✓	A report/memo is provided to the service manager and Head of Service recording the results of the follow up visit but the original level of assurance is not revised on the basis of the follow up visit. The level of assurance will be reviewed when the next full audit of the service is completed. However, if any significant issues were identified during a follow up audit, they would be reported to the service management, senior management, the Corporate Management Team and the Audit Committee if appropriate.





## Report of the Chief Auditor

Governance and Audit Committee – 18 May 2021

### Internal Audit

## Quality Assurance and Improvement Programme 2020/21

### 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 Chief Finance Officer and the 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 2020/21 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 Chief Finance Officer 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 was undertaken during April 2021 by the Chief Auditor revealed that 99.4% of the best practice of the PSIAS was in place.

## **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 and was approved by 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 then Head of Financial Services & Service Centre (now the Chief Finance Officer), the Director of Resources and the Chief Executive on 28/03/18 and to 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 by 2022/23.

## **5 Reporting**

- 5.1 The Chief Auditor will report the outcome of the periodic internal assessment to the Chief 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 Chief Finance and Section 151 Officer and the Audit Committee when received along with an Action Plan to address any issues raised in the report. The Action Plan will be subject to regular monitoring with progress being reported to the Chief Finance Officer 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 2020/21	Actual 2020/21	Achieved/ Not Achieved
1	Audit assignments achieved against planned	%	75	68	Not 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	87	Achieved
5	Directly productive time against time available	%	60	62	Achieved
6	Average period from client response to issue of final report	Days	3	0.3	Achieved
7	Average period from closing meeting to issue of draft report	Days	10	1.2	Achieved
8	Directly productive time achieved against planned time	%	90	96	Achieved
9	Average cost per directly chargeable day	£	300	331	Not Achieved
10	Staff turnover rate	%	15	0	Achieved
11	Staff cost per £m gross revenue expenditure (incl HRA)	£	650	594	Achieved



## INTERNAL AUDIT – PI ACTIONS 2021/22

PI	Target / Actual	Justification	Action to be taken 2021/22
1 - Audit assignments achieved against planned	Target: 75% Actual: 68%	As reported throughout 2020/21 via the Quarterly Monitoring Reports, the Covid-19 pandemic has impacted the Team's ability to complete a number of audit assignments in the year.	It is hoped that a relaxation of restrictions in 2021/22 will allow the team to complete a greater number of planned audits in the year in line with previous year's performance records.
9 - Average cost per directly chargeable day	Target: £300 Actual: £331	As agreed by the WCIAG, average cost for this performance indicator is made up of actual salary, NI and pensions costs of the Internal Audit Team. These costs have seen an overall increase of 3% on 19/20 costs. In addition, the number of directly chargeable days has decreased from 1,526 in 2019/20 to 1,462 in 2020/21. As a result, average costs per directly chargeable day has increased overall in 2020/21 to £331, from £308 in 2019/20. The decrease in productive days has primarily been caused by a secondment, increased sickness absence and some unavoidable downtime as a result of the Covid-19 pandemic.	Marginally missed the target in year due to unprecedented circumstances. Costs will continue to be monitored throughout 2021/22.

**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



## CIPFA Guidance to Internal Auditors and the Leadership Team and Audit Committee of Local Government Bodies

### Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope

#### Introduction and rationale for the guidance

The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the head of internal audit (HIA) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the public body relies on for its annual governance statement.

CIPFA recognises that local government bodies are struggling with considerable challenges and are having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs. However, the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope. A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the audit committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.

While the limitation of scope will only be formally published in 2021 as part of the HIA's annual report, this guidance addresses the importance of early identification of the risk. It suggests mitigating actions to be taken now to avoid a limited scope where possible. If a limited scope does become necessary the guidance suggests possible wording to use in the report.

#### Status of the CIPFA guidance

This guidance is prepared by CIPFA for internal auditors working in or for local government in the UK. CIPFA is the Relevant Internal Audit Standard Setter (RIASS) for local government and works with the other UK RIASS<sup>1</sup> to mandate the PSIAS across the public sector. This guidance has been shared with the other RIASS and other members of the Internal Audit Standards Advisory Board including the Chartered Institute of Internal Auditors. Other sectors should look to the appropriate RIASS for guidance.

This guidance is a sector specific requirement for local government in the UK.

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<sup>1</sup> The Relevant Internal Audit Standard Setters are: HM Treasury in respect of central government; the Scottish Government, the Department of Finance Northern Ireland and the Welsh Government in respect of central government and the health sector in their administrations; the Department of Health and Social Care in respect of the health sector in England (excluding foundation trusts); and the Chartered Institute of Public Finance and Accountancy in respect of local government across the UK.

## Key requirements for local government bodies

The key requirements that heads of internal audit, leadership teams and audit committees should follow are set out below and are supported by additional explanation.

1. The HIA should plan to obtain sufficient assurance to support the annual opinion, taking into account both internal audit work and other sources of assurance. The reliance the HIA is placing on other sources of assurance should be disclosed in the overall opinion.
2. The HIA, leadership team and audit committee should review and discuss internal audit capacity where there are concerns and develop an action plan to mitigate the risk.
3. The HIA should make best use of their audit resources to maximise assurance.
4. Where the HIA considers that a limitation of scope is likely, the leadership team and audit committee should be advised promptly. The HIA should set out the likely consequences assessed and advise on remedial action to avoid a limitation of scope.
5. The HIA annual report should contain a clear explanation of any limitation of scope along with its causes and plans to address the situation going forward.
6. Where the HIA annual report and opinion contains a limitation of scope the authority should state this in the annual governance statement.

## Detailed guidance to support implementation

### Planning adequate assurance to support the annual opinion

Just as in more normal times the HIA should plan audit work to ensure that sufficient assurance will be available to support the annual opinion. This guidance will not go into details about risk-based audit planning but it emphasises that the professional requirements of PSIAS have not changed. It is likely that internal audit plans will be more fluid than normal as a result of the impact of the pandemic on the organisation. Head of internal audit should already have agreed new audit priorities to cover the new risks and changes from the impact of COVID-19 and that work will provide support for the annual opinion.

CIPFA recognises that the impact of COVID-19 and the capacity of the organisation to respond will vary as a result of a number of factors. Alongside direct internal audit work the HIA can also place reliance on other assurance providers, as set out in PSIAS 250. However it is important to recognise that the quality and availability of that other assurance may also be impacted adversely by the pandemic in some organisations. These factors are likely to be beyond the control of the HIA.

The factors impacting on the availability of assurance from internal audit and other sources of assurance include:

- the changing risks and impacts on the organisation itself
- whether key governance, risk management and internal control arrangements have deteriorated or been maintained
- changes to the resource base of internal audit, whether staff or budget related
- demands on internal audit for any advisory or non-audit support that will not directly support the HIA opinion
- operational disruptions that impact on the access of internal auditors to key staff, information or systems resulting in greater inefficiency and reduced outputs.

Where an organisation has adopted a comprehensive assurance framework then this may be used by the HIA to support the opinion, if those other sources of assurance are demonstrated to be robust. CIPFA's [Financial Management Code](#) (FM Code), which is applicable to all UK local government bodies, has

assurance as one of its key principles. Principle C of the FM Code clearly sets out the responsibility of the leadership team to establish and support appropriate arrangements:

The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

The CIPFA [Statement on the Role of the Head of Internal Audit](#) also emphasises the responsibility of the leadership team for establishing wider frameworks of assurance and accountability.

### Engagement between the leadership team, audit committee and HIA

The PSIAS require regular communication and engagement with the leadership team and audit committee on the development of the internal audit plan (PSIAS 2010 and 2020), its execution (PSIAS 2060) and the results of the audit engagements (PSIAS 2400). Each organisation will have its own agreed arrangements in place that will also take into account the terms of reference of the audit committee. The CIPFA [Position Statement on Audit Committees in Local Authorities and Police](#) (2018) sets out the responsibility for the audit committee to provide oversight of the independence, performance and professionalism of internal audit.

PSIAS 2030 requires the HIA to ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan. If the HIA believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, the consequences must be brought to the attention of the leadership team and audit committee promptly. The CIPFA [Statement on the Role of the Head of Internal Audit](#) is clear that to perform their role effectively the HIA must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively (Principle 4).

It is the responsibility of the organisation's leadership team to provide the HIA with the resources, expertise and systems necessary to perform their role effectively. Therefore it is essential for there to be meaningful engagement between the HIA, leadership team and audit committee. If the HIA has concerns about the quantity or calibre of internal audit resources available or there are other operational barriers to the delivery of the audit plan, they should assess the impact and likely consequences for the annual opinion and work with the leadership team and audit committee to find solutions to bridge the gap.

### Making effective use of internal audit resources

When delivering the risk-based audit plan the HIA, supported by the leadership team, should make every effort to make best use of available internal audit resources over the remainder of the year. Possible actions could include:

- Streamlining audit processes to increase capacity.
- Narrowing the focus of audit scopes to examine only key risks
- Filling vacant audit posts, whether permanently, on a temporary basis or buying in audit expertise from an external provider.
- Exploring opportunities for internal secondments or other support for the audit team from non-internal audit staff who can nevertheless undertake some internal audit work.
- Evaluating any requests for advisory work and prioritising assurance work and advisory work that supports the annual opinion.
- Avoiding diversion of internal audit staff on to counter fraud work, or other non-core audit work, beyond that which is already accommodated within the plan.
- Increasing communication with client services to help ensure good co-operation from client services and avoid unnecessary delays in undertaking engagements.

Where the internal audit service provides services to partner bodies or on a commercial basis then agreements in place may provide little scope to amend resourcing in the short term.

### Early identification of a limitation of scope

A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion. This should not be confused with an adverse opinion, which arises when sufficient work has been completed to enable the HIA to conclude that arrangements are not adequate and effective.

There are three possible scenarios for a limitation of scope:

1. The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion.
2. The HIA has obtained insufficient assurance across one of the three aspects of the opinion. The limitation of scope will be restricted to that aspect only.
3. The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material. An example might be where there were significant engagements set out in the plan that the audit service could not complete.

Where one of these situations is a risk then the HIA should take steps to inform the leadership team and audit committee of it as soon as possible and identify the underlying reasons. As part of the discussions with the leadership team and audit committee the HIA should identify the following:

- the extent of limitation of scope that is likely
- the reasons for limitation being necessary
- remedial steps planned or sought to minimise the extent of the limitation
- consequences of not addressing the risk that a limitation of scope will impact on the opinion.

### Understanding the consequences of a limitation of scope

The primary consequence is that the leadership team and those charged with governance do not receive independent assurance that the framework of governance, risk management and control is adequate and effective. Without this assurance the organisation should consider the risk of significant control weaknesses, inefficiencies or poor performance remaining unidentified. In addition, opportunities for improvement may be lost. While internal audit can only offer reasonable assurance, not a 100% guarantee, the presence of that reasonable assurance is rightly valued.

Other consequences to consider:

- The organisation will need to highlight the limitation in its annual governance statement when referring to the HIA opinion
- Where the reason for the limitation also results in significant non-conformance with PSIAS during the year, then the HIA must report that as part of the quality assurance and improvement programme (QAIP) (PSIAS 1320). The results of the QAIP must be included in the annual report (PSIAS 2450). CIPFA's view is that if the limitation of scope is so significant that the HIA cannot provide an annual opinion that fulfils the PSIAS requirement then it is likely that there are other areas of non-conformance. Taken as a whole the internal audit service may no longer conform with PSIAS.
- The internal audit team is only able to state that they conform with the PSIAS if the results of the QAIP can demonstrate that. So if the last EQA concluded that the service conformed, but this year's QAIP demonstrates that the internal audit service does not, then it cannot claim to conform with PSIAS. Non-conformance should be considered for inclusion in the annual governance statement.

- Non-conformance with the PSIAS should also be taken into account when assessing the strength of assurance and the organisation's compliance with the CIPFA FM Code.
- If the internal audit service bids for or supplies its services to other organisations or partner bodies then losing conformance with the standards may have commercial consequences.
- The organisation's external auditor may take the limitation on the audit opinion or non-conformance with PSIAS into account when reviewing overall governance arrangements under the value for money or best value scope of the external audit. Different external audit arrangements apply across the UK and audit committees may wish to discuss this matter with their local auditors to understand the consequences.
- Internal audit will have a smaller than anticipated knowledge base to support future audit planning. The HIA will need to consider the implications for planning and resources as a consequence.
- Outside bodies who may have looked to the internal audit opinion as evidence for the organisation's sound governance may draw adverse inferences from the reported opinion.

### Suggested wording of the limitation

In the annual report the HIA should detail the impact of COVID-19 on internal audit and the underlying causes of the limitation of scope. It should set out steps taken to mitigate or compensate, for example where additional reliance has been placed on other assurance providers.

The PSIAS do not specify the wording to use for the opinion section within the annual report but it should be clearly linked to the PSIAS requirement of *the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control*. The suggested wordings below apply when there is a need to accommodate a limitation of scope.

Type of limitation	Suggested wording
<p>The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is a requirement of PSIAS.</p> <p>The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers is presented in the annual report but this does not result in a comprehensive opinion.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across one of the three aspects of the opinion: governance, risk management and internal control. The limitation of scope will be restricted to that aspect only.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of [specify one of governance, or risk management or control].</p> <p>The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers in respect of [governance or risk management or control] is presented in the annual report but this does not result in an opinion on this aspect.</p> <p>[The HIA can then present their opinion on the remaining two aspects required.]</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material.</p>	<p>The HIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is [set out opinion].</p> <p>The HIA opinion however must exclude [specify area excluded] as there is insufficient assurance available for the HIA to offer reasonable assurance.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>



Note it is possible for the HIA to separate out their annual opinions on governance, risk management and control if it is more meaningful to do so. This might arise for example where one aspect was significantly weaker than the other.

### **Ensuring there is a robust plan for future years**

The HIA, leadership team and audit committee should work together to ensure that internal audit will be sustainable in 2021/22 and onwards. Specifically, they should ensure that the HIA can develop a risk-based plan that will support the annual opinion. Regular reporting and monitoring should take place to ensure that achievement of the plan is on track.

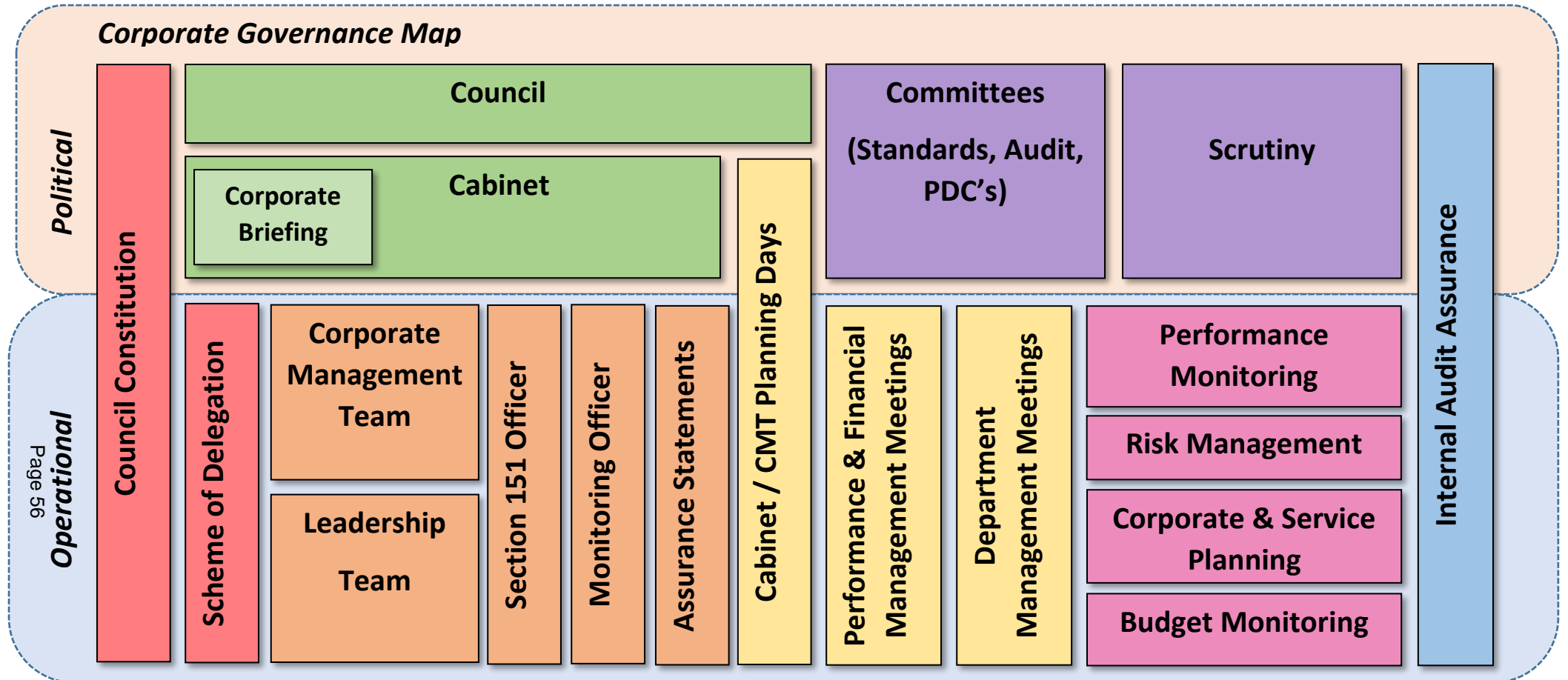
Where the organisation has identified weaknesses in any assurance arrangements beyond internal audit then the leadership team should develop appropriate improvement plans and the audit committee should monitor these regularly.

For further information please contact Diana Melville, Governance Advisor CIPFA

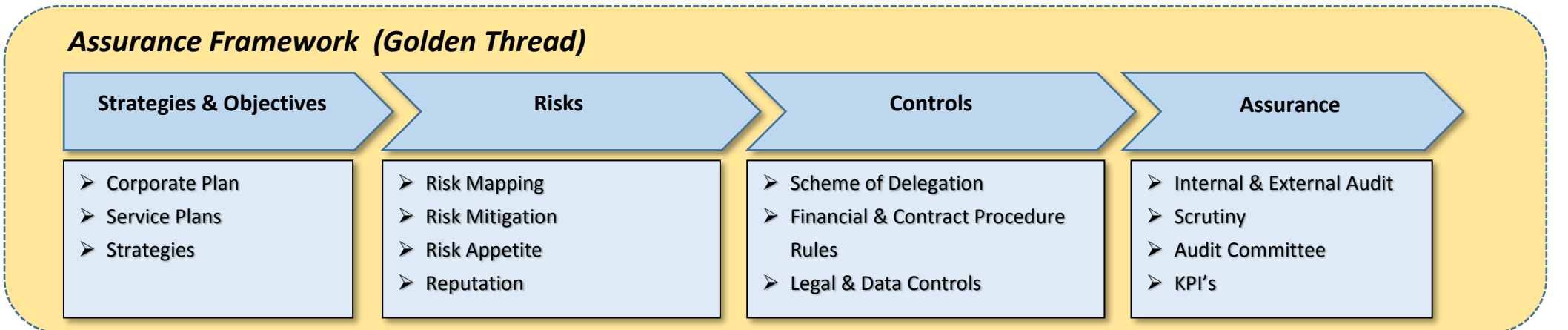
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**Approved by the Public Financial Management Board, CIPFA  
19 November 2020**

**Corporate Governance Map**



**Assurance Framework (Golden Thread)**



# Agenda Item 6



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

Governance and Audit Committee – 18 May 2020

### **Draft Governance and Audit Committee Annual Report 2020/21**

<b>Purpose:</b>	This report provides the draft Governance and Audit Committee Annual Report for the 2020/21 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>Recommendation:</b>	It is recommended that the Committee review and discuss the content of the report prior to it being presented to Council.
<b>Report Authors:</b>	Paula O'Connor, Simon Cockings, Jeremy Parkhouse
<b>Finance Officer:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Catherine Window



# **Draft Governance and Audit Committee Annual Report 2020/21**

**City & County of Swansea**

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

- 1.1 First and foremost the Chair pays tribute to all staff and officers of the Council in dealing admirably with the unprecedented challenges brought about by the COVID pandemic. Throughout this difficult 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 endeavoured to maintain continuity of governance.
- 1.2 This report provides an overview of the Audit Committee's work in the municipal year 2020/21. On 20th October 2020 the Audit Committee considered the election of Chair for 2020/21 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the same meeting Councillor P R Hood-Williams was elected Vice-Chair for the 2020/21 Municipal Year. In addition, in June 2020 the Committee approved the proposal to appoint an additional Lay Member to support the changes that were to be introduced with the Local Government and Elections (Wales) Act 2021.
- 1.3 I am pleased to present this report prepared by the Chief Auditor and Democratic Services that reflects on the work of the Audit Committee.
- 1.4 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.
- 1.5 It is pleasing to report that the Committee has received in June 2020 an oversight of the Council's Performance Management Framework and also an overview of the Partnerships and Collaboration arrangements. The Committee has requested periodic reports for both of these significant areas to be brought to future meetings. Also in March 2021 the Committee received an update from the Deputy Chief Executive on Value for Money & Benchmarking. The presentation of the three reports addressed the shortfall in previous meetings of the Committee and the Chair extends her gratitude to officers for meeting the Committee's needs.
- 1.6 The Chair also highlights that the Committee has previously reported on the shortfall in assurances being received around the Council's Risk Management arrangements, and although some progress has been made the shortfall remains.
- 1.7 The Chair reflects on the presentation on the Assurance Framework and the reporting on the Council's Risks which was a significant step forward in 2018/19 in improving the Committee's ability to reflect on the effectiveness of governance, risk management and control that supports and informs the Council's Annual Governance Statement. However, as reported in 2019/20 and well into 2020/21 the development and roll out of a new electronic risk management system was delayed during the year and the Chair and Audit

Committee members have expressed concern that in the absence of a robust system that this will need to be highlighted in the Council's Annual Governance Statement at the year end. During 2020/21 the ongoing delay was mainly attributable to the pressures associated with the pandemic. In November 2020 the Committee received a mid-year position of Risk and then in February 2021 an updated position in an improved format. The Chair noted that the detail contained in the improved format Risk Register still required improvement before the Committee were able to take assurance.

- 1.8 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.
- 1.9 The Chair and Chief Internal Auditor attended a further meeting of the All Wales Audit Committee Chairs network in October 2020 where there was opportunity to network, share ideas and problem solve with peers performing similar roles. CIPFA facilitated the meeting and the areas covered included, Making an impact as an Audit Committee, Role of the Lay Member and Knowledge and Skills.
- 1.10 The 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."
- 1.11 The Committee received the 2020/21 Internal Audit Plan and Charter on 1st June 2020 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 2020/21 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending 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 Audit Committee of those audit assignments that had to be deferred as a result of the pandemic impacts. The Audit Committee discussed the impact and the possibility that a limitations opinion would be called. The Chair, Chief Finance and 151 Officer and the Chief Internal Auditor discussed the opinion which reflects the limitations around the risk management arrangements but not the deferred audits. The final Chief Internal Auditor opinion is due to be presented to the Audit Committee in May 2021.
- 1.12 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 were 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.

- 1.13 Audit Wales presented their 2020 Audit Plan to the Audit Committee on 30th June 2020, and has provided the Committee with regular updates to their work. 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 that Scrutiny Committee has the opportunity to challenge non implementation of recommendations as well as the Audit Committee.
- 1.14 The Chair has met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and Audit Wales. A meeting is being arranged with the Chief Executive to communicate Audit Committee concerns in a number of key risk areas that include, robustness of Directorates saving plans, workforce pressures, risk management arrangements and reporting of risk to Audit Committee, production of annual governance statement and the role of the Governance Group.
- 1.15 The Committee received the 19/20 Anti-Fraud Annual Report at the meeting in September 2020 and the update against progress being made against recommendations in the Audit Wales report Raising our Game - Tackling Fraud in Wales in March 2021. The Committee noted that further work was required to address all those recommendations.
- 1.16 The Deputy Chief Executive presented the Annual Governance Statement 2019/20 Action Plan Update to the Committee in December 2020. Cllr Lesley Walton is the Audit Committee Representative on the Governance Group. The Governance Group was established to review the production of the AGS during the year. At the March 2021 meeting of the Governance Group a number of key points were raised with regard to the 2020/21 AGS but Cllr Walton has advised the Chair that the timeline target for the draft AGS to be presented to the May Audit Committee will be met. In preparation for receipt of this important document the Chair requested that Democratic Services circulate to Members the CIPFA guidance paper on Application of the Good Governance Framework 2020/21.
- 1.17 The Chair attended the Scrutiny Panel Conference 13th October 2020 and is also due to attend the Scrutiny Committee shortly.
- 1.18 The Committee discussed the concern regarding the cost of the capital programme, the level of reserves, the risk to the Authority and the need to scrutinise the risk. Also, it was noted that a recovery plan should be developed on how the Council plans to deal with overspends and that the Audit Committee should be provided with regular budget variation reports. The Chief Finance and Section 151 Officer agreed to provide this information to future meetings. The update against Achieving Better Together and from Recovery to Transformation was received in February 2021.



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

- 2.1 The Council is required, under the Local Government (Wales) Measure 2011 to have a Governance and Audit Committee which among other things must include at least one lay member.
- 2.2 The Measure requires 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.
- 2.3 The Measure also requires Councils to have a Lay Member in their Governance and Audit Committee. The Chair of the Committee is a Lay Member and a second Lay Member was appointed to the Committee in the year. It should be noted that the Members are currently in the process of discussing proposals to revise the structure of the Committee and to further increase the number of Lay Members in order to accommodate the new legislative requirements set out in the Local Government and Elections (Wales) Act which became law in January 2021.
- 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 as shown 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 2020/21 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 2020/21 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 2020/21**

- 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 2020/21 and 2021/22 as required by the Public Sector Internal Audit Standards.
- 3.3 The Committee also approved the Internal Audit Annual Plan 2021/22 and has received quarterly monitoring reports from the Chief Auditor showing progress against the 2020/21 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 2019/20 was reported to the Committee in June 2020 and the Internal Audit Annual Report for 2020/21 was reported to the Committee in May 2021. Both reports included a review of actual work completed compared to the Annual Plan.
- 3.7 The Internal Audit Annual Reports for both 2019/20 and 2020/21 also included the Chief Auditor's opinion on the internal control environment which in both cases, 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 2019/20 was presented to the Governance and Audit Committee in September 2020. This report summarised the school audits undertaken during the year and summarised some common themes identified across the school audits that had been completed.

#### Annual Governance Statement 2019/20 & 2020/21

- 3.10 The draft Annual Governance Statement for 2019/20 was presented to the Governance and Audit Committee in June 2020. 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, Chief Finance and 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 was also appointed to the Group in 2019/20. The Group is tasked with overarching responsibility for ensuring existing corporate governance arrangements are effective across the Council. However, it should be noted that the meetings of the Governance Group were suspended during 2020/21 as a result of the Covid-19 pandemic. However, meetings resumed towards the end of the financial year.
- 3.12 The presentation of the draft Annual Governance Statements gave the Committee the opportunity to review and comment upon the Statements to ensure that they properly reflected the assurances provided to the Committee.

#### Annual Statement of Accounts 2019/20 & 2020/21

- 3.13 The Chief Finance and Section 151 Officer presented the draft Statement of Accounts 2019/20 for the Council in September 2020. Officers answered a number of queries raised by members of the Committee. The draft Statement of Accounts for 2020/21 are due to be presented to the Committee in June 2021.
- 3.14 Following completion of the audit of the Statement of Accounts 2019/20, 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 - Press Release on the Financial Sustainability of Local Government
- Audit Wales Report – City & County of Swansea Annual Audit Summary 2020
- Audit Wales Report – City & County of Swansea Audit Plan 2020-2021.

3.17 The Audit Wales Annual Audit Summary 2020 Report was presented to the Governance and Audit Committee in March 2021. The report summarised with work undertaken by Audit Wales as part of their annual audit of the financial statements for 2019/20, which also highlighted the high quality of the draft statement of accounts. The auditors gave an unqualified opinion on the Council's financial statements on 15<sup>th</sup> September 2020, in line with the statutory deadline.

3.18 The report also outlined the findings of the financial sustainability review that Audit Wales completed in 2019/20. The review examined the financial sustainability of each Council in Wales, and concluded that the City and County of Swansea continues to face a significant financial challenge and needs to deliver its savings plans at the pace and scale required whilst controlling service spending within budgets.

#### 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 2019/20, the results of the tracker exercise showed that 83% of agreed recommendations had been implemented by December 2020.

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 (Wales) Measure 2011 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 in 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 is continuing 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. This remains one of the key areas of focus for the Governance and Audit Committee in 2021/22.

#### 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 February 2020. The new 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 previously to provide an update on the work of the Committee but this did not take place in 2020/21. The Chair will 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 2020/21 was presented to the Committee in May 2020. The Corporate Fraud Function Annual Report 2019/20 was presented to the Governance and Audit Committee in September 2020. The Fraud Function Annual Report for 2020/21 is due to be presented later in the 2021/22 Municipal Year.

#### Governance and Audit Committee Briefings

- 3.30 The Governance and Audit Committee received a number of briefings during 2020/21 as noted below:

- Revenue and Capital Budget Monitoring - 1st Quarter
- Revenue Outturn and Savings Tracker 2019/20
- Treasury Management Annual Report 2019/20
- Mid-Year 2020/21 Overview of Risk
- Annual Governance Statement 2019/20 Action Plan Update
- An Update on a Review of Partnerships
- Employment of Agency Staff Update
- Revenue and Capital Budget Monitoring - 2nd Quarter
- Service Centre: Accounts Receivable – Update
- Service Centre – Disclosure & Barring Service (DBS) Follow Up Report
- Internal Audit Annual Plan Methodology 2020/21
- Draft Internal Audit Annual Plan 2021/22
- Value for Money and Benchmarking
- Counter Fraud
- Local Government and Elections (Wales) Act 2021
- Revenue and Capital Budget Monitoring - 3rd Quarter.
- Fraud Function Annual Plan 2021/22
- Internal Audit Charter 2021/22
- Internal Audit Strategy & Annual Plan 2021/22

#### 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.

## **4. Looking Forward**

- 4.1 Looking forward to 2021/22, the unprecedented challenges that are continuing with the Covid-19 pandemic will continue to have an impact on the Council's governance and finance arrangements during the early to mid-part of the year.
- 4.2 Within this context, the importance of an effective Governance and Audit Committee remains critical and in March 2021 the Chief Legal Officer presented amendments to the Committee's Terms of Reference to take into account the requirements of the Local Government & Elections (Wales) Act 2021. In recognition of the additional responsibilities of the newly named Governance & Audit Committee the Chair met with the Chief Executive and the Chief Finance and 151 Officer who has agreed to develop, with support from external sources, a formal training programme that would develop the knowledge and skills of members in respect of the Act's new requirements.
- 4.3 The Committee will keep the Work Programme under regular review and will ensure that the Work Programme contains the requirements of the Governance & Audit Committees new responsibilities and also the critical challenges and risks that the Council faces. The Committee will also keep under review the progress and reporting of risk management.

## 5. Committee Membership & Attendance

- 5.1 The membership of the Governance & Audit Committee at the start of the 2020/21 consisted of one Lay Member and 12 Non Executive and 1 Executive Councillors elected by Council. An additional Lay Member was appointed by Council in December 2020. 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 Chief Finance Officer/Section 151 Officer, Chief Legal Officer, Strategic Delivery & Performance Officer, Chief Auditor and Democratic Services. Representatives from the Audit Wales also attend Committee meetings.
- 5.3 During 2020/21 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 7 occasions throughout the Municipal period 2020/21 on the following dates: 20<sup>th</sup> October, 10<sup>th</sup> November, 8<sup>th</sup> December, 19<sup>th</sup> January, 9<sup>th</sup> February, 9<sup>th</sup> March and 20<sup>th</sup> April. The meeting agendas, minutes and recordings can be located at: -

<http://democracy.swansea.gov.uk/ieListMeetings.aspx?CId=123&Year=0&LLL=0>

- 5.5 Committee Member attendance in 2020/21 is shown in the following table:

Attendance 2020/21	Possible	Actual
<b>Independent Lay Members</b>		
Mrs Paula O'Connor (Chair)	7	6
Julie Davies (appointed December 2020)	5	5
<b>Non-Executive Councillors</b>		
Councillor Paxton Hood-Williams (Vice Chair)	7	7
Councillor Cyril Anderson	7	7
Councillor Terry Hennegan	7	4
Councillor Erika Kirchner	7	1
Councillor Jeff Jones	7	7
Councillor Peter K Jones	7	5

Councillor Mike Lewis	7	7
Councillor Lesley Walton	7	6
Councillor Mike White	7	7
Councillor Sam Pritchard	7	7
Councillor Peter Black	7	7
Councillor David Helliwell	7	6
<b>Executive Councillors</b>		
Councillor Andrew Stevens	7	2

## 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 further 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> Chief Finance and Section 151 Officer	<a href="mailto:Ben.Smith@swansea.gov.uk">Ben.Smith@swansea.gov.uk</a> 01792 636409
<b>Jeff Dong</b> Deputy Chief Finance and Section 151 Officer	<a href="mailto:Jeffrey.Dong@swansea.gov.uk">Jeffrey.Dong@swansea.gov.uk</a> 07810438119/ 07811847582
<b>Simon Cockings</b> Chief Auditor	<a href="mailto:Simon.Cockings@swansea.gov.uk">Simon.Cockings@swansea.gov.uk</a> 01792 636479
<b>Jason Garcia</b> Audit Wales	<a href="mailto:Jason.Garcia@audit.wales">Jason.Garcia@audit.wales</a>
<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



## **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 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 Amended Terms of Reference

## **Amended Governance and Audit Committee Terms of Reference**

### **Governance and Audit Committee**

#### **Statement of Purpose**

The Governance and Audit Committee is a key component of the City and County of Swansea's corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework, the internal control environment and the performance assessment of the Council. It provides an independent review of the governance, performance assessment, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

#### **Governance, Performance, Risk and Control**

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

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

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

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

### **Financial Reporting**

- w) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- x) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

## **Accountability Arrangements**

- y) To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

*(Note: Governance and Audit Committee Terms of Reference are pending further amendments to reflect the requirements of the Local Government and Elections (Wales) Act).*

# Agenda Item 7



## Report of the Chief Auditor

Governance & Audit Committee – 18 May 2021

### Internal Audit Recommendation Follow-Up Report Q4 2020/21

<b>Purpose:</b>	This report provides the Committee with the status of the recommendations made in those audits where the follow-up's has been undertaken in Q4 2020/21, to allow the Audit Committee to monitor the implementation of recommendations made by Internal Audit.
<b>Policy Framework:</b>	None
<b>Consultation:</b>	Legal, Finance and Access to Services
<b>Report Author:</b>	Simon Cockings
<b>Finance Officer:</b>	Simon Cockings
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Rhian Millar
<b>For Information</b>	

#### 1. Introduction

- 1.1 The Audit Committee's Performance Review for 2017/18 was completed in June 2018. One of the recommendations arising from the review was in relation to the tracking of the recommendations made by Internal and External Audit.
- 1.2 This report provides an overview of how recommendations made by Internal and External Audit are tracked and followed-up.

## **2. Standard Follow-up Procedures**

- 2.1 An amended internal audit follow-up procedure was introduced in 2014 as a result of concerns being raised over the failure of management to implement audit recommendations.
- 2.2 The current procedures identify two methods of following-up on the implementation of recommendations made as a result of internal audit reviews for the fundamental audits and non-fundamental audits.

## **3. Fundamental Audits**

- 3.1 These audits are undertaken on a yearly or two-yearly cycle. All fundamental audits are subject to a Recommendation Tracker Exercise each year, which is normally completed as at the end of September.
- 3.2 The exercise involves discussion with the client department to go through the agreed Action Plan together with a limited amount of testing to confirm whether the recommendations have been implemented.
- 3.3 The results of the Recommendation Tracker Exercise is reported to Audit Committee in a separate Recommendation Tracker report.

## **4. Non-fundamental Audits**

- 4.1 All other audits that have been given a 'limited' or 'moderate' level of assurance are reported to Audit Committee as part of the Quarterly Monitoring Reports. All such audits are subject to a detailed follow-up visit within 6 months of the issue of the final report.
- 4.2 The follow-up visit concentrates on 'high risk' and 'medium risk' recommendations, and will include discussion with the client department and limited testing to confirm implementation.
- 4.3 The results of the follow-up visit are reported to Audit Committee as part of the Quarterly Monitoring Reports.
- 4.4 Where an audit has been given a 'high' or 'substantial' level of assurance, client departments are asked to confirm the implementation of the recommendations via e-mail.
- 4.5 The results of all follow-up's undertaken are logged and recorded on the Audit Management System (Galileo) to ensure completion is monitored appropriately.

## **5. Chief Auditors Group PI's**

- 5.1 Following discussions at the Welsh Chief Auditors Group Meeting in October 2018, it was decided that a new Performance Indicator (PI)

should be introduced to record the number of recommendations that have been implemented as a percentage of those recommendations made. Note that this has not been introduced for 2018/19. It is envisaged that the new process that we have introduced from April 2019 will allow these details to be recorded.

## **6. External Audit Recommendation Tracking**

- 6.1 Whilst it is not practicable to track every external audit recommendation without additional resources and a suitable ICT solution, Scrutiny Programme Committee will receive WAO audit reports and action plans to address recommendations and proposals and will review progress against recommendations within 12 months of the receipt of the report and action plan as their work plan allows. Audit Committee will also receive reports and action plans for information and it may decide that it wants to prioritise and track specific proposals / recommendations in addition to the oversight undertaken by Scrutiny. This does not include those WAO reports that would be intended specifically for Audit Committee.

## **7. Status of Implementation Update to Committee**

- 7.1 The purpose of this report is to allow committee to monitor the implementation status for those audits that have been subject to a follow-up review in the quarter. This will include all follow-ups completed, except for the fundamental audits as the outcome of these follow-up reviews are reported to committee separately.

## **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 Quarterly Recommendation Tracker Report has a low positive impact across all groups.
- It has been subject to consultation with the Chief Finance & S151 Officer, Legal, Access to Services, Corporate Management Team and Heads of Service.
- All Well-being of Future Generations Act considerations are positive and any risks identified are low.
- The overall impact of the Quarterly Recommendation Tracker 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 There are no legal implications associated with this report

**Background Papers:** None

**Appendix 1 – Summary - Recommendations accepted and implemented.**

## RECOMMENDATION TRACKING REPORT Q4 2020/21

Audit Title	Date Final Issued	Date Follow up Completed	Assurance Rating	Recommendations								Total Recs Acc'd	Total Recs Imp'd	Total Rec Not Imp'd*	Comments
				HR		MR		LR		GP					
				A	I	A	I	A	I	A	I				
Victoria Park Kiosk	10/09/20	13/01/21	Substantial Assurance	0	0	1	1	3	3	0	0	4	4	0	
Blaenymaes DHO	03/12/20	16/03/21	High Assurance	0	0	0	0	2	2	1	1	3	3	0	
Risk Management System	06/10/20	16/03/21	Substantial Assurance	0	0	0	0	2	2	1	1	3	3	0	
Parkland Primary	21/12/20	16/03/21	High Assurance	0	0	0	0	2	2	2	2	4	4	0	
Debt Recovery Process - Legal	17/06/20	16/03/21	Substantial Assurance	0	0	1	1	6	6	3	3	10	10	0	
Highways Trading Account	12/10/20	22/03/21	Substantial Assurance	0	0	1	1	1	1	0	0	2	2	0	
Partnership & Commissioning Team	30/11/20	18/02/21	High Assurance	0	0	0	0	2	2	0	0	2	2	0	
Planning Enforcement	11/12/20	29/03/21	High Assurance	0	0	0	0	1	1	1	1	2	2	0	
Risk Management (Resources Directorate)	03/02/21	03/02/21	High Assurance	0	0	0	0	3	3	0	0	3	3	0	
Clydach - Finance and Admin	06/10/20	23/03/21	High Assurance	0	0	0	0	4	4	1	1	5	5	0	
											38	38	0	100.0%	

\*Further details on the recommendations that have not been implemented are reported in Appendix 2 - n/a for Q4

**Key**

**HR** - High Risk. **MR** - Medium Risk. **LR** - Low Risk. **GP** - Good Practice.

**A** - Accepted. **I** - Implemented

# Agenda Item 8



## Report of the Head of Communications & Marketing

Governance & Audit Committee – 18 May 2021

### Corporate Risk Overview 2020/21 - Quarter 4

**Purpose:** The report presents an overview of the status of Corporate Risk in the Council to provide assurance to the Committee that key risks are being managed in accordance with the Council's risk management policy and framework.

**Report Author:** Richard Rowlands

**Finance Officer:** Paul Roach

**Legal Officer:** Debbie Smith

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

#### For Information

#### 1. Background

1.1 This report provides an overview of the status of Corporate risks in the Council to give assurance that key risks are being managed and risk management process is being followed.

#### 2. Corporate Risk: Quarter 4 2020/21

2.1 The following summarises the status of risks recorded in the Corporate Risk Register as at Quarter 4 2020/21 compared to Quarter 3 2020/21:

- There are 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.

2.2 The report at Appendix A includes the risks as at 30/04/21 recorded within the Council's Corporate Risk Register. The reports for each risk include the following information:

- *Risk title and description*...to summarize and describe the risk.
- *Risk Identification (ID) number*...to identify and search for the risk in the register.
- *Risk level*...Corporate level risks.
- *Responsible Officer*...the officer responsible for managing the risk.
- *Councillor*...the Councillor whose portfolio the risk relates to.
- *Last update*...when the risk was last updated in the risk register.
- *Historical RAG*...the level of risk assigned historically each month over a 12 month period (Red – High; Amber – Medium; Green – Low).
- *Current Control Measures*...live actions assigned to control or mitigate the level of risk. *Last update*...the date of the last time the Control Measure was updated in the risk register. *Risk response*...how the risk is controlled. *Projected Completion*...the date the Control Measure is expected to be implemented.
- *Closed Control Measures*...Control Measures that have been finalised, e.g. because they have been implemented. *Closure date*...date that Control Measures were closed.
- *Historical impact*...monthly assessment on the level of impact (1 = low; 5 = very high) should the risk come into effect. The graph shows the historical level of impact assigned each month over a 12 month period.
- *Historical likelihood*...monthly assessment on how likely the risk is to come into effect (1 = low; 5 = very high). The graph shows the historical level of likelihood assigned each month over a 12 month period.

### **3.0 Risk Workshop – Control Measures**

3.1 The draft Annual Governance Statement for 2020/21 sets out that the quality of risk information within the risk register needs to be improved. A workshop on Risk Control Measures will be held with Leadership Team on 25<sup>th</sup> May 2021.

### **4.0 Future Reporting**

4.1 The Chair has requested that Directors attend each quarter on a rotational basis and provide the Governance & Audit Committee with presentations regarding the internal control environment, including risk management; this report providing a Corporate Risk overview will coincide with Director's attendance each quarter.

## **5.0 Integrated Assessment Implications**

5.1 There are no direct equality, socio-economic, and engagement implications from this report. There are no direct well-being of future generation implications; but risks are aimed at preventing issues and sustainable ways of working were applied through the application of the Council's risk management framework during the risk identification process.

## **6.0 Legal Implications**

6.1 There are no legal implications.

## **7.0 Financial Implications**

7.1 There are no financial implications.

## **For Information**

**Background papers:** *None*

**Appendices:** Appendix A – Corporate Risks as at 30/04/21.

## Risk on a Page

Risk Title : Pupil attainment and achievement

Risk ID : 94

Description : If pupils do not receive a very good education then they will not achieve the right qualifications and skills to take advantage of the Swansea Bay City Deal and to contribute effectively to the economic prosperity of the city.

Risk Level : Corporate

Responsible Officer : Helen.Morgan-Rees

Councillor : Jennifer Raynor

Last Update : 25/03/2021

Historical RAG :	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
				RED		AMBER	AMBER	AMBER	AMBER		AMBER	AMBER

### Current Control Measures

Professional Learning Networks Continue To Develop A Blended And Remote Learning Offer. Focus On Recovery Of Operations Is Being Developed Via Multi Agency Meetings And Networks. Loss Of Learning Due To Covid Will Be A Key Focus Of Recovery Plans.

Last Update

23/02/2021

Risk Response

Projected Completion

01/09/2021

Support Pupils To Return Safely To School In Sept 2020 Through The Health, Welfare & Community Education Stream Of The Councils Covid-19 Recovery Plan.

24/07/2020

14/09/2020

Offer Childcare In Schools During Term-Time To Key Workers And The Most Vulnerable Children During The Covid-19 Pandemic.

24/07/2020

14/09/2020

Ensure That Pupils Eligible For Free School Meals Benefit From The Offer Of A Fortnightly Bacs Payment Or Weekly Food Parcel During The Covid-19 Pandemic.

24/07/2020

14/09/2020

Further Enhance The Continuity Of Learning Programme.

16/07/2020

29/10/2020

Commitment To Invest In Education.

10/03/2020

31/12/2024

School Improvement Strategy And Partnership.

21/11/2019

31/12/2024

Attendance Strategy.

21/11/2019

31/12/2024

Strong Leadership Commitment To Influencing The Erw Agenda.

21/11/2019

31/12/2024

New Eotas Strategy & Programme.

21/11/2019

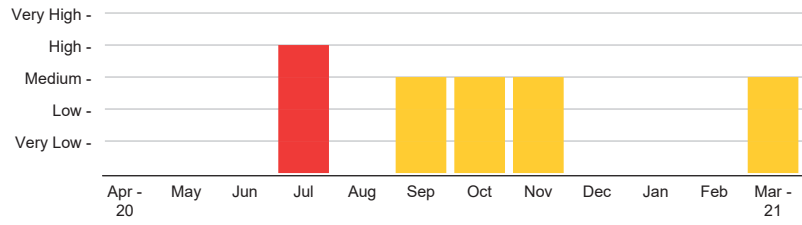
31/12/2024

Current Control Measures	Last Update	Risk Response	Projected Completion
Commissioning Review On Aln.	21/11/2019		31/12/2024
Education Skills Co-Ordinator Appointed.	21/11/2019		31/12/2020
Dedicated Scrutiny Panel To Scrutinise Education Work And Performance.	21/11/2019		31/12/2024
Strong School Building Programme.	21/11/2019		31/12/2024
Renewed Focus Through The Child Protection Board On The Educational Achievement Of Lac.	21/11/2019		31/12/2024
Effective Partnership Working.	21/11/2019		31/12/2024
Good School-To-School Support.	21/11/2019		31/12/2024
Corporate Priority.	21/11/2019		31/12/2024
Positive Engagement And Support From Cabinet And Council.	21/11/2019		31/12/2024

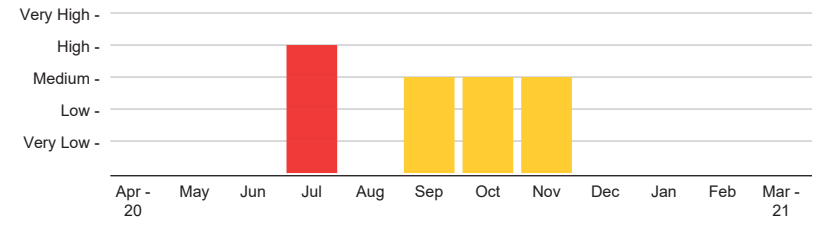
#### Closed Control Measures

	Closure Date
Phased Returns To Face To Face Learning Have Begun And Planning Work Is Refocussing To Recovery.	30/06/2021
{Historical Information Migrated} - Positive Engagement And Support From Cabinet And Council. ∩ Commitment To Invest In Education. ∩ Corporate Priority. ∩ Good School-To-School Support. ∩ Effective Partnership Working. ∩ School Improvement Strategy And Partnership. ∩ New Eotas Strategy & Programme. ∩ Attendance Strategy. ∩ Renewed Focus Through The Child Protection Board On The Educational Achievement Of Lac. ∩ Strong School Building Programme. ∩ Strong Leadership Commitment To Influencing The Erw Agenda. ∩ Commissioning Review On Aln. ∩ Dedicated Scrutiny Panel To Scrutinise Education Work And Performance. ∩ Education Skills Co-Ordinator Appointed.	01/01/2020
The Current Evidence Suggest That The Continuity Of Learning Plan In Swansea Is Working Well. There Is Evidence That Switching To Remote Learning Or A Blended Learning Offer Has Become Normalised. With Large Number Of Pupils Self-Isolating The Education Offer Has Been Adapted. When Pupils Are In School, Time Is Maximised To Enable Them To Understand How To Switch To A Different Type Of Teaching And Learning.	30/11/2020
Since The Disruption To Education In March 2020, The Plans For A Safe Return To School Have Matured. As A Result, Around 88% Attendance Rate Seen In The First Three Weeks Of September. Although There A Shorter Term Disruptions For Schools, The Successful Return To Education Means That We Have Minimised Risk To Learning And Education. The Continuity Of Learning Plan And Policy Means That All Schools In Swansea Are Developing Remote Learning And Blended Learning Opportunities.	30/09/2020
Offer A Safe Return To School For Learners During The Covid-19 Pandemic Through 'Check In, Catch-Up And Prepare' Sessions.	17/07/2020

Historical Impact : Medium



Historical Likelihood :





# Risk on a Page

Risk Title : Safeguarding

Risk ID : 153

Description : If our safeguarding arrangements are not sufficiently robust, then we will not be doing everything we possibly can to prevent the death, injury or neglect of a child or vulnerable adult and consequential reputational damage. Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR45.

Risk Level : Corporate

Responsible Officer : David.Howes

Councillor : Clive Lloyd

Last Update : 16/04/2021

Historical RAG :	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
				RED	RED	RED	RED	RED		RED	RED	RED

### Current Control Measures

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	Last Update	Risk Response	Projected Completion
Implement The Councils Covid-19 Recovery Plan To Recover Services And Help Deal With Emerging Risks From Covid-19.	16/04/2021	Treat	31/12/2021
Provide Emotional And Well-Being Support To Children And Young People During Covid-19	16/04/2021	Treat	28/05/2021
Provide Support To People Who Are At Greater Risk From Domestic Abuse During Covid-19	16/04/2021	Treat	28/05/2021
Reprioritise Workload To Focus On The Most Vulnerable People And Prioritise Services And Contact With Those Individuals During The Covid-19 Response.	16/04/2021	Treat	28/05/2021
Establish And Maintain A Regional Protocol To Provide Secure Covid-19 Care Home Provision, Including Increased Capacity In The Councils In-House Care Homes.	16/04/2021	Treat	28/05/2021

### Closed Control Measures

	Closure Date
As Part Of A Wider Restructuring Of Adult Services, There Is Still A Plan To Re-Establish A Dedicated Safeguarding Team At The Front Door.	16/04/2021
Provide Front-Line Social Care Staff With Ppe During Covid-19.	16/04/2021
Support And Shield Vulnerable People In The Community During Covid-19	16/04/2021
Subgroup Of The Corp. Safeguarding Board Reviewing Additional Safeguards That Can Be Implemented By The Hr Transactions Team.	16/04/2021

## Closed Control Measures

## Closure Date

Action Plan Being Developed In Response To Recent Audit On Dbs Compliance In Schools.

16/04/2021

Children Services Are Planning To Further Enhance The Multi-Agency Front Door Team With A Dedicated Safeguarding Hub.

06/07/2020

Director Of Social Services To Advise Cabinet And Cmt On Options To Bolster Resilience Of The Workforce In Frontline Child Protection Teams

06/07/2020

¿ Sufficient Numbers Of Trained Adult And Children Services Staff. Principal Officers For Safeguarding Within Social Services

07/07/2020

¿ Corporate Safeguarding Policy And Group.

¿ Strong Performance Monitoring And Reporting Arrangements.

¿ Positive Engagement And Support From Cabinet And Council.

¿ Mandatory Corporate Safeguarding Training In Place For Staff And Members.

¿ Commitment To Invest In Social Care Is Strong.

¿ Corporate Priority.

¿ Regional And Multi-Agency Safeguarding Partnerships.

¿ Safeguarding Leads Identified Across All Council Services

¿ Separate Safeguarding Arrangements In Place In Schools, With A Central Education Safeguarding Officer Within The Main Local Authority Directorate

¿ Two Dedicated Scrutiny Panels In Place To Scrutinize Social Services Work And Performance.

¿ New And Revised Safeguarding Policy Following A Review Undertaken By The Safeguarding Pddc'

Update (16/7/2019) - Children Services Have Completed The Restructure Of The Frontline Supported Care Planning Teams.

First Phase Training For Staff In The Adult Services Practice Model Is Almost Complete.

Multi Agency Monitoring Of Potential Safeguarding Referrals Is Now In Place At The Front Door Of Adult Services.

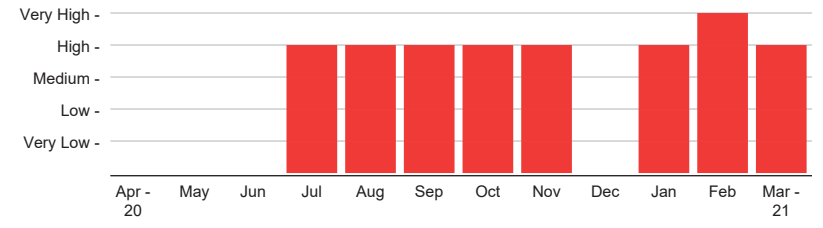
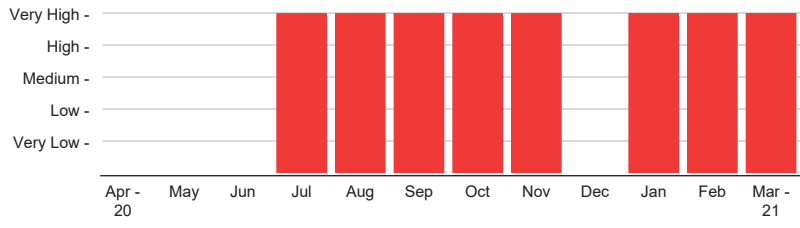
A Process For The Regular Audit Of Safeguarding Cases Has Now Been Established Within Adult Services To Mirror The Equivalent Arrangements For Children Services.

Update 20/9/19 - Some Concern About Diminished Capacity Within Frontline Child Protection Teams Due To High Levels Of Churn Within The Workforce.

Update 10/10/19 - Additional Concern Identified Regarding The Operation Of Hr Transactions Processes In Relation To Dbs Checks And Some Other Employment Checks In Regulated Services.

Update 19/11/19 - Cmt Have Agreed Action Plan To Stabilise Recruitment And Retention Of Frontline Children Services Staff

Update 6/7/20 Safeguarding Arrangements And Resources Have Had To Be Remodelled To Ensure That This Key Priority Function Within Social Services Can Continue To Be Safely Delivered Despite The Restrictions Imposed As A Result Of Covid. The Planned Implementation Of The Multi Agency Safeguarding Hub Has Progressed Despite Covid And The Required Dedicated Safeguarding Team For Adults Has Been Included In The Modified Restructure Of Adult Services Required As A Result Of Covid.



## Risk on a Page

Risk Title : Tax evasion

Risk ID : 155

Description : If the Council fails to prevent those who act for or on its behalf from knowingly or unknowingly facilitating (including failing to prevent) tax evasion, then the Council will be criminally liable and will face an investigation by HMRC with potential prosecution and unlimited financial liability.  
Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks.

Risk Level : Corporate

Responsible Officer : Ben.Smith

Councillor : Robert Stewart

Last Update : 27/04/2021

Historical RAG :      Apr-20    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec    Jan    Feb    Mar-21  
GREEN    GREEN GREEN GREEN GREEN GREEN GREEN GREEN

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Current Control Measures	Last Update	Risk Response	Projected Completion
Accounting Instruction 15 - Vat - Permanently Available Online	27/04/2021	Treat	31/03/2022
Vat Manual And Guide Available On Staffnet Permanently - Refreshed Annually As Needs Be	27/04/2021	Treat	31/03/2022
<ul style="list-style-type: none"> <li>¿ Vat Manual, Guidance Notes And Accounting Instructions.</li> <li>¿ Vat Advice Available Via Principal Finance Partner And External Vat Advisors.</li> <li>¿ Financial Procedure Rules (Fprs) And Contract Procedure Rules (Cprs).</li> <li>¿ Ir35 Guidance And Procedure Notes Available.</li> <li>¿ Procurement Rules And Procedures.</li> <li>¿ Segregation Of Duties.</li> </ul>	27/04/2021	Treat	31/03/2022
Covid Disruption	27/04/2021	Tolerate	31/03/2022
Advice And Guidance Issued To Hos And Managers On 16/02/21 Regarding New Construction Industry Domestic Reverse Charge For Vat Reginme. In Order To Comply With New Legislation Coming In 1st March, We Are Requiring Review Of All Ongoing Procured Construction Services To Ensure The Correct Vat Treatment Is Being Applied. Where Cis Is Applicable, We Have A Statutory Obligation To Notify Suppliers Of Our End User Status So They Know Whether Or Not To Charge Us Vat	27/04/2021	Treat	31/03/2022
Vat Advice Available To Any Staff Via Principal Finance Partner. All Finance Staff Know To Refer Any Reports With Vat Implications Via The Nominated Vat Principal Financne Partner	23/11/2020		31/03/2021

**Current Control Measures**

External Vat Advisors Retained By Council For Specialist Vat Advice Under Contract

Last Update

23/11/2020

Risk Response

Projected Completion

31/03/2021

Strong Personal Working Relationship Maintained With Hmrc Compliance Manager By S151 Officer (Corporate), Principal Finance Business Partner (Vat) And Service Centre Manager (Income Tax, Ni, Ir35, Self Employed Contractors Etc.)

23/11/2020

31/03/2021

**Closed Control Measures**

Closure Date

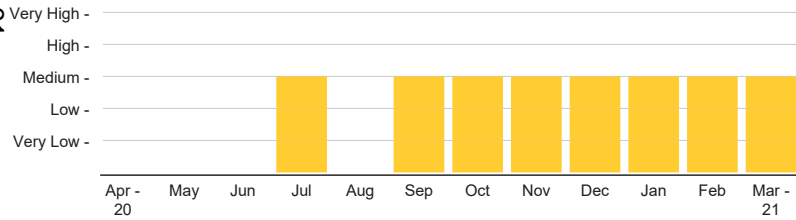
{Transfer Of Historical Information}

31/03/2020

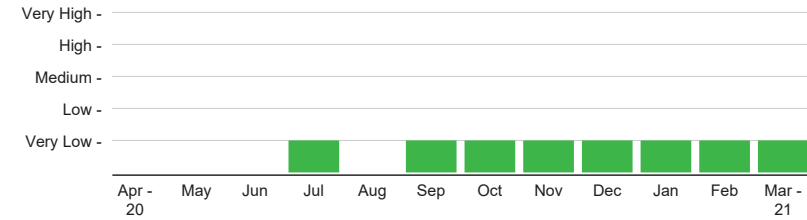
- ¿ Vat Manual, Guidance Notes And Accounting Instructions.
- ¿ Vat Advice Available Via Principal Finance Partner And External Vat Advisors.
- ¿ Financial Procedure Rules (Fprs) And Contract Procedure Rules (Cprs).
- ¿ Ir35 Guidance And Procedure Notes Available.
- ¿ Procurement Rules And Procedures.
- ¿ Segregation Of Duties.

Page 91

Historical Impact : Medium



Historical Likelihood : Very Low



## Risk on a Page

Risk Title : Financial Control - MTFP aspects of Sustainable Swansea

Risk ID : 159

Description : If we fail to deliver Sustainable Swansea and maintain sufficient financial control, and in particular do not ensure we contain service overspending, then we will not be able to respond appropriately to continuing austerity, demographic pressures, increasing demand and changing public expectations.  
 Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risks CR46 and CR47.  
 RR 19/07/19 - Description changed from 'Financial Control (Service Overspending) and Sustainable Swansea' to 'Financial Control - MTFP aspects of Sustainable Swansea' as per CMT 10/07/19

Risk Level : Corporate

Responsible Officer : Ben.Smith

Councillor : Robert Stewart

Last Update : 27/04/2021

Historical RAG :	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
				RED		RED	RED	RED	RED	RED	RED	RED

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Current Control Measures	Last Update	Risk Response	Projected Completion
Pfm (Performance And Financial Management/Monitoring) Process Monthly Is Well Established And Understood By All Officers With Appropriate Escalation Mechanism To S151 Officer, Chief Executive And Cabinet If Non Compliance	27/04/2021	Treat	31/03/2022
Agreed And Well Established Quarterly Reporting Plan In Place To Document And Record At Cabinet All Actions Or Non Actions In Services To Contain Spending	27/04/2021	Treat	31/03/2022
Extant Spending Restrictions Published To All Staff And Reviewed And Many Controls Continue To Be Directly Exercised By Cmt In Relation To Filling Vacant Posts, Restructures, Regrades And Committing Contract Sums	27/04/2021	Treat	31/03/2022
Covid-19 Recovery Plan : Future Council - Finance - New Mtfp.	27/04/2021	Treat	31/03/2022
Covid Disruption	27/04/2021	Tolerate	31/03/2022

### Closed Control Measures

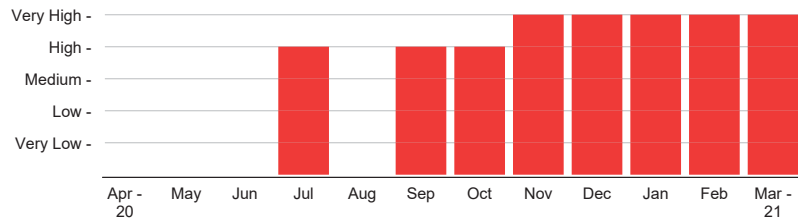
- ¿ An Agreed Plan And A Process For Corporate Level Monitoring In Place.
- ¿ An Agreed Budget.
- ¿ Clear Governance And Reporting In Place.
- ¿ Prevention Strategy.

### Closure Date

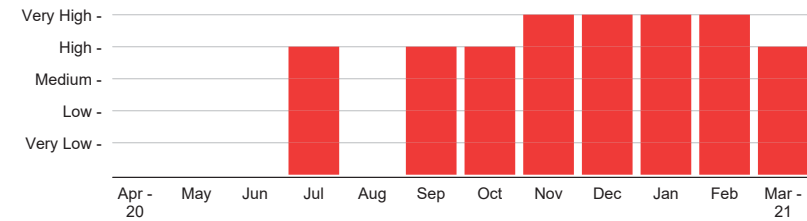
31/03/2020

- ⌋ Regular Monthly Monitoring At P&Fms.
  - ⌋ Reporting, Monitoring And Review At Fstg.
  - ⌋ Audit Committee Providing Challenge, Oversight And Assurance.
  - ⌋ Collaborative Officer And Member Budget Setting Process In Place.
  - ⌋ Launch Of Reshaping Board To Further Challenge Delivery/Mirigations For Non Delivery And Accelerate Timescale For Assuring Delivery
  - ⌋ Mtfp.
  - ⌋ Dedicated Scrutiny Service Improvement And Finance Performance Panel Consider And Scrutinise The Budget On A Quarterly Basis
- All The Above Refreshed For 2019-20 Budget Round Including Launch Of Zero Based Budget As Next Phase Of Sustainable Swansea

Historical Impact : Very High



Historical Likelihood : High



## Risk on a Page

Risk Title : New Legislative and Statutory Changes

Risk ID : 180

Description : IF the council cannot respond adequately to new legislative and regulatory requirements due to reduced resources, then it will be open to external challenge and may suffer reputational damage and fines.

Risk Level : Corporate

Responsible Officer : Tracey.Meredith

Councillor : Robert Stewart

Last Update : 27/04/2021

Historical RAG :      Apr-20    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec    Jan    Feb    Mar-21  
AMBER    AMBER AMBER AMBER AMBER AMBER AMBER

### Current Control Measures

	Last Update	Risk Response	Projected Completion
Prepare Action Plan For New Local Government And Elections (Wales) Bill.	27/04/2021	Treat	31/07/2022
Legal Implications - Inserted Into Decision Making Reports With Legal And Access To Services Sign-Off.	27/04/2021	Treat	31/07/2022
Lobby Welsh Government To Streamline Legislative Requirements, Bureaucracy And Decision Making To Allow A Flexible And Rapid Response To And Recovery From Covid-19.	27/04/2021	Treat	31/07/2022
Lawyers In Local Government Update On New Legislation, Consultation And Constitutional Matters - Circulated By Chief Legal Officer To Cmt On Regular Basis.	27/04/2021	Treat	31/07/2022
Policy Briefing - Widely Circulated.	27/04/2021	Treat	31/07/2022

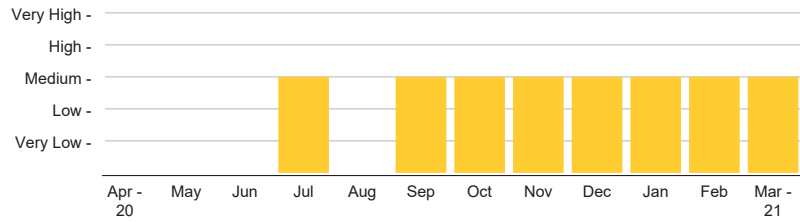
### Closed Control Measures

	Closure Date
Legislative Requirements - Built Into Plans And Decision Making.	30/04/2021
¿ Corporate Plan: Captures Major Change And Meets Duties Under The Well-Being Of Future Generations Act 2015 To Set Well-Being Objectives And Establish Steps To Meet Them.	31/03/2020
¿ Service Planning: Use Of The Swot/Pestle Process To Capture External Legislative Changes And Threats, Etc. And Embed The Well-Being Of Future Generations Act 2015.	
¿ Role Of Directors/Heads Of Service: Duty To Horizon Scan And Bring Forward Papers On New Changes And To Resource Accordingly And Act In Accordance With The Sustainable Development Principle Established By The Well-Being Of Future Generations Act 2015.	
¿ Regular Policy Briefing Developed And Widely Circulated.	
¿ Regular Policy Foresighting Briefing - Policy Perspectives, New Ideas And Emerging Ways Of Working - Developed And Widely Circulated.	

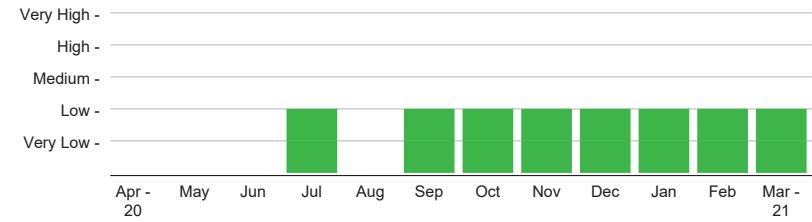


¿ Monitoring Of New Legislation By Legal Department And Democratic Services.  
¿ Lawyers In Local Government Update On New Legislation, Consultation And Constitutional Matters Circulated By Chief Legal Officer To Cmt On Regular Basis.  
Legal Implications Inserted Into Decision Making Reports.

Historical Impact : **Medium**



Historical Likelihood : **Low**



## Risk on a Page

Risk Title : Workforce Strategy

Risk ID : 196

Description : If we do not have a robust workforce strategy in place, then we will not have staff with sufficient capacity and the right knowledge and skills to manage change, deliver transformed services and ensure statutory compliance.  
Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR43.

Risk Level : Corporate

Responsible Officer : Sarah.Lackenby

Councillor : David Hopkins

Last Update : 30/04/2021

Historical RAG :	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
				AMBER	AMBER	AMBER	AMBER		AMBER	AMBER	AMBER	AMBER

### Current Control Measures

Last Update

Risk Response

Projected Completion

Workforce Strategy For 2021-24 Being Developed To Incorporate Workforce Planning, For Consultation With Cmt And Cabinet In April/ May/ June In 2021.

28/04/2021

Tolerate

30/06/2021

### Closed Control Measures

Closure Date

Workforce Planning

31/03/2021

Workforce Planning

31/03/2021

Corporate Plan

Sustainable Development Principles Embedded In The Objectives

Service Planning

Gender Pay Gap And Project Plan

Apprenticeship / Traineeships Strategy

Organisational Development (Od) Strategy And Implementation Plan In Place

Tracking And Monitoring Of Od Plan And Delivery

New Reporting Through Revised Cmt/Cabinet Governance

New Reporting Through Leadership Team

Service Planning

31/03/2021

Gender Pay Gap And Project Plan

31/03/2021

Organisational Development (Od) Strategy And Implementation Plan In Place.

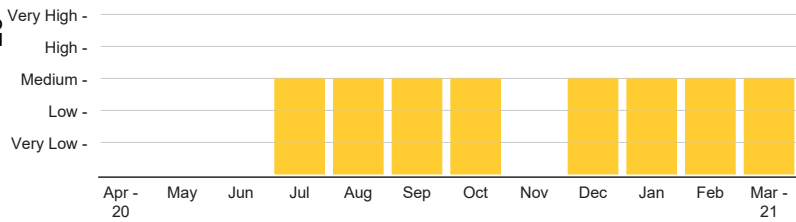
31/03/2021

**Closed Control Measures**

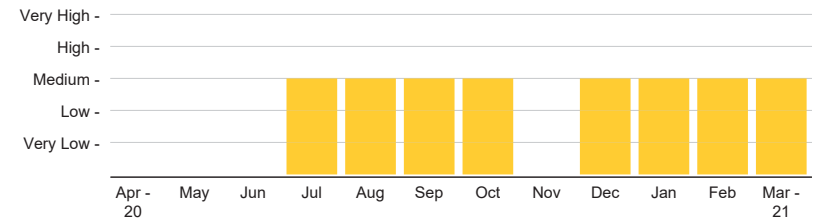
**Closure Date**

Support Staff To Work Remotely At Home During Covid-19.	31/03/2021
Tracking And Monitoring Of Od Plan And Delivery.	31/03/2021
Workforce Will Be A Key Strand Of The Future Council Workstream In The New Covid-19 Recovery Plan	31/03/2021
Support Staff Health And Well-Being During Covid-19.	31/03/2021
Reporting Through Leadership Team.	31/03/2021
Apprenticeship / Traineeships Strategy.	31/03/2021
Redeploy And Train Staff To Assist With The Covid-19 Response.	31/03/2021
Corporate Plan - Transformation & Future Council Objective.	31/03/2021

Historical Impact : Medium



Historical Likelihood : Medium



## Risk on a Page

Risk Title : Digital, data and cyber security

Risk ID : 222

Description : CR86 -If we do not have robust digital, data and cyber security measures and systems and behaviours in place, embedded and working as best as they can be, then we will be vulnerable to cyber threats, disruption to service delivery, possible loss of information including confidential information and associated fines and reputational damage.  
 Risk added 27/03/18 following review of production of Corporate Plan 2017/22 and subsequent review of Corporate Risks. Supersedes risk CR66.  
 Risk revised 18/09/18 following attendance at a cyber-event with the police and receiving information from the WLGA regarding what Local Authorities should be demonstrating as basic measures.

Risk Level : Corporate

Responsible Officer : Sarah.Lackenby

Councillor : Andrew Stevens

Last Update : 30/04/2021

Historical RAG :	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
				AMBER	AMBER	AMBER	AMBER	AMBER	AMBER	RED	RED	RED

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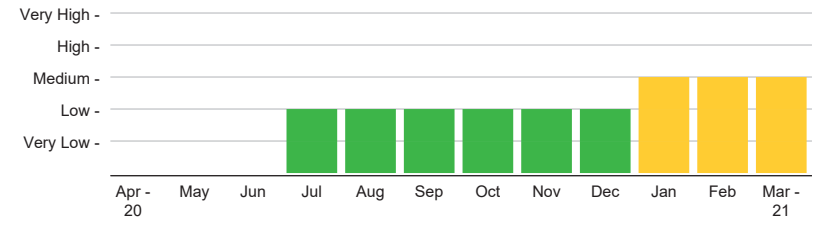
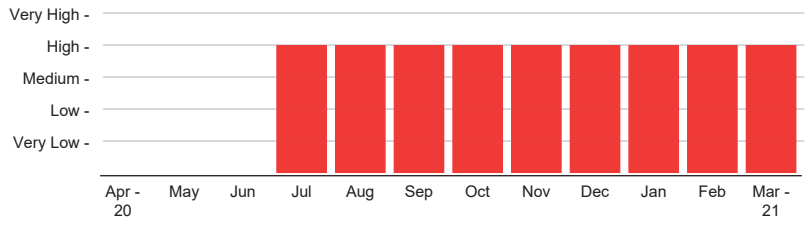
Current Control Measures	Last Update	Risk Response	Projected Completion
Introduce Simulated Cyber-Attacks On Staff To Measure Their Actions, Identify Weaknesses And Improve Knowledge.	30/04/2021	Treat	30/07/2021
Evaluating New Software To Further Support Existing Cyber Security Suite	30/04/2021	Treat	30/07/2021
Further Mitigation Includes Live Testing Of Dr Plan - Options Being Reviewed Potentially In Line With Wider Corporate Business Continuity Exercise.	30/04/2021	Treat	31/03/2022

Closed Control Measures	Closure Date
Digital Services Working With Internal Audit And Emergency Planning To Further Improve The Ict Disaster Recovery Plan.	01/04/2020
Lrf Cyber Exercise Planned And Revised Siro Training.	31/12/2020
Cyber Security Strategy Created And Ready For Engagement With Staff.	01/01/2021
New Regional Multi-Agency Cyber Cell Meetings Being Attended To Share Intelligence And Actions.	01/10/2019
Embarking On Cyber Essential And Cyber Essentials Plus Accreditation.	03/06/2019

## Closed Control Measures

## Closure Date

Provide Staff With Ict Security And Data Management Updates And Guidance During Covid-19 And Whilst Working From Home, Including Cyber Security Guidance And Covid-19 Cyber Scams Staffnet Page.	01/06/2020
Ensure The Councils Covid-19 Recovery Plan Accounts For Increased Risks From Cyber Attacks And Data Fraud Arising From New Working Patterns And Reliance In Technology.	02/11/2020
Cyber Security During Covid Reviewed Alongside Cyber Security Advice From Warp And Psn Compliance, E.G. Use Of Zoom	30/04/2020
Cyber Essentials Accreditation Achieved.	31/10/2019
Psn Certification Achieved.	31/10/2019
Member Of The Cisp (Cyber Security Information Sharing Partnership) Which Is A Joint Industry And Government Initiative Set Up To Exchange Cyber Threat Information.	31/03/2020
Part Of The Wales Warp (Warning Advice And Reporting Point) To Share Cyber Threats And Defences With Other Public Bodies.	31/03/2020
Enhanced Security Layer Provided By Microsoft Office 365.	31/03/2020
Communications Issued To All Staff And Members Following Publication Of A Case Study Detailing The Impact Of A Cyber Attack At Another Council.	31/10/2019
If We Do Not Have Robust Digital, Data And Cyber Security Measures And Systems And Behaviours In Place, Embedded And Working As Best As They Can Be, Then We Will Be Vulnerable To Cyber Threats, Disruption To Service Delivery, Possible Loss Of Information Including Confidential Information And Associated Fines And Reputational Damage. Risk Added 27/03/18 Following Review Of Production Of Corporate Plan 2017/22 And Subsequent Review Of Corporate Risks. Supersedes Risk Cr66. Risk Revised 18/09/18 Following Attendance At A Cyber-Event With The Police And Receiving Information From The Wlga Regarding What Local Authorities Should Be Demonstrating As Basic Measures. Gdpr Project Complete Members Of Digital Services, Communications And Emergency Planning Attended A Cyber-Security Training Event With The Police Which Included Senior Officers From Various Local Authorities Interacting In An Event Of A Real Cyber Incident. Part Of The Wales Warp (Warning Advice And Reporting Point) To Share Cyber Threats And Defences With Other Public Bodies. Member Of The Cisp (Cyber Security Information Sharing Partnership) Which Is A Joint Industry And Government Initiative Set Up To Exchange Cyber Threat Information.	31/03/2020



# Risk on a Page

Risk Title : Sustainable Swansea Transformation Programme Delivery

Risk ID : 223

Description : CR103- If the Sustainable Swansea Transformation Programme does not deliver radical cross-cutting change, then the Council and its workforce are at risk of being unsustainable in the longer term  
RR 19/07/19 - Corporate Services Risk CS92 Sustainable Swansea Programme Delivery closed and matter escalated to Corporate Risk Register, as per CMT 10/07/19

Risk Level : Corporate

Responsible Officer : Adam.Hill

Councillor : Andrea Lewis

Last Update : 27/04/2021

Historical RAG :	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
	AMBER	AMBER	AMBER	AMBER	AMBER	AMBER	AMBER	AMBER	AMBER	AMBER	AMBER	AMBER

**Current Control Measures**

Annual Report To Scrutiny

**Last Update**

27/04/2021

**Risk Response**

Treat

**Projected Completion**

30/11/2021

**Closed Control Measures**

**Closure Date**

Links With Corporate Governance Risk Around Risk Reporting For Major Projects

01/01/2021

Annual Programme Review Reflecting Lessons Learned Into Revised Programme

01/01/2021

New Transformation Plan In Development By Deputy Chief Executive Linked With Covid Recovery.

01/01/2021

Robust Programme Management For Risks, Issues, Changes

01/01/2021

Robust Programme Governance And Reporting

01/01/2021

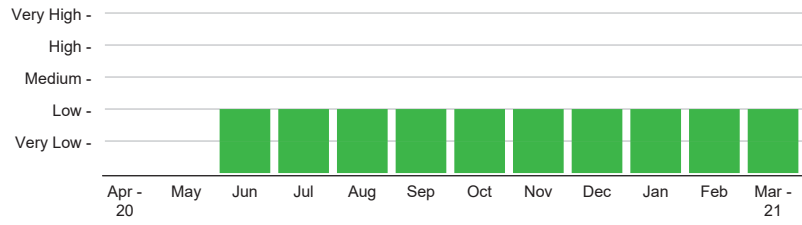
Monitoring And Reporting At Cmt Away Days And Cmt/Cabinet Away Days

31/03/2020

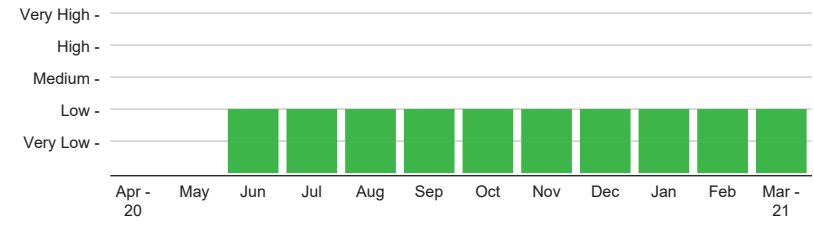
Sustainable Swansea Programme Plan

30/04/2020

Historical Impact : **Low**



Historical Likelihood : **Low**





## Risk on a Page

Risk Title : Emergency Planning, Resilience and Business Continuity

Risk ID : 235

Description : If we do not have sufficient emergency planning, resilience and business continuity arrangements in place, then we will not be able to respond effectively in an emergency, provide the necessary civic leadership or continue to run vital services and ensure compliance with the legal requirements of the Civic Contingencies Act 2004 as a Category 1 Responder.

Risk Level : Corporate

Responsible Officer : Adam.Hill

Councillor : Andrew Stevens

Last Update : 29/04/2021

Historical RAG :	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
				RED	RED	RED	RED	RED	RED	RED	RED	AMBER

### Current Control Measures

Page 103

	Last Update	Risk Response	Projected Completion
Establish Ems Radio System To Deal With Mobile Network Failure During Major Incident	29/04/2021	Treat	30/07/2021
New Service Delivery 21-22, To Develop Emergency Arrangements For Reservoir Inundation/Breach, Coal/Spoil Tip Landslide/Breach, Felindre Site, And Development Of Additional Rest Centres	29/04/2021	Treat	31/03/2022
Assistant Emo Post Job Evaluated Dpr For Cmt Approval 9th April For Sign Off And Recruitment	29/04/2021	Treat	25/06/2021

### Closed Control Measures

	Closure Date
Ems Staffing And Resilience	26/03/2021
Prepare For Further Covid-19 Or Other Infectious Disease Outbreaks.	26/03/2021
Review And Update Business Continuity Plans.	31/12/2020
Multi Agency Exercising And Training.	31/03/2020
Review Of Mip And Supporting Action Cards Underway	26/03/2021
Offsite Comah Plan & Exercising.	31/03/2020
Emergency Recovery Plan.	31/03/2020

**Closed Control Measures****Closure Date**

Vehicle Mitigation & Protective Security Advice.	31/03/2020
Commissioned Emergency Control Centre.	31/03/2020
Flood Management Plan.	31/03/2020
Mass Fatality Plan.	31/03/2020
Major Incident Plan.	31/03/2020
Crisis Media Plan.	31/03/2020
Additional Dedicated Ppe Reserve For Responders And Public During Evacuation And Additional Rest Centre Location For Mass Evacuation To Be Established From Bay. Ppe Reserve Now Catalogued With Dedicated Management Spreadsheet	11/09/2020
Rest Centre Plan & Arrangements. Duty Packs Reviewed And Updated Oct 20	31/03/2020
Specific Covid Rest Centre Arrangements Developed And Implemented Complete With Evac Ppe And Hygiene Supplies. Ppe Reserve Catalogued And Issued First Response Supplies To Duty Officers	19/06/2020
Restructure Of Ems To Include Additional Ems Officer And Principle For 12 Months Losses To Ems Officers Through Hr Process Further Dpr And Review Required In November	12/07/2020
Additional Strategic Training To Increase Organisational Resistance Agreed For 3rd November Swlrf Cancelled Gold, However Gold Lie Being Established And Tactical Training Under Development. Action Complete Director Trained Via Gold Lite Package	03/11/2020
Dpr To Recruit Two Ems Officers And Extend Principal Emo Agreed 27th November, Internally And Externally Advertised	22/01/2021
Temporary Mortuary Arrangements.	31/03/2020
Greater Responsibility Allocated To Deputy Ceo From 29 October 2018. Responsible Officer Changed From Phil Roberts To Adam Hill As Per Cmt On 13/02/19.	13/02/2020
Project Griffin Training.	31/03/2020
Call Out & Activation Protocols/Action Cards.	31/03/2020
Rag Alert System Across H&S, Emergency Management.	31/03/2020
Service And Corporate Business Impact Assessments And Business Continuity Plans.	31/03/2020
Continual Review Of Plans & Protocols.	31/03/2020

Closed Control Measures

Closure Date

Risk Profiling.

31/03/2020

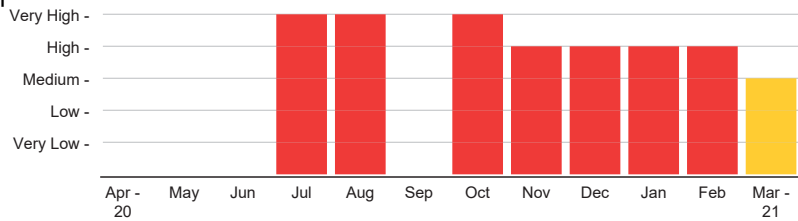
Major Incident Plan

31/03/2020

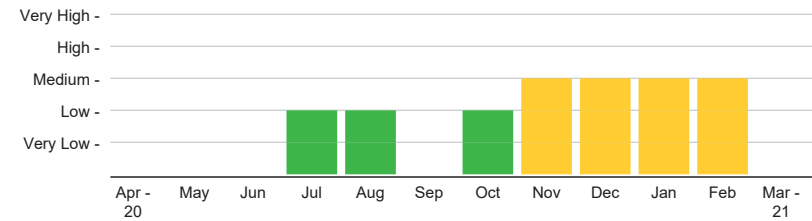
- ¿ Flood Management Plan
- ¿ Mass Fatality Plan
- ¿ Temporary Mortuary Arrangements
- ¿ Crisis Media Plan
- ¿ Rest Centre Plan & Arrangements
- ¿ Recovery Plan
- ¿ Offsite Comah Plan & Exercising
- ¿ Risk Profiling
- ¿ Project Griffin Training
- ¿ Vehicle Mitigation & Protective Security Advice
- ¿ Multi Agency Exercising & Training
- ¿ Call Out & Activation Protocols/Action Cards
- ¿ Continual Review Of Plans & Protocols
- ¿ Service And Corporate Business Impact Assessments And Business Continuity Plans
- ¿ Rag Alert System Across H&S, Emergency Management

Page 105

Historical Impact : Medium



Historical Likelihood :



# Risk on a Page

Risk Title : Health & Safety

Risk ID : 236

Description : If we fail to have robust Health & Safety policies and arrangements in place, then there could be a health and safety breach identified as a corporate failing with associated legal, financial and reputational consequences

Risk Level : Corporate

Responsible Officer : Adam.Hill

Councillor : David Hopkins

Last Update : 29/04/2021

Historical RAG : Apr-20 May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar-21  
AMBER AMBER AMBER AMBER AMBER AMBER AMBER AMBER AMBER

### Current Control Measures

Policy Review Plan For 21-22

### Last Update

29/04/2021

### Risk Response

Treat

### Projected Completion

31/03/2022

Dpr For Replacement H&S Training Officer Signed Off By Cmt And Passed To Employee Services For Advertisement 22nd March

27/04/2021

Treat

07/05/2021

### Closed Control Measures

### Closure Date

Review Of Corporate Smoking Policy In Line With Regulatory Changes

28/04/2021

Staff Well-Being As Part Of The Future Council Stream Of The Council'S Covid-19 Recovery Plan.

31/03/2021

Provide Stress Management And Counselling And Health & Safety Advice And Support To Staff During Covid-19.

31/03/2021

H&S Staffing To Ensure Service Delivery

08/03/2021

H&S Toolkits.

31/03/2020

Well-Being Policies. New Mental Health Policy Under Consultation To Include Social Isolation And Impacts From Home Working

31/03/2020

Retrospectively Entered, Covid Assessments, Standard Operating Procedures Created For Schools And Premices, Bame And Health Assessment Processes Created And Various Ppe Guidance.

30/07/2020

Due To Service Losses, Available H&S Officers At A Significantly Reduced Level, Particularly With Demand From Schools And Social Care Sector, Dpr On Service Need And Staffing To Be Submitted To Cmt November Dpr Signed Off 30th November

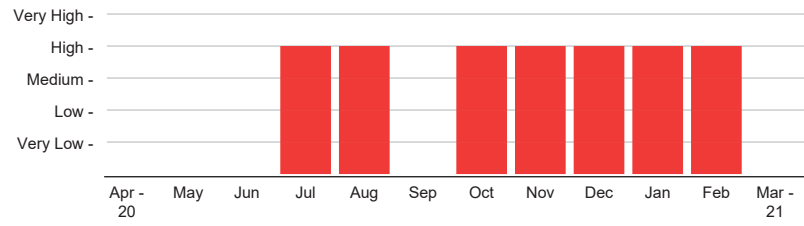
30/11/2020

## Closed Control Measures

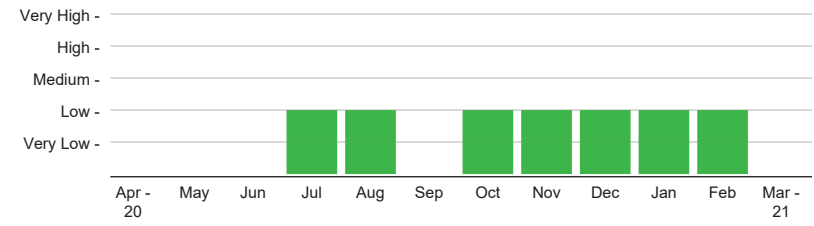
## Closure Date

Additional Guidance On Health Assessments And General Covid Information As Priority Objective	25/09/2020
Early Review Of Lone Working, Dse And Mental Health Policies To Include Impacts And Resources Available From Extended Home Working And Social Isolation	11/12/2020
Review Business Continuity Plans To Prepare For Eu Exit.	16/10/2020
Directors H&S Committees & Sub Safety Groups.	31/03/2020
Member Of British Association Of Counsellors And Psychotherapists (Bacp).	31/03/2020
Noise, Dust, Lighting, Humidity & Vibration Sampling.	31/03/2020
Riddor Procedures For Reportable Incident To The Hse.	31/03/2020
H&S Audit Plan.	31/03/2020
Rag Alert System Across H&S, Emergency Management And Well-Being.	31/03/2020
Health & Safety Policies.	31/03/2020
Health & Safety Mandatory Training And E-Learning.	31/03/2020
Swansea Council Rag Fire Risk Profiling For All Premises.	31/03/2020
Greater Responsibility Given To Deputy Ce From 29 October 2018. Responsible Officer Changed From Phil Roberts To Adam Hill As Per Cmt On 13/02/19	13/02/2020
¿ Health & Safety (H&S) Policies	31/03/2020
¿ H&S Toolkits	
¿ Riddor Procedures For Reportable Incident To The Hse	
¿ H&S Audit Plan	
¿ Well-Being Policies	
¿ Member Of British Association Of Counsellors And Psychotherapists (Bacp)	
¿ Seqosh Accreditation By Faculty Of Occupational Medicine	
¿ Noise, Dust, Lighting, Humidity & Vibration Sampling	
¿ Directors H&S Committees & Sub Safety Groups	
¿ Rag Alert System Across H&S, Emergency Management And Well-Being	

### Historical Impact :



### Historical Likelihood :



## Risk on a Page

Risk Title : Regional Working

Risk ID : 259

Description : If the Council, along with its partners and Welsh Government, does not develop and improve regional working, then it will divert the Council and its resources from key priorities and will not benefit Swansea and its residents.

Risk Level : Corporate

Responsible Officer : Phil.Roberts

Councillor : Robert Stewart

Last Update : 19/04/2021

Historical RAG :      Apr-20   May   Jun   Jul   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar-21  
AMBER AMBER AMBER AMBER AMBER AMBER AMBER AMBER AMBER AMBER AMBER

### Current Control Measures

Consider Through The Erw Joint Committee The Future Collaboration On The Delivery Of School Improvement Services.

Last Update

19/04/2021

Risk Response

Treat

Projected Completion

30/09/2021

Maintain Stronger Partnership Working And Relationships Post-Covid-19 And As Part Of The Councils' Covid-19 Recovery Plan And Continue To Make Use Of Microsoft Teams To Ensure Regional Meetings Are More Frequent And Effective.

24/07/2020

31/03/2021

Playing A Leading And Proactive Role In Major Regional Collaborations.

24/07/2020

31/03/2021

### Closed Control Measures

Representations Have Been Made To Welsh Government On Reforming The Grant Regime.

Closure Date

31/03/2020

Governance Structures Are In Place For All Major Collaborations.

31/03/2020

Partnerships Have Been Mapped.

31/03/2020

Director Leads For Each Partnership.

31/03/2020

Senior Management Restructure Strengthening Capacity For Regional Working.

31/03/2020

¿ The Senior Management Restructure Approved By Council On 21st June Strengthens The Council¿S Management Capacity To Ensure That The Regional Collaboration Agenda Can Be Taken Forward Proactively By Swansea Whilst Also Allowing The Council To Manage Its Ambitious Programmes Based Around The Corporate Priorities.

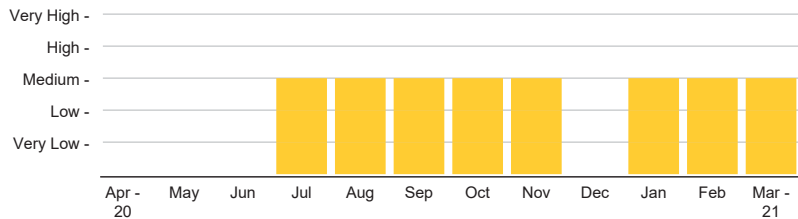
09/03/2020

¿ The New Senior Management Structure Agreed At Council On 21st June 2018 Has Director Leads In Place For Each Partnership.

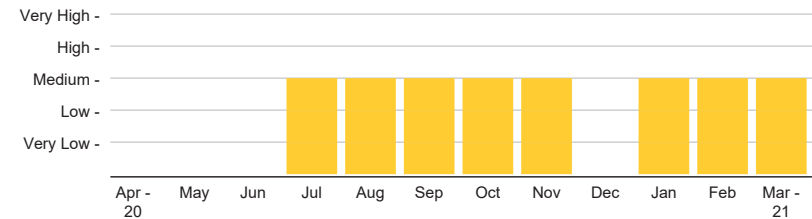
- ¿ The Council Is Playing A Leading And Proactive Role In Major Regional Collaborations.
  - ¿ A Mapping Exercise Has Been Undertaken That Identified The Key Local, Regional And National Partnerships.
  - ¿ Erw Produces Audited And Published Accounts And Are Inspected By Estyn And Has Produced A Document Called Democratic Accountability And Scrutiny, Which Recognises The Role Of Scrutiny In, Amongst Other Things, Monitoring Performance And Budgets. The City Deal Is In The Development Stages Of Practical Formation And Detailed Agreement; It Is Envisaged That The Governance Structure Will Be Similar To That Of Erw.
  - ¿ The Chief Executive Takes The Lead Role For Erw And Western Bay As Well As Being An Executive Member Of The City Deal Joint Committee.
  - ¿ The Leader Of The Council Is The City Region Joint Committee Chair.
  - ¿ The City Deal Has A Joint Working Agreement In Place, Which Was Approved At Council On 26th July 2018.
  - ¿ A Review Of Progress Has Been Undertaken By Ipc On The Western Bay Health & Social Care Collaboration.
  - ¿ The Council Meets Up Regionally With 5 Other Local Authorities To Discuss Collaboration Projects.
  - ¿ The Council Has A Clear Rationale In Place When Collaborating And It Is Clear On The Anticipated Benefits And Costs.
  - ¿ Erw Has Fully Formed Governance Arrangements, Which Includes A Joint Committee, An Erw Service Committee And A Joint Scrutiny Mechanism. A Joint Committee Agreement And Joint Scrutiny Arrangements Were Agreed For The City Deal At Council On 26th July 2018. Western Bay Has A Joint Committee In Place; There Are Scrutiny Arrangements In Place For All Three Partnerships
  - ¿ The Council Is Playing A Leading And Proactive Role In Major Regional Collaborations.
  - ¿ The Council Has A Clear Rationale In Place When Collaborating And It Is Clear On The Anticipated Benefits And Costs.
  - ¿ The Council Understands What It Currently Contributes Directly To Erw, Western Bay And City Region And How Much It Contributes To All Other Partnerships.
  - ¿ The Council Is Rolling Out And Promoting The Use Of Skype As Part Of The Wider Roll Out Of Office 365 Resulting From The Council¿S Digital Strategy And Modernisation Agenda.
  - ¿ The City Deal Is Being Delivered With The Involvement Of The Private Sector. The Western Bay Programme Supports Collaborative Working Between Four Statutory Partner Organisations, Together With The Third And Independent Sectors. Erw Has Independent Members Involved In The Executive Board.
  - ¿ Representations Have Been Made To Welsh Government On Reforming The Grant Regime; For Example Through The Council¿S Response To The Recent Green Paper On Local Government Reorganisation.
- Covid-19 Has Significantly Impacted On The Potential For Increased Regional Collaboration In Two Ways. Firstly The Move To Remote Meetings Via Ms Teams Has Meant That Meetings Are More Structured, More Frequent And More Effective. The Ability To Hold Formal Meetings Using Ict Has Been Enabled By Wg Regulation And This Should Now Become The Norm. Secondly The Collaboration With Npt And Sbuhb Has Accelerated With The Response To The Pandemic Being A Catalyst For Improved Joint Working Which Must Be Maintained Post-Covid.

Page 110

Historical Impact : Medium



Historical Likelihood : Medium





## Risk on a Page

Risk Title : COVID-19

Risk ID : 264

Description : If we fail to carry on providing a co-ordinated and joined-up response to Covid-19 and make the best use of our workforce and available resources, then : we will be unable to protect vulnerable people and meet demand for key services, such as social care; there will be disruption to services and supplies, including food supplies; we will not be supporting critical services, key workers and local businesses sufficiently to limit the impact of the virus.

Risk Level : Corporate

Responsible Officer : Adam.Hill

Councillor : Robert Stewart

Last Update : 27/04/2021

Historical RAG :	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
	RED	RED	RED	RED	RED	RED	RED	RED	RED	RED	RED	RED

Page 111

Current Control Measures	Last Update	Risk Response	Projected Completion
Prepare And Implement A Covid-19 Recovery Plan To Restart, Adapt, Recover And Transform Council Services.	27/04/2021	Treat	31/03/2022
Provide Council-Led To Support To Local Businesses, E.G. Advice, Grants And Rate Relief.	22/04/2021	Treat	31/03/2022
Prepare For The Possibility Of Further Covid-19 Outbreaks.	22/04/2021	Treat	31/03/2022
Provide Help And Support To People And Communities During The Pandemic.	22/04/2021	Treat	31/03/2022
Work With Partners To Inform And Reassure The Public And Reinforce Health And Social Distancing Messages Through Social And Other Media.	22/04/2021	Treat	31/03/2022
Log And Share Good Practice And Lessons Learnt Responding To The Covid-19 Virus And Share Relevant Data And Statistics On The Impact Of The Virus, Such As Those Provided By Ons	22/04/2021	Treat	31/03/2022

Closed Control Measures	Closure Date
Work With Partners To Help Increase Emergency Bed Provision Through The Conversion Of Buildings Into Field Hospitals.	07/05/2020
Provide Food, Pharmacy And Well-Being Support To Shielded Individuals Through Swansea Council Helpline, Local Area Co-Ordinators (Lac), Swansea Council For Voluntary Service (Scvs) And The Food Bank Network.	16/08/2020

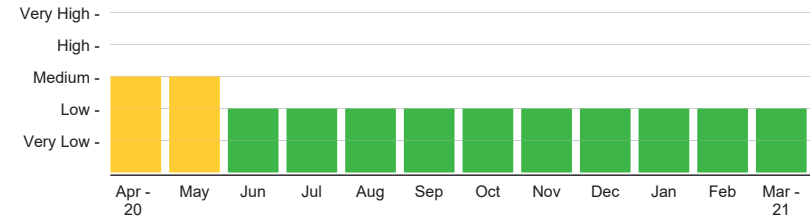
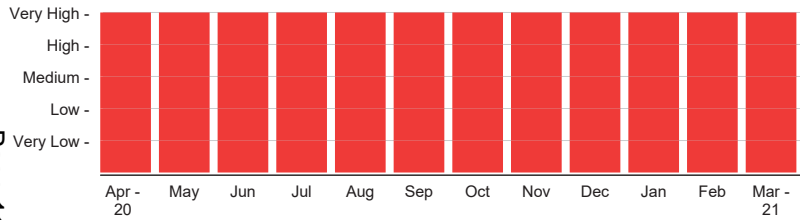
**Closed Control Measures**

**Closure Date**

Work With Partners To Prioritise Demand For Key Services, Especially Social Care And Homelessness.	16/08/2020
Work With Partners To Support Education Teams & Schools And Provide Education / Childcare For Key Workers & Food For Children Who Get Fsms.	14/09/2020
Work With Partners To Redeploy Staff And Seek Recruits To Critical Areas, Such As Social Care And Food Distribution To Food Banks.	16/08/2020
Work With Partners To Ensure Resilient Supply Chains, Especially Food And Ppe Supply.	16/08/2020
Work With Partners To Provide Social Care And Other Critical Front-Line Staff With Ppe.	16/08/2020

Historical Impact : Very High

Historical Likelihood : Low



## Risk on a Page

Risk Title : Local economy and infrastructure

Risk ID : 269

Description : If the local economy and infrastructure is not transformed and supported to be resilient and to take advantage of national and global trends and events and attract investment, then it will not fulfil its potential as a regional centre to raise aspirations, improve services, lift skills, improve connectivity, create well-paid employment opportunities and improve the well-being of Swansea citizen.

Risk Level : Corporate

Responsible Officer : Martin.Nicholls

Councillor : Robert Stewart

Last Update : 23/04/2021

	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
Historical RAG :				RED		RED	RED	RED		RED	RED	RED

Page 113

	Last Update	Risk Response	Projected Completion
Current Control Measures			
Carry Out A Re-Purposing Feasibility Study To Examine Options To Re-Balance And Revitalise The City Centre Following The Impact Of Covid-19 On Retail, Leisure And Office Uses.	24/03/2021		30/04/2021
Collaborate With Welsh Government On Regional Economic Framework	13/01/2021		31/01/2021
Refresh Regional Economic Regeneration Strategy	22/10/2020		31/05/2021
Attract Sufficient Investment And Development And Regenerate The City Centre.	27/09/2020		31/03/2021
Work With Partners To Deliver The Swansea Bay City Deal And Attract Investment Across The Region To Deliver Highly Skilled And Well-Paid Jobs.	27/09/2020		31/03/2021
Organise And Facilitate Virtual Meet-The-Buyer Events To Help Local Businesses To Identify Opportunities To Bid For Council Work And Contracts.	27/09/2020		31/03/2021
Take Appropriate Actions Where The Council Has A Direct Relationship With Businesses Such As Swansea Indoor Market Traders With Rent Relief To Support Businesses During Covid-19.	27/09/2020		31/03/2021
Provide Business Advice And Support, Including Administering Uk And Welsh Government Business Grants And Funds, To Assist Them During Covid-19.	27/09/2020		31/03/2021
Assist Tourism Businesses To Reopen Safely Following Closure As A Result Of Covid-19.	27/09/2020		31/03/2021
Work With The Welsh Government On A Foundational Economy Approach To Help Establish A Firm Base Of Medium Sized Firms In Swansea, Strengthen Local Supply Chains And Add Social Value In	27/09/2020		31/03/2021

**Current Control Measures**

Procurement.

Implement The Business And Economic Stream Of The Councils Covid-19 Recovery Plan To Understand And Recover From The Impact Of Covid-19, Build Resilience And Develop Opportunities.

Last Update

27/09/2020

Risk Response

Projected Completion

31/03/2021

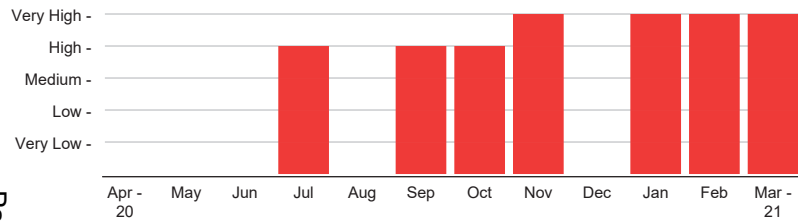
**Closed Control Measures**

Develop A Covid Economic Recovery Plan

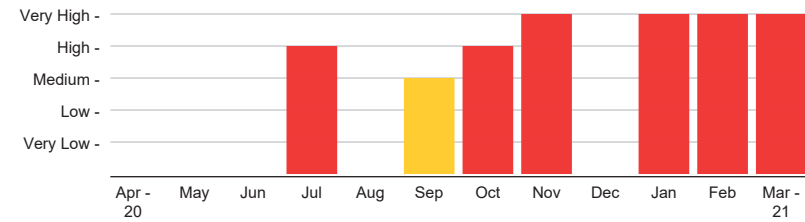
Closure Date

31/03/2021

Historical Impact : **Very High**



Historical Likelihood : **Very High**



# Risk on a Page

Risk Title : Achieving Better Together - Recovery

Risk ID : 276

Description : If the Council does not deliver the actions and milestones in the recovery plan, then there is a risk the organisation will not move on effectively from the effects of the pandemic. This is important as it forms the foundations for the next transformation programme

Risk Level : Corporate

Responsible Officer : Adam.Hill

Councillor : Andrew Stevens

Last Update : 27/04/2021

Historical RAG : Apr-20 May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar-21  
AMBER AMBER AMBER

### Current Control Measures

Monthly Review Of Actions, Updates And Risks Undertaken At The Steering Group And The Board. Any Risk Identified Or Red Rag Rating Will Be Escalated As Pe The Governance Framework.

Last Update

Risk Response

Projected Completion

Robust Governance And Recovery Plan Monitoring And Reporting

27/04/2021

Treat

30/06/2021

Monitoring Capacity

27/04/2021

Treat

01/06/2021

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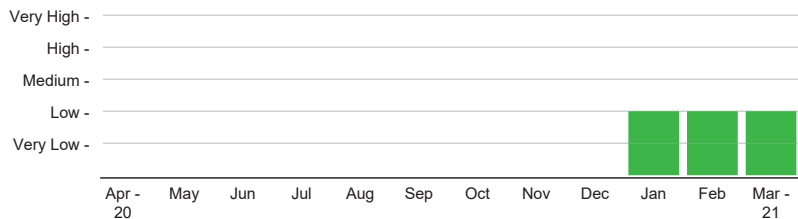
### Closed Control Measures

Monthly Review Of Actions, Updates And Risks Undertaken At The Steering Group And The Board. Any Risk Identified Or Red Rag Rating Will Be Escalated As Pe The Governance Framework.

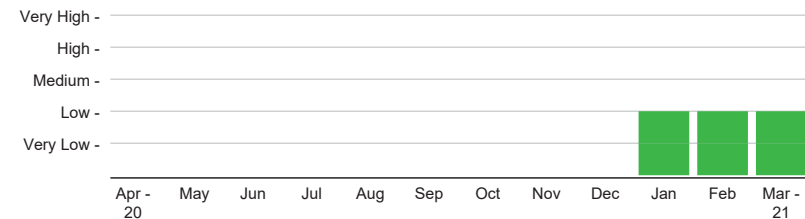
Closure Date

23/04/2021

Historical Impact : Low



Historical Likelihood : Low



# Risk on a Page

Risk Title : Achieving Better Together - Transformation

Risk ID : 277

Description : If the Council does not transform effectively it will not be sustainable and financially resilient in the longer term

Risk Level : Corporate

Responsible Officer : Adam.Hill

Councillor : Andrew Stevens

Last Update : 27/04/2021

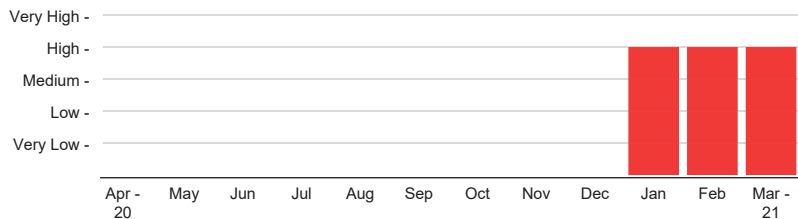
Historical RAG : Apr-20 May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar-21  
AMBER AMBER AMBER

### Current Control Measures

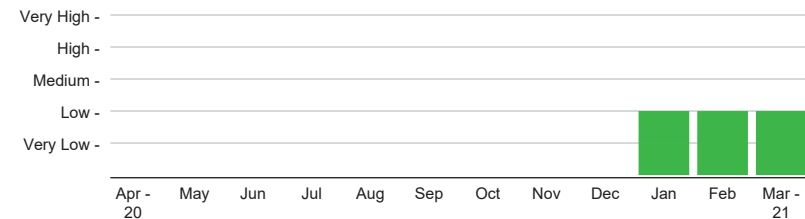
	Last Update	Risk Response	Projected Completion
Learning From The Previous Transformation Programme, Sustainable Swansea Adapted Into The New Programme Following Final Report To Scrutiny In June 2021	27/04/2021	Treat	30/06/2021
Programme Documents Need To Be In Place: Programme Plan (Milestones And Deadlines), Governance, Benefits Realisation Plan, Raid Log, Change Plan	27/04/2021	Treat	02/08/2021
Transformation Activities In The Programme Plan Must Align With The Mtfp To Ensure Future Financial Sustainability	23/04/2021	Treat	01/10/2021

Page 116

Historical Impact : High



Historical Likelihood : Low



# Risk on a Page

Risk Title : Post-EU Exit

Risk ID : 282

Description : If we dont monitor, gather and share intelligence on the period following the end of EU transition via the post-Brexit Steering Group and WLGA, then we may not be fully prepared to mitigate emerging risks or take advantage of new opportunities.

Risk Level : Corporate

Responsible Officer : Adam.Hill

Councillor : Robert Stewart

Last Update : 27/04/2021

Historical RAG : Apr-20 May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar-21  
GREEN GREEN

**Current Control Measures**

Monitor The Local Impact Following The End Of The Eu Transition Period Via The Post-Brexit Steering Group And Wlga.

Last Update

26/03/2021

Risk Response

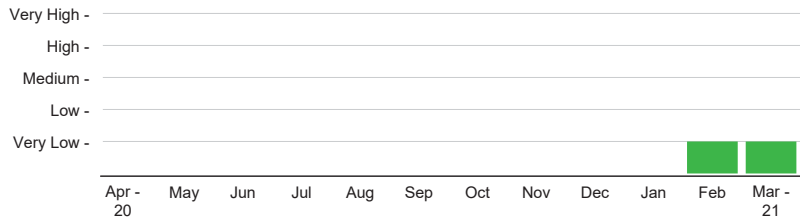
Treat

Projected Completion

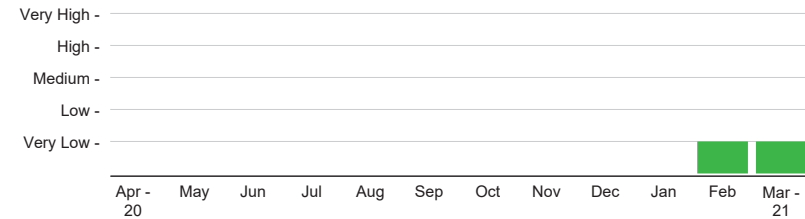
31/03/2022

Page 117

Historical Impact : Very Low



Historical Likelihood : Very Low



## Risk on a Page

Risk Title : Reducing and tackling Fraud

Risk ID : 289

Description : If the council does not put robust arrangements in place to protect its limited resources and assets from fraud and corruption, then it will remove resources from the council so that they are not put to best use to support those with the greatest need and will cause untold social harm to individuals and communities.

Risk Level : Corporate

Responsible Officer : Ben.Smith

Councillor : Robert Stewart

Last Update : 31/03/2021

Historical RAG :

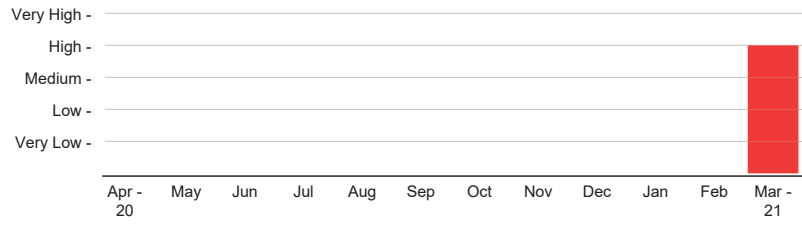
	Apr-20	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar-21
												AMBER

### Current Control Measures

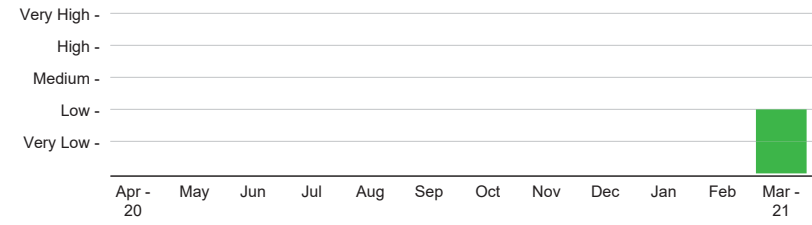
	Last Update	Risk Response	Projected Completion
Annual Report On Counter Fraud To Presented To Audit Committee - To Raise Awareness And Amount Of Work Undertaken.	31/03/2021	Treat	31/03/2022
On Receipt, Disseminate Fraud Intelligence Alerts From Law Enforcement Agencies To Appropriate Staff And Stakeholders.	31/03/2021	Treat	31/03/2022
Independent Assurance From Internal And External Audit On The Effectiveness Of Governance, Risk And Control.	31/03/2021	Treat	31/03/2022
Audit Committee Review And Assess The Risk Management, Internal Control And Corporate Governance Arrangements Of The Authority At Least Annually.	31/03/2021	Treat	31/03/2022
6 Monthly Reports To The Audit Committee And Cmt On Work Undertaken By The Counter Fraud Team.	31/03/2021	Treat	30/09/2021
Dedicated Team Of Professionally Trained And Experienced Investigators To Prevent Deter And Detect Fraud Against The Council	31/03/2021	Treat	31/03/2022
Review Annually And Remind Staff Every 6 Months Of The Financial Procedure Rules And Contract Standing Order And Procurement Rules Frameworks For Staff To Follow.	31/03/2021	Treat	30/09/2021
Annual Review Of Relevant Policies And Procedures To Ensure They Are Fit For Purpose.	31/03/2021	Treat	31/03/2022
The Council Communicates A Zero Tolerance Approach To Fraud, Bribery And Corruption A Minimum Of Twice A Year.	31/03/2021	Treat	31/03/2022



Historical Impact : **High**



Historical Likelihood : **Low**



# Agenda Item 9



## Report of the Deputy Chief Executive

Governance & Audit Committee – 18 May 2021

### Draft Annual Governance Statement 2020/21

<b>Purpose:</b>	This report provides the draft Annual Governance Statement 2020/21 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 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 amended 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 string 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 2020/21 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 2020/21.

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

- 4.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage

- 4.2 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.

- 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 1** Annual Governance Statement 2020/21

## 1. Scope of Responsibility

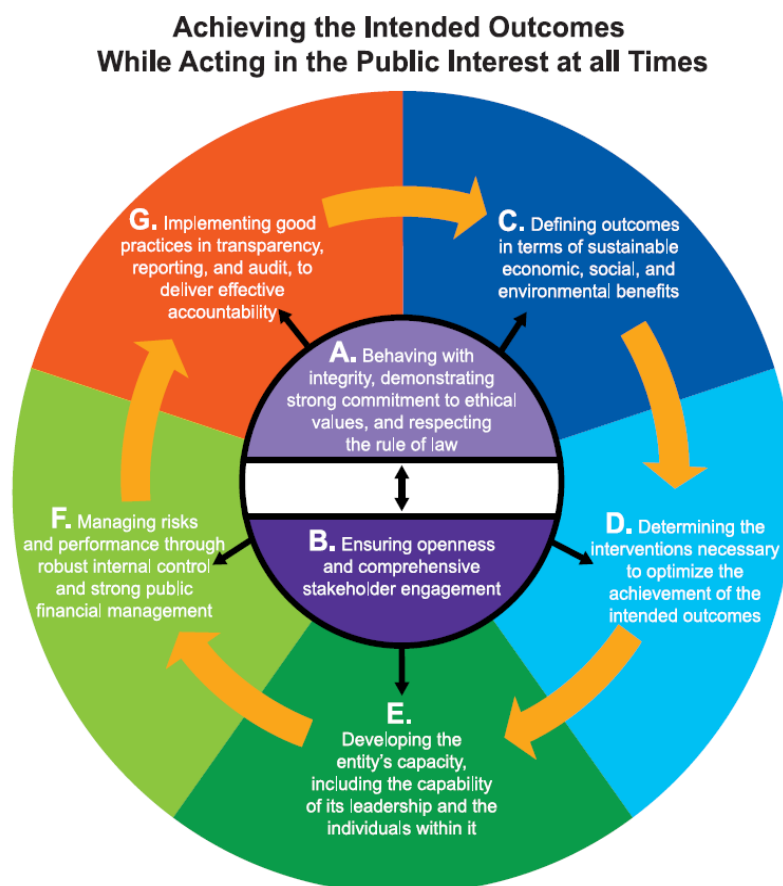
- 1.1 The City and County of Swansea is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the 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 2021 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 - This Governance Statement and the issues set out within are likely to continue to be materially affected by the COVID-19 pandemic. In addition, the national lock down arrangements and the prioritisation of the response to COVID-19 has affected the preparation of the Statement. However, it should be noted that the Statutory Governance Chief Officers continue to maintain corporate grip to ensure that sufficient governance is 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:

- 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

ing 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.
  - "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

##### How we do this:

- 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 Audit Committee regular review of risks (see para 8.11)

#### Managing performance

- 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.

#### Robust internal control

- CIA provides independent assurance on the adequacy of internal control through the IA plan approved by the Audit Committee.
- The 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 Audit Committee receives an annual report on the fraud function and Anti-Fraud Plan.
- The Internal Audit Plan is approved by Audit Committee.

#### Managing data

- 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.

#### Strong public financial management

- 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 Senior 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 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 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

Annual Governance Statement

Council/  
Cabinet/  
Committee

Internal Audit

External audit

External Regulators/  
Inspections

Monitoring  
officer/S151  
officer

Statutory  
Inspections

CMT -SMAS

Audit  
Committee

Scrutiny



### 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 Senior Management Assurance Statements (SMAS) form part of the governance assessment framework. Through the SMAS each Director responds to 15 good governance statements covering:
- Risk Management
  - Partnership/Collaboration governance
  - Compliance with Policies/Rules/Legal & Regulatory requirements
  - Programme and Project Assurance
  - Budget Monitoring
  - Planning and Decision Making
  - Internal Control Environment
  - Fraud & Financial Impropriety
  - Performance Measurement & 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 Resources, Social Services, Place and Education are challenged and reviewed at CMT. The Director of Social Services submitted two, one each for Adult Services and Child & Family.
- 5.4 The assurance statements summarised by 9 categories showed overall that there were no categories that were deemed as being “Not in place” or with “Limited Application”. A small number (9%) of categories were regarded as showing “Mixed Application”. These categories were: Performance Reviews (2); Data Security (1); Partnership Governance (1), Programme and Project Assurance (2) and Future Generations & Equality (1). These have been captured in the significant governance risks for 2021/22 where relevant.

However, 64% demonstrated “Strong Application” and 27% were described as “Embedded”.

- 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 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 2020/21 and again in April 2021. CMT reviewed the SMAS and draft Annual Governance Statement on 26<sup>th</sup> March and 16<sup>th</sup> April 2021. The Significant Governance Issues for 2021/22 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 2020/2021 the Monitoring Officer was notified of 17 complaints relating to members conduct by the PSOW. The PSOW decided not to investigate 16 of those complaints. 1 complaint is outstanding. Regular PSOW bulletins are circulated to all councillors as to Code of Conduct issues when issued.
- 6.3 During 2018 and 2019 the Standards Committee interviewed the Leader, Leaders of the Opposition, the Chairs of Planning, Democratic Services and Licensing Committees and the Chief Executive. All those interviewed indicated their support for the Code of Conduct and their commitment to maintaining the highest ethical standards amongst councillors.
- 6.4 An audit of officer gifts and hospitality was undertaken in 2018/19. Members and officers are required to register their personal interests, gifts and hospitality with regular reminders sent out by the Head of Democratic Services. The Declaration of Interest form for both members and officers has been updated and circulated with guidance so as to include declaration of related party interests.
- 6.5 An audit of the publication of delegated decisions by Cabinet members and senior officers was undertaken in 2019/20. This process is still being embedded with this being the first audit. The audit also considered decision making during the Covid crisis. A high assurance rating was given with some recommendations to improve the process going forward.

- 6.6 The Monitoring Officer has not had to issue any statutory Section 5 Local Government and Housing Act 1989 reports during 2019/20.
- 6.7 Work on the Council Constitution was not progressed mainly due to pressures of Covid but also as the Local Government and Elections (Wales) Bill was making its way through the Senedd it was anticipated that this would also require amendments to the Constitution.
- 6.8 The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020 allowed members of committees, Cabinet and Council to make decisions remotely and largely to carry on with business as usual. A number of committees saw active public participation including Cabinet where members of the public participated in public question time.

### 7. The S151 Officer

- 7.1 Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2020/21. The reports consistently identified some service revenue budget overspends at year end, driven especially by Covid spending, albeit reducing throughout the year and by third quarter down to a miniscule margin of variation, 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, audit committee and scrutiny panels, the S151 Officer advised an overall significant outturn underspend was expected.
- 7.1.1 Total service underspending has now been confirmed (**at just under £x.xm**) and is an extremely good outcome. On even more positive note the equally fully planned substantial continued underspending on capital financing (£7.5m) and contingency and central inflation (**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 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 2020/21** was presented to Council in November this year given the substantially delayed settlement due to covid. The written report on the **Review of Reserves** was presented to Council on 4/11/20 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 2021/22 and beyond unless the local government settlement was much enhanced and preferably multi-year (the quantum was duly confirmed much

enhanced by March 2021 but disappointingly remains a one year settlement). 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 04/03/21. 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) which would require 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 half of 2020-21.
- 7.2.3 The impact will be very financially material on the 2020-21 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. The impact will be very financially material for the 2020-21 accounts (many tens of millions of pounds, over one hundred million pounds when agency costs and income for business grants added) but its net impact is less clear after reimbursement of costs.
- 7.3 The **Medium Term Financial Plan 2022/23 – 2025/26** was approved by Council on 04/03/2021. 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 New Year economic scale of the ongoing 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 2020** (and referred to below) noted that the Council has put in place proper arrangements to secure value for money from the resources it uses. Significant challenges remain particularly in terms of delivering timely transformation against the backdrop of a challenging financial position. This reflected external auditor concerns that the Council continues to face a significant financial challenge and needs to deliver its savings plans at the pace and scale required whilst controlling service spending within budgets. The Council is seeking to address this through a refresh of its programme for transformation to ensure that planned actions are of sufficient scale and pace in its new Achieving Better Together programme.
- 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 2020/21:

<b>2020/21 Audit Ratings Summary</b>		
Total Number of Audits Finalised	75	
<b>Assurance Rating</b>	<b>Number</b>	<b>%</b>
High Assurance	42	56
Substantial Assurance	29	39

## Annual Governance Statement 2020/21

Moderate Assurance	4	5
Limited Assurance	0	0

- 8.4 As can be seen in the table above, the outcome of 71 (95%) of the 75 audits completed was positive with the audits receiving either a high or substantial level of assurance.
- 8.5 As has been reported to the Audit Committee throughout the year, four audits received a moderate level of assurance in the year. As has been the case for the past two years, the fundamental Accounts Receivable audit was one of the audits that received a moderate assurance level in 2020/21.
- 8.6 There are 14 audits which are classed as fundamental audits. The fundamental audits are the 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 2020/21, 11 of the 14 fundamental audits have a high level of assurance. Two have a substantial level of assurance (Accounts Payable and Business Rates) and one has a moderate level of assurance (Accounts Receivable).
- 8.7 Prior to the most recent audit in 2019/20, the Business Rates audit had received 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 in 2019/20, a substantial level of assurance was awarded and as a result this audit is completed on an annual basis.

The Audit Committee has been made aware of the fact that we were unable to complete the audit of Business Rates in 2020/21 due to the reasons set out in the Internal Audit Quarterly Monitoring Reports and also in the Internal Audit Annual Report. However, additional work has been undertaken in the year to provide assurance over the reactive work that has been undertaken by the Business Rates Team in facilitating the Council's response to the Covid-19 pandemic.

- 8.8 The Accounts Payable audit also received a substantial assurance level in 2020/21, as was also the case in 2019/20 and 2018/19. As a result, this also continues to be audited on an annual basis.
- 8.9 The Accounts Receivable audit received a moderate assurance level in both 2018/19 and 2019/20. The Audit Committee have had a number of updates from the relevant managers in relation to the work that is ongoing to address the issues that have been identified. The Audit Committee will continue to receive updates on this during 2021/22.
- 8.10 It is disappointing that the Accounts Receivable audit received a third moderate assurance rating in 2020/21. As detailed in updates provided to the Audit Committee from the client department, the reasons for the weaknesses identified in this area are primarily in relation to reduced resources. As noted in previous reports, continuity and maintenance of core grip with changing, and

more often diminishing, resources was a recognised clear challenge across the Authority and this continues to be the case.

- 8.11 Despite this, it should be noted that of the 14 fundamental system audits, 11 have a high assurance level and two have a substantial assurance level. In addition, the results of the work undertaken in 2020/21 shows that as at the 31 March 2021, 95% of all of the audits completed in year have either a high or substantial assurance level. This provides reasonable assurance that across the Authority the systems of internal control are operating effectively.
- 8.12 Due to the very challenging environment that the Internal Audit Team has endured throughout 2020/21, the number of audits on the plan that we have been able to complete in year has been lower than that of previous years. However, this does not detract from the positive outcomes of the work that has been completed as noted above. It is hoped that with pandemic restrictions continuing to be lifted at the time of compiling this report, the Team will be able to successfully complete a greater percentage of the 2021/22 audit plan in line with performance in previous years.
- 8.13 Throughout the year, a significant amount of effort has continued to be directed at further strengthening the systems of risk management across the Authority. The Audit Committee has recently been in receipt of update reports from the Strategic Delivery and Performance Manager outlining the status of key risks from the new Risk Management System to further strengthen assurance in this area. 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.
- 8.14 As per the Terms of Reference, the 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 Audit Committee, and the presentation of detailed reports from the new system has recently recommenced. However, a number of concerns have been raised by both the Chief Auditor and the Audit Committee in relation to the documentation of the mitigating controls for key risks in some service areas.
- 8.15 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, it was noted that in some instances the control measures documented on the new system could not be categorised as 'control measures' in effect. As a result, it is 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 are not in place, but the way they have been documented on the system means we are unable to place reliance on some of the controls as they are currently recorded. As a result, this area can be considered as requiring attention and improvement in the coming year. This is due to be addressed via training for Risk Owners.

- 8.16 The Covid-19 Pandemic has had 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, were suspended during the year but meetings have recently resumed in the lead up to the year end and in preparation for the production of the Annual Governance Statement.
- 8.17 In response to the unexpected and unpredictable impact of the pandemic, a number of emergency protocols were introduced 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.
- 8.18 The ECG was set up due to the unprecedented effects of the Covid-19 pandemic on the management of the Council's affairs. Whilst the ECG met daily in the morning a "Sit Rep" meeting also took place each afternoon to review the daily changes in the crisis. Decisions taken at ECG were looked at as part of internal audit's review of delegated decisions.
- 8.19 Cabinet meetings were cancelled between 19 March 2020 and the 27 April 2020 and Council meetings were also cancelled. The ECG and Sit Rep groups addressed strategic, collaborative, operational and financial issues which had to be dealt with as a matter of urgency.
- 8.20 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 (JS). 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.
- 8.21 Strategic operational and financial decisions were taken by the ECG and Sit Rep meetings, as required, without the usual Cabinet and Council approval. While formal "minutes" of meetings were not taken, a Corporate Management Team PA attended each meeting and recorded discussions and maintained a log of actions/decisions agreed. Given the unpredictability and unprecedented nature of the pandemic, we are assured that appropriate controls were in place in relation to the decision making process during this period.
- 8.22 We were further advised by the Chief Finance and Section 151 Officer that where required, FPR7 Reports (for capital expenditure) or Delegated Powers



Reports (for revenue expenditure) were subsequently presented to Cabinet and Council when meetings resumed early in June 2020.

- 8.23 The ECG ceased to be a decision-making forum when Cabinet and Council meetings resumed, but it continues to exist as a forum for information and communication.
- 8.24 It was noted that significant decisions made by the ECG in 2020 have been published on the Council's website. It was also found that Democratic Services had been informed of other decisions but a decision was taken not to publish these because they contained commercially sensitive/sensitive information warranting an exemption from publication.
- 8.25 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 a significant period of upheaval and change, Officers have adapted 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.
- 8.26 In conclusion, Statutory Governance Chief Officers have succeeded in maintaining appropriate corporate grip and have ensured adequate recording and reporting mechanisms have been maintained throughout the crisis.
- 8.27 At the time of writing this opinion, it is unclear as to the scale of additional spending, loss of income or 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 going into 2021/22. The Section 151 Officer has advised that his view is that there is adequate assurance of sufficient and necessary recovery and reimbursement in relation to 2020/21 already in place, pending the formal final outturn and statement of accounts certification. However, it should be noted that the sums available to bid against nationally for 2021/22 are materially lower and no sums are currently flagged as available in 2022/23 by UK or Welsh Governments. In March 2021, the Leader of the Council set out the Council's intention to establish a locally funded Covid-19 Recovery Fund with the target sum of £20m. This in part may mitigate the risk of reduced Government funding in future years, but again this is pending formal certification of the final outturn and statement of accounts by the Section 151 Officer and Council.
- 8.28 In previous years, the Audit Committee and the Council's External Auditors have raised a number of concerns in relation to risk management arrangements and also with regard to the lack of pace with which Directorates have been able to deliver agreed savings targets. These concerns have been echoed by Internal Audit and the Chief Finance and Section 151 Officer. It is hoped that the Achieving Better Together audits encompassing both the Council's recovery and later transformation will address these issues in 2021/22. The

## Annual Governance Statement 2020/21

programme of planned audits for 2021/22 will also seek to provide the Committee with some clarity and assurance on these issues.

- 8.29 Given the audit plan completion rates noted previously, and the fact that we have completed all of the fundamental audits (with the exception Business Rates) by year end, I do not feel any 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 that have been successfully completed, especially when considered alongside the wider thematic audits and other assurance work completed in year. We hope to be able to provide assurance in those areas that have seen the audits deferred this year by the completion of the deferred reviews in 2021/22.
- 8.30 In addition, for the reasons set out previously, I believe that governance arrangements across the Council have proven to be robust and resilient throughout the significant period of challenge and change that the Council has faced over the past year. The Council has adapted speedily and effectively to the challenges brought about as a result of the pandemic, with core services continuing to operate effectively throughout.
- 8.31 In connection with the points raised above, and as previously reported, CIPFA have issued guidance to Internal Auditors, Leadership Teams and Audit Committees of Local Government Bodies recognising the difficulties faced by audit teams to deliver their planned programme of audit work due to the impact of the pandemic. The guidance reiterates the requirement that the Chief Auditor must consider the level of assurance that can be provided across all three aspects of the Chief Internal Auditor’s Opinion, which includes governance and risk in addition to internal control.
- 8.32 A summary of the various scenarios that internal audit providers may consider when determining whether any limitation of scope is required for the Chief Auditors Opinion may be seen below, as per the CIPFA guidance note:

Type of limitation	Suggested wording
<p>The HIA has obtained insufficient assurance across each of the three aspects of the opinion: governance, risk management and internal control, and is therefore unable to issue an opinion.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This opinion is a requirement of PSIAS. The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers is presented in the annual report but this does not result in a comprehensive opinion.</p> <p>This limitation of scope has arisen because of... [reasons]</p>

	<p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across one of the three aspects of the opinion: governance, risk management and internal control. The limitation of scope will be restricted to that aspect only.</p>	<p>The results of the work carried out by internal audit, taken together with other sources of assurance, are not sufficient to support an HIA annual opinion on the overall adequacy and effectiveness of the organisation's framework of [specify one of governance, or risk management or control].</p> <p>The results of internal audit work concluded during the year and a summary of where it is possible to place reliance on the work of other assurance providers in respect of [governance or risk management or control] is presented in the annual report but this does not result in an opinion on this aspect. [The HIA can then present their opinion on the remaining two aspects required.]</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>
<p>The HIA has obtained insufficient assurance across a significant subset of risk or area of operation that is material.</p>	<p>The HIA opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is [set out opinion].</p> <p>The HIA opinion however must exclude [specify area excluded] as there is insufficient assurance available for the HIA to offer reasonable assurance.</p> <p>This limitation of scope has arisen because of... [reasons]</p> <p>To avoid similar limitations in future the HIA plans to... [actions].</p>

8.33 Given the previous points made in relation to internal control, governance and risk management I don't feel that there is a need to issue any limitation of scope on the aspects of governance and internal control. However, given the issues identified in the documentation of the control measures for some of the Corporate Risks recorded on the new Risk Management System, I feel that a limitation of scope in relation to the framework of risk management across the Authority is required. The internal audit work undertaken in 2020/21 provides assurance over the risk management processes within the Resources Directorate and also provided assurance over the controls within the new Risk Management System. However, other work undertaken in year has highlighted a number of issues in relation to the way in which some of the mitigating controls have been documented. Given the issues that have been noted, the work

undertaken in year is not sufficient to determine whether the risk management framework is adequately embedded across the Council as a whole. Therefore, it is felt that improvements must be made to further embed and strengthen the adequacy and effectiveness of the Council's framework of risk management in 2021/22.

8.34

### Chief Auditors Opinion for 2020/21

***Based on the programme of audit work undertaken in 2020/21, the Chief Auditors opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control is effective with opportunity for improvement. No significant weaknesses were identified in 2020/21 which would have a material impact on the Council's financial affairs or the achievement of its objectives.***

***The Chief Auditor's opinion however must exclude the assessment of how effectively the framework of risk management is embedded across the Council as a whole as there is insufficient assurance available for the Chief Auditor to offer reasonable assurance.***

***To avoid similar limitations in the future the Chief Auditor has highlighted the issues in relation to the documentation of the control measures for the risks recorded on the Risk Management System. These issues will be addressed by the Deputy Chief Executive and Strategic Delivery and Performance Manager to strengthen the adequacy and effectiveness of the Council's framework of risk management in 2021/22.***

## 9. The Audit Committee

- 9.1 First and foremost the Chair pays tribute to all staff and officers of the Council in dealing admirably with the unprecedented challenges brought about by the Covid pandemic. Throughout this difficult 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 endeavoured to maintain continuity of governance.
- 9.2 This report provides an overview of the Audit Committee's work in the municipal year 2020/21. On 20th October 2020 the Audit Committee considered the election of Chair for 2020/21 Municipal Year where it was resolved that Paula O'Connor be elected Chair. At the same meeting Councillor P R Hood-Williams was elected Vice-Chair for the 2020/21 Municipal Year. In addition, in June 2020 the Committee approved the proposal to appoint an additional Lay Member to support the changes that were to be introduced with the Local Government and Elections (Wales) Act 2021.

- 9.3 This report prepared by the Chief Auditor and Democratic Services reflects on the work of the Audit Committee.
- 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.
- 9.5 It is pleasing to report that the Committee has received in June 2020 an oversight of the Council's Performance Management Framework and also an overview of the Partnerships and Collaboration arrangements. The Committee has requested periodic reports for both of these significant areas to be brought to future meetings. Also in March 2021 the Committee received an update from the Deputy Chief Executive on Value for Money & Benchmarking. The presentation of the three reports addressed the shortfall in previous meetings of the Committee and the Chair extends her gratitude to officers for meeting the Committees needs.
- 9.6 The Chair also highlights that the Committee has previously reported on the shortfall in assurances being received around the Council's Risk Management arrangements, and although some progress has been made the shortfall remains.
- 9.7 The Chair reflects on the presentation on the Assurance Framework and the reporting on the Council's Risks which was a significant step forward in 2018/19 in improving the Committee's ability to reflect on the effectiveness of governance, risk management and control that supports and informs the Council's Annual Governance Statement. However, as reported in 2019/20 and well into 2020/21 the development and roll out of a new electronic risk management system was delayed during the year and the Chair and Audit Committee members have expressed concern that in the absence of a robust system that this will need to be highlighted in the Council's Annual Governance Statement at the year end. During 2020/21 the ongoing delay was mainly attributable to the pressures associated with the pandemic. In November 2020 the Committee received a mid-year position of Risk and then in February 2021 an updated position in an improved format. The Chair noted that the detail contained in the improved format Risk Register still required improvement before the Committee were able to take assurance.
- 9.8 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.
- 9.9 The Committee received the 2020-21 Internal Audit Plan and Charter on 1st June 2020 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 2020-21 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending 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 Audit Committee of those audit assignments that had to be deferred as a result of the pandemic impacts. The Audit Committee discussed the impact and the possibility that a limitations opinion would be called. The Chair, 151 Officer and the Chief Internal Auditor discussed the opinion which reflects the limitations around the risk management arrangements but not the deferred audits. The final Chief Internal Auditor opinion is due to be presented to the Audit Committee in May 2021.

- 9.10 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 were 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.
- 9.11 The 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.”
- 9.12 The Committee received the 2020/21 Internal Audit Plan and Charter on 1st June 2020 and has received reports regularly during the year from the Chief Internal Auditor. The Chair has expressed her gratitude to the Chief Auditor in responding to a request to enhance the detail in the reports to provide further understanding of the work undertaken and the risks identified. During 2020/21 the Chief Auditor reported a number of Moderate Assurance audit reports that resulted in those responsible attending Audit Committee to give assurance that appropriate action was being taken where significant weaknesses in control were identified.
- 9.13 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 were 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.
- 9.14 The Audit Wales presented their 2020 Audit Plan to the Audit Committee on 30th June 2020, and has provided the Committee with regular updates to their work. 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 that Scrutiny Committee has the

opportunity to challenge non implementation of recommendations as well as the Audit Committee.

- 9.15 The Chair has met during the period with the Deputy Chief Executive, S151 Officer, Monitoring Officer, Chief Internal Auditor and Audit Wales. A meeting is being arranged with the Chief Executive to communicate Audit Committee concerns in a number of key risk areas that include, robustness of Directorates saving plans, workforce pressures, risk management arrangements and reporting of risk to Audit Committee, production of annual governance statement and the role of the Governance Group.
- 9.16 The Committee received the 19/20 Anti-Fraud Annual Report at the meeting in September 2020 and the update against progress being made against recommendations in the Audit Wales report Raising our Game - Tackling Fraud in Wales in March 2021. The Committee noted that further work was required to address all those recommendations.
- 9.17 The Deputy Chief Executive presented the Annual Governance Statement 2019/20 Action Plan Update to the Committee in December 2020. Cllr Lesley Walton is the Audit Committee Representative on the Governance Group. The Governance Group was established to review the production of the AGS during the year. At the March 2021 meeting of the Governance Group a number of key points were raised with regard to the 2020/21 AGS but Cllr Walton has advised the Chair that the timeline target for the draft AGS to be presented to the May Audit Committee will be met. In preparation for receipt of this important document the Chair requested that Democratic Services circulate to Members the CIPFA guidance paper on Application of the Good Governance Framework 2020/21.
- 9.18 The Chair attended the Scrutiny Panel Conference 13th October 2020 and also due to attend the Scrutiny Committee shortly.
- 9.19 The Committee discussed the concern regarding the cost of the capital programme, the level of reserves, the risk to the Authority and the need to scrutinise the risk. Also, it was noted that a recovery plan should be developed on how the Council plans to deal with overspends and that the Audit Committee should be provided with regular budget variation reports. The Chief Finance and Section 151 Officer agreed to provide this information to future meetings. The update against Achieving Better Together and from Recovery to Transformation was received in February 2021.
- 9.20 Looking forward to 2021/22, the unprecedented challenges that are continuing with the Covid-19 pandemic will continue to have an impact on the Council's governance and finance arrangements during the early to mid-part of the year.
- 9.21 Within this context, the importance of an effective Audit Committee remains critical and in March 2021 the Chief Legal Officer presented amendments to the Committee's Terms of Reference to take into account the requirements of

the Local Government & Elections (Wales) Act 2021. In recognition of the additional responsibilities of the newly named Governance & Audit Committee the Chair met with the Chief Executive and the Chief Finance and 151 Officer who has agreed to develop, with support from external sources, a formal training programme that would develop the knowledge and skills of members in respect of the Act's new requirements.

- 9.22 The Committee will keep the Work Programme under regular review and will ensure that the Work Programme contains the requirements of the Governance & Audit Committees new responsibilities and also the critical challenges and risks that the Council faces. The Committee will also keep under review the progress and reporting of risk management.

### **EXTERNAL SOURCES OF ASSURANCE**

#### **10. External Auditors**

- 10.1 Audit Wales' work in 2019/20 included a Well-being of Future Generations Examination on the 'Transfer of leisure facilities to the Council's new delivery partner'. The examination considered the extent to which the Council has acted in accordance with the sustainable development principle when effecting the successful transfer of leisure facilities to the Council's delivery partner. Audit Wales concluded that the Council has taken appropriate steps to ensure the current service is sustainable but had yet to develop its strategy and intended outcomes for the future provision of leisure services in Swansea. 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.
- 10.2 Audit Wales' Annual Audit Summary 2020 noted that the Council had put in place proper arrangements to secure value for money from the resources it uses. Audit Wales also in 2019/20 examined the financial sustainability of each Council in Wales. In City & County of Swansea Audit Wales concluded that the Council continues to face a significant financial challenge and needs to deliver its savings plans at the pace and scale required whilst controlling service spending within budgets. The Council is seeking to address this through a refresh of its programme for transformation to ensure that planned actions are of sufficient scale and pace.
- 10.3 Audit Wales on behalf of the Auditor General for Wales presented the **Audit of Financial Statements Report 2019/20** to Audit Committee on 8/9/20 and to Council on 10/09/20. 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 an unqualified audit report on the financial statements and 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 12/11/20), 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 The Council is subject to Statutory External Inspections by various bodies including ESTYN and Care Inspectorate Wales (CIW).
- 11.2 During 2019/20 CIW published its 'Local authority performance review letter 2019/20: Swansea City and County Council. The letter summarises CIW's review of Swansea Council's performance in carrying out its statutory social services functions from April 2019 – March 2020. CIW acknowledge, that due to the unprecedented circumstances relating to Covid-19, they were unable to complete the annual performance review meeting. The content of the letter was informed by the performance evaluation activity undertaken by the inspectorate during the course of the year and summarises strengths and areas for improvement in line with the principles of the Social Services & Well-being Act 2014. Some key points include:
- There has been a positive realignment of services, aimed at ensuring improved outcomes for people.
  - The remodelling of in-house domiciliary care services, and the re-commissioning of external providers has resulted in some improvements.
  - There continue to be challenges in recruiting and retaining staff, and that services can struggle to provide care in some harder to reach local areas.
  - The local authority works hard within the framework of its Looked After Children Reduction Strategy to analyse and understand fluctuating numbers of children who are looked after.
  - Swansea Council has recently been successful in increasing both the proportion of children placed closer to home, and also those placed with in-house foster carers.
  - CIW's focused activity in relation to safeguarding in adult services confirmed that safeguarding referrals are processed in a timely manner, that partnership work is effective and that action is taken to safeguard adults at risk.
  - The Council is considering ways to improve the adult safeguarding process and is working on an audit framework.
  - Overall numbers of children on the child protection register continue to be relatively stable trend, although re-registration rates remain a concern and the local authority continues to work hard to understand the reasons behind this. Child protection case conferences and reviews continue to take place within statutory timescales.
  - Elected members are fully aware of the challenges facing social services, and continue to be actively involved in finding solutions and monitoring developments.
  - The authority has a dedicated and professional workforce, with management oversight ensuring a consistency of quality and approach in many areas.

- There is a recognised need to develop and implement a clear strategic vision in relation to carers.
- The local authority recognises that the levels of direct payments have been static for some time with an improvement plan aimed at improving outcomes for people in the area.
- The local authority is planning for the implementation of the Welsh Community Care Information System (WCCIS). This will provide further opportunities to consider how WCCIS can assist with the collation of relevant data to support practice and quality assurance.
- It was clear from our activity with independent reviewing officers (IRO's) that they were aware of the importance of putting the child at the centre of the review process.
- Swansea Council is supporting more people in their own homes, with fewer people being cared for in care homes, suggesting that the direction of travel in remodelling elements of the adult services structure is beginning to pay dividends.
- There continue to be high levels of activity at the front door of children and family services, although the percentage of work passed through for formal assessment continues to move in the right direction.

11.3 In January 2021, Estyn wrote to the Council's Chief Executive outlining the outcome of their review of City & County of Swansea Council's work in supporting their learning communities in schools and pupil referral units (PRUs) during the period from March to October 2020, and published a report on 'Local authority and regional consortia support for schools and PRUs in response to Covid-19'.

11.3.1 The report covers the ways councils across Wales have adapted their work to respond to the challenges from Covid-19. Although the report is a national report, it does reference City & County of Swansea Council's work during the pandemic. For example, the report includes reference to the Council's work to support schools to adjust and improve their distance learning offer, and to develop their approach to assessing pupils' work. The report also highlights the timely guidance for schools produced by the Council to support learners' mental health and wellbeing, and the work done in Swansea to prioritise support for pupils identified at risk of becoming NEET in the summer 2020.

### **CORE EVIDENCE**

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

12.1 The following provide assurance based on reports covering 2020/21. In some instances reports from 2019/20 are reflected in the Annual Governance Statement as the reports for 2020/21 are not yet available.

12.2 Council adopted a revised Corporate Plan 2019/22 *Delivering a Successful and Sustainable Swansea* on 25 October 2018. The Corporate Plan for 2019/22 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. Essential and necessary updates were made, although a fuller review and refresh of the plan was not possible because of the disruption caused by the pandemic. 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 2019/20 was presented to Cabinet on 17<sup>th</sup> September 2020. The report showed that 43 out of 78 (55%) indicators that had targets set met them and 41 out of 66 (62%) comparable indicators showed improvement or stayed the same compared to the previous year. Quarterly Reports during 2020/21 were suspended for much of 2020/21 as a result of the disruption from the pandemic. Performance monitoring and reporting was briefly recovered in June for Q1 reporting before being suspended again as a result of the impact from the second Covid wave; the Q1 report was reported to Cabinet in December. It is anticipated that reporting will resume in 2021/22 although continued disruption from Covid-19 is likely to mean that performance targets will not be set and any comparisons to previous performance will be limited and will need to be contextualized.
- 12.4 The Annual Review of Performance 2019/20 was approved by Cabinet on 15<sup>th</sup> October 2020 in accordance with the publishing requirements of the Local Government (Wales) Measure 2009. The report showed the results of each performance measure for the 6 Objectives set out in the Corporate Plan 2018/22. 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 Policy is in line with the Welsh Government Model Complaints Policy and was in place throughout 2020/21. It enables the public to tell the Council what they think about services. The Corporate Complaints Annual Report 2019/20 is being presented to Scrutiny in April and then to Cabinet. Presentation of the report has been delayed due to the pandemic. However, the 2020/21 report will follow soon after with the intention of reporting closer to year-end in future years. The report reflects the continued emphasis on prompt resolution of complaints and includes compliments about services. Whilst the total of complaints to the Public Service Ombudsman for Wales increased from 83 to 92 none were upheld, 4 were resolved by quick fix/voluntary settlement, and the remaining referrals were either out of jurisdiction, premature or closed after initial consideration. There was an assurance that there were no s 16 Public Interest reports during the year.
- 12.6 The Audit Committee Annual Report 2019/20 was presented to Council on 10<sup>th</sup> September 2020 and outlined the assurance the Committee had gained over control, risk management and governance from various sources over the

course of 2019/20. In particular, the report highlighted the work that had been undertaken throughout the year in line with the Committee's terms of reference. The report also provided an update on the implementation of the actions arising from the Performance Review facilitated by the Audit Wales.

- 12.7 The Equality Review Report 2019/20 was reported to Cabinet on 17<sup>th</sup> September 2020, which highlighted progress against the 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 2019/20 reflected progress and compliance on the 169 Welsh Language Standards 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 2019/20 and general feedback indicated that officers were more educated and much more aware of the need for compliance than they were previously. Work is continuing on training the workforce and take-up on courses is growing. Welsh speaking spaces have been specifically created in the agile working areas during the year.
- 12.9 There were a number of key reports presented to Cabinet/Council during 2020/21 including reports relating to the Swansea Bay City Deal, school capital works and a number of Cabinet reports in response to the Covid-19 pandemic. In October 2020 Cabinet approved the new Swansea - *Achieving Better Together* Transformation Strategy and Programme Framework. The strategic aims of Swansea – Achieving Better Together will now focus on:
- The core purpose of the Council.
  - Transforming services to be effective and efficient.
  - Greater collaboration with other Councils, organisations, community groups and residents, with a focus on regionalisation.
  - Balancing the budget for current and future years.
  - Greater and more meaningful engagements with our residents and community.
  - To meet aspirations and targets within the Medium Term Financial Plan.
- 12.11 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 will be considered by Cabinet, Scrutiny and Audit Committees throughout the implementation and development of the programme.

### 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.
- 13.1.2 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 Covid-19 pandemic has caused some disruption to the work of scrutiny over the last year. Scrutiny activity has had to be flexible and responsive to organisational pressures as the Council focused its efforts on tackling the pandemic and dealing with the impact locally. However the Scrutiny Programme Committee meeting on 24 April 2020 was the first remote meeting of the Council, under new Welsh Government coronavirus regulations and has continued to meet remotely over the year.
- 13.2 The **Scrutiny Annual Report 2019/20** was presented to Council on 2<sup>nd</sup> March 2021. The report highlighted the work carried out by Scrutiny, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. It shows that the Scrutiny Programme Committee met on 18 occasions. In total, there were 54 Panel and Working Group meetings during that municipal year, with an in-depth inquiry into Equalities completed. Two Inquiry Panels reconvened to follow up actions agreed by Cabinet – Regional Working and Natural Environment. There was also pre-decision scrutiny undertaken on a number of Cabinet reports. The report also shows a high level of councillor commitment to scrutiny. The report 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.
- 13.3 There is a strong relationship with audit, inspectors and regulators. There are well-established links between the scrutiny function and Estyn, in respect of Education Services and School Improvement, and similarly with CIW (Care Inspectorate Wales), in respect of Audit Services and Child & Family Services. Respective Scrutiny Performance Panels are routinely provided with relevant reports from Estyn and CIW, and are discussed as required. All Audit Wales local performance audit reports and relevant national reports (those with implications for local government) are also included in the Scrutiny Work Programme (dealt with by the Committee or relevant Performance Panels) and there is co-ordination with the Audit Committee. Scrutiny considers the Council's response / action plans following audit reports and follows up progress as necessary. Regional scrutiny has continued with ERW and Swansea Bay City Region City Deal. The Swansea Scrutiny Team is providing support for the ERW joint scrutiny arrangement.

- 13.4 Our arrangements for scrutiny were subject to an internal audit review, completed in March 2021. As a result, an Assurance Level of 'High' was given, with no recommendations being made.
- 13.5 The **Standards Committee** met on 4 occasions during 2020/21 and the **Standards Committee Annual Report 2019/20** was presented to Council on 28<sup>th</sup> January 2020. 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 finalised its discussions with the Political Group Leaders/Chairs as to ethical values within the council and in their Annual Report the Committee indicated that they felt that these discussion reinforced the Group Leaders/Chairs role in ensuring good behaviour and compliance with the Code by all councillors. The Chair of the Standards Committee advised Council that the Standards Committee felt that the Council was in a good position to respond to the requirements of the Local Government and Elections (Wales) Act 2021. The Standards Committee were also instrumental in ensuring the Ombudsman's Code of Conduct Casebook was considered and circulated to all members by the Monitoring Officer. The Members Internal Dispute Resolution Process has not yet been utilised, which underpins the strong commitment to, and provides assurance, that the Council's Code of Conduct is adhered to.
- 13.6 The **Audit Committee** met on 11 occasions during 2020/21 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 a lay member who 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.
- 13.7 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 3 occasions during 2020/21, with the cancelled meetings' agendas ( in the early stages of the pandemic lockdown) being rolled forward and considered at the next convened meeting in May 2020.
- 13.8 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 4 occasions during 2020/21, 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.

13.9 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 elected Members. The Committee met on one occasion during 2020/21 and considered the IRPW Annual Report.

13.10 The **Policy Development Committees (PDCs)** seek 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. The Committees are chaired by a Councillor and, along with the Chair, membership consists of ten elected Members. There were five Committees meeting in 2020/21: Economy, Environment & Infrastructure; Education & Skills; Recovery & Future Generations; People, and; Poverty Reduction. During 2020/21, the Committees contribution to the ongoing development of policy included, among others: Climate Change post Covid-19 Recovery, Local and Regional Economy & Recovery response, Continuity of learning in schools during Covid-19, Covid-19 Recovery Plan, Young Carers - Ensuring wellbeing of young carers in the context of Covid19 and Green fairness.

### **Significant Governance Issues**

The following table identifies issues that had been identified in 2019/20 during the review of effectiveness, together with the proposed actions to be taken during 2020/21 to address the issues. **When the AGS was written the COVID-19 crisis had occurred but the severity, longevity and impact of the pandemic was not foreseen at the time. The pandemic has had a major impact on the timescales and actions that were included in the original action plan and this is recorded in the table on the next page.**

Significant Governance	Action to be taken	Update
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Issue linked to Framework		
<p>Budget pressures (including external and demand-led pressures and overspends) &amp; problems living within budgets.</p>	<ul style="list-style-type: none"> <li>• Continue robust monitoring of budgets, savings and transformation programme activity at PFM and with both CMT and the Executive.</li> <li>• Annual review of Sustainable Swansea underway with revised programme to deliver future savings in years 3 onwards.</li> </ul>	<ul style="list-style-type: none"> <li>• “Normal business” is continuing in terms of reporting through PFM processes and routinely to CMT and quarterly to Cabinet. Due to the way Welsh Government is helping fund the Covid 19 response there is uncertainty as to both timing and quantum of actual grant support available to this Council and has necessitated a delay in reporting by one month to normal cycle. This is likely to continue. There is however no normality to a spending position which requires budgets to be flexed by over £100m in revenue and over £20m in capital in the first quarter alone. There are material overspends and a near certain need to exhaust contingency and draw down from reserves. Both have been reported to cabinet in October and are to be reported to Council in November.</li> <li>• The S151 officer is operating a deliberately blended approach to robust monitoring and action and has reported as such to Cabinet, Council, Audit Committee and Scrutiny. Planning and delivery will stick to as normal patterns as possible albeit with that material uncertainty rider in all planning and delivery assumptions and an increased risk of the s151 needing to exercise his statutory intervention powers in extremis.</li> <li>• The Deputy Chief Executive is leading on the Achieving Better Together Transformation Plan (for both Covid 19 and the future</li> </ul>



## Annual Governance Statement 2020/21

		<p>replacement for Sustainable Swansea) and has taken a substantive report through Cabinet in October 2020 which sets out a framework for future development and delivery.</p>
<p>Lack of workforce capacity, capability and resilience and relying on staff goodwill.</p>	<ul style="list-style-type: none"> <li>• Development of a Workforce Plan to support high performance and enable a skilled, flexible and engaged workforce.</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-Covid, a session was undertaken with Heads of Service on the development of individual workforce plans and how these would then feed into the overall corporate workforce plan.</li> <li>• A significant amount of interim, transitional workforce planning has been undertaken in response to Covid since March, e.g. Deployment of staff across the Council to deliver: Support for those vulnerable and shielding, issuing emergency payments, PPE, food banks, enabling digital capabilities for the remote workforce, and most importantly Social Care and TTP teams.</li> <li>• The Council's ability to respond quickly and effectively to the crisis is testament to the skills, flexibility and resilience of the workforce.</li> <li>• As a result of Covid-19 workforce planning has been understandably delayed. This will be revisited over the coming months in light of Covid-19 as part of the Achieving Better Together Transformation Plan.</li> </ul>
<p>Performance Reviews, i.e. appraisals system / induction training not fit for purpose.</p>	<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 November 2021.</li> </ul>	<ul style="list-style-type: none"> <li>• The appraisal process is in place but appraisals were suspended because staff were diverted onto Covid work. However, one to ones and corporate meetings have taken place on a regular basis, with the emphasis on meeting the needs of maintaining core council</li> </ul>

## Annual Governance Statement 2020/21

	<ul style="list-style-type: none"> <li>• Address Induction training of new staff as part of the review of the induction process and future policy reviews.</li> </ul>	<p>services to protect our residents and fighting and addressing the Covid pandemic.</p>
<p>Embed the Future Generation Act principles into the Council's processes and decision making.</p>	<ul style="list-style-type: none"> <li>• Further development of integrated impact assessments to be undertaken to ensure that legal and regulatory compliance are embedded into the decision making process.</li> <li>• Provision of training/information on the requirements of the Future Generations Act.</li> </ul>	<ul style="list-style-type: none"> <li>• A draft Future Generations Impact Assessment was developed and was piloted by Financial Services during the budget setting process for 2021/22. The learning from this was incorporated into the subsequent development of an Integrated Impact Assessment, which is now in place and seeks to assess the impact on of an initiative on equalities, the new socio-economic duty and future generations.</li> <li>• Online training to improve awareness of the Future Generations Act and to support the Future Generations Impact Assessment is being developed.</li> <li>• Training will be supported by online videos to improve understanding and application of the Act.</li> </ul>
<p>Patchy Partnership Governance, including application of risk management.</p>	<ul style="list-style-type: none"> <li>• Continue to address the challenges and areas for further development as set out within the Annual Report on Regional Working.</li> </ul>	<ul style="list-style-type: none"> <li>• A report to Audit Committee on 5<sup>th</sup> December provides a summary of the Welsh Government's and WLGA's Review of Strategic Partnerships and outlines action taken by the Welsh Government and Swansea Council to date and indicates implications and potential actions that Swansea Council should consider.</li> <li>• Swansea will leave the ERW Education Consortium from 31st March and a new regional</li> </ul>

## Annual Governance Statement 2020/21

		<p>consortium is being established to ensure it is fit for purpose.</p> <ul style="list-style-type: none"> <li>The development of CJC's should streamline and help sort some aspects of partnerships and also the wider aspects of Local Government and Elections (Wales) Act may help merge or dissolve some partnerships.</li> </ul>
ICT Disaster recovery.	<ul style="list-style-type: none"> <li>Resolve through the move to cloud services, particularly Oracle Cloud in November 2021.</li> </ul>	<ul style="list-style-type: none"> <li>The ICT Infrastructure is now on resilient platforms. The long term Digital Strategy is to move to the cloud. All email has moved to cloud and progress on data is ongoing through the Enterprise Content Management (ECM) project. Proof of Concepts for systems to move to the Azure platform are progressing to formulate a plan for migration. Oracle Cloud project progressing well prior to the pandemic – the project restarted in February 2021 and will be complete in November 2021.</li> </ul>
Use and governance of social media accounts	<ul style="list-style-type: none"> <li>Complete the review underway of the use of social media and social media access.</li> </ul>	<ul style="list-style-type: none"> <li>Processes and ways of working have been tightened around this area. Changes are being implemented and this item can now be removed as it is not a corporate governance issue.</li> </ul>
Continue to improve risk management arrangements	<ul style="list-style-type: none"> <li>Services and risk owners to continue to improve their compliance to the Council's Risk Management Policy and Framework, including monthly risk reviews and improving the</li> </ul>	<ul style="list-style-type: none"> <li>Risk management monitoring and reporting was recovered during July and August 2020 following suspension from March as a result of Covid. Risk monitoring and monthly reporting re-commenced in August.</li> <li>As a result of the second wave of the pandemic, CMT decided in December that risk reports would continue but would be provided via email and that there will be no</li> </ul>

	<p>quality of risk controls.</p> <ul style="list-style-type: none"> <li>• Develop the Council’s new risk register application to produce reports to help oversee the status of risk.</li> </ul>	<p>requirement to provide updates nor review the control measures of risks that were not currently being managed due to service changes caused by Covid. Such risks designated as ‘Covid Disruption’ would be monitored and their likelihood and impact updated but not actively managed as a result of the impact from Covid.</p> <ul style="list-style-type: none"> <li>• Efforts have focussed on responsible officers reviewing and updating their risks each month; compliance has improved each month since recovery with 95% of risks having being reviewed in March 2021. Improving other aspects of compliance has been another focus as has increasing resilience by ensuring that risks have two officers capable of updating the risk register each month; these areas have shown improvement too, e.g. 95% of risks as at March 2021 have two designated officers capable of updating the risk. Work to improve the quality of risk controls will be the next improvement priority in line with available resources, capacity and other priorities as a result of the ongoing effects of Covid.</li> <li>• The majority of the risk register system development has been completed. The Risk Register and the work to roll-out and implement the register was given a ‘substantial’ level of assurance by Internal Audit. Further enhancements to the risk register and its reporting functionality have been implemented.</li> </ul>
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## Annual Governance Statement 2020/21

		<ul style="list-style-type: none"> <li>• Directors to attend Audit Committee on a rotational basis each quarter to provide an update on Internal Control Environment with a focus on Risk Management and the five highest Risks that Directors are managing.</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 crisis occurred and so the timescales and actions will be impacted depending on the severity and longevity of the crisis.**

Significant Governance Issue linked to Framework	Action to be taken
Budget pressures (including external and demand-led pressures and overspends) & problems living within budgets.	<ul style="list-style-type: none"> <li>• Address continued material uncertainty as a 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, Audit Committee and Scrutiny.</li> <li>• 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.</li> </ul>
Lack of workforce capacity, capability and resilience and relying on staff goodwill.	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Performance Reviews, i.e. appraisals system / induction training not fit for purpose.	<ul style="list-style-type: none"> <li>• Recommence appraisals and continue to develop a new appraisal solution to be delivered digitally</li> </ul>

## Annual Governance Statement 2020/21

	<p>through the new Oracle Cloud solution in November 2021.</p> <ul style="list-style-type: none"> <li>• Address Induction training of new staff as part of the review of the induction process and future policy reviews.</li> </ul>
Embed the Future Generation Act principles into the Council's processes and decision making.	<ul style="list-style-type: none"> <li>• Provision of training/information on the requirements of the Future Generations Act.</li> </ul>
Patchy Partnership Governance, including application of risk management.	<ul style="list-style-type: none"> <li>• Develop a plan to establish CJsCs resulting from the Local Government and Elections (Wales) Act.</li> </ul>
ICT Disaster recovery.	<ul style="list-style-type: none"> <li>• Resolve through the move to cloud services, particularly Oracle Cloud in November 2021.</li> </ul>
Continue to improve risk management arrangements	<ul style="list-style-type: none"> <li>• Work with responsible officers to improve the quality of risk controls.</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 .....

# Agenda Item 10



## Report of the Head of Democratic Services

Governance & Audit Committee – 18 May 2021

### Governance & Audit Committee Action Tracker Report

<b>Purpose:</b>	This report details the actions recorded by the Audit Committee and response to the actions.
<b>Report Author:</b>	Jeremy Parkhouse
<b>Finance Officer:</b>	N/A
<b>Legal Officer:</b>	N/A
<b>Access to Services Officer:</b>	N/A
<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 2020/21 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. Equality and Engagement Implications**

2.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

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

2.2 There are no equality and engagement implications associated with this report.

## **3. Financial Implications**

3.1 There are no financial implications associated with this report.

## **4. Legal Implications**

4.1 There are no legal implications associated with this report

**Background Papers:** None

**Appendices:**

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



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

Date of Meeting	Minute Ref	Action	Nominated Officer(s)	Status
	<b>58</b>	<b>Audit Wales Report – City &amp; County of Swansea Audit Plan 2020-2021</b>		
		Audit Wales circulates additional information regarding definitions of cost effectiveness / value for money.	Jason Garcia	<b>Closed</b> Response circulated.
	<b>52</b>	<b>Local Government and Elections (Wales) Act 2021</b>		
		A report be brought back to the Committee in approximately 3 months regarding the amended Committee Terms of Reference in line with CIPFA guidance	Adam Hill / Jeremy Parkhouse	<b>Closed</b> Report included on agenda for 18/05/21.
		A report be brought back to the Committee regarding the future membership of the Committee in approximately 5 months.	Adam Hill / Jeremy Parkhouse	<b>Ongoing</b> Report added to the Work Plan 2021-22 for 12/10/21.
	<b>50</b>	<b>Counter Fraud</b>		
		The Corporate Fraud Annual Report is presented to the Committee late Summer 2021, if possible.	Simon Cockings / Jeff Fish / Jonathan Rogers / Jeremy Parkhouse	<b>Ongoing</b> Report to be added to the Work Plan 2021-22 for 13/07/21.
	<b>49</b>	<b>Value for Money and Benchmarking</b>		
		The action to track Audit Wales recommendations remains in the Audit Committee Action Tracker Report.		<b>Ongoing</b>
	<b>41</b>	<b>Overview of the Overall Status of Risk - Quarter 3 2020/21</b>		
		Corporate Directors be requested to attend the Audit Committee on a rotational basis each quarter to outline their Corporate Risks and the governance and risk management controls within their departments.	Jeremy Parkhouse	<b>Ongoing</b> Reports added to the Audit Committee Work Plan 2021-22 as follows: - <ul style="list-style-type: none"> <li>• Director of Education – September 2021;</li> <li>• Director of Social Services – November 2021;</li> <li>• Director of Place – February 2022;</li> <li>• Director of Resources – April 2022.</li> </ul>

		The provision of additional risk management training for Officers on Control Measures be highlighted to the Corporate Management Team.	Richard Rowlands	<b>Ongoing</b> CMT to be updated that training is to be provided to the Leadership Team in May 2021.
	<b>40</b>	<b>Update on Swansea Achieving Better Together</b>		
		The Deputy Chief Executive provides a progress report to a future Audit Committee.	Adam Hill / Jeremy Parkhouse	<b>Ongoing</b> Report added to the Work Plan 2021-22 for 12/10/21 and 12/04/21
	<b>37</b>	<b>Service Centre: Accounts Receivable - Update</b>		
		The Audit Committee be updated regarding the impact of the Corporate Insolvency and Governance Act 2020 on Accounts Receivable.	Sian Williams / Michelle Davies / Jeremy Parkhouse /	<b>Closed</b> Reports added to the Work Plan and to be discussed in November 2021.
	<b>33</b>	<b>Audit Committee Action Tracker Report</b>		
		Update reports in respect of the following list be added to the Audit Committee Tracker Report: -  <ul style="list-style-type: none"> <li>• Employment of Agency Staff / Staff Sickness Figures;</li> <li>• Corporate Joint Committees;</li> <li>• Recovery Plan.</li> </ul>	Jeremy Parkhouse / Adrian Chard / Adam Hill	<b>Ongoing</b> Employment of Agency Staff / Staff Sickness Figures Report added to the Work Plan 2021-22 for 09/06/21.
		Responses in respect of the Future Generations Act impact assessments be forwarded to the Chair / Democratic Services Officer	Chair / Jeremy Parkhouse	<b>Closed</b>
	<b>31</b>	<b>Election of the Audit Committee Representative on the Annual Governance Group</b>		
		Councillor L V Walton be elected as the Audit Committee representative on the Governance Group and the appointment be until the end of the current Council term in May 2022 only	Jeremy Parkhouse / Chair	<b>Ongoing</b> Re-appointment to be added to the Audit Committee Work Plan for 2022-23.
	29	<b>Employment of Agency Staff Update</b>		
		A follow up report be provided no later than June 2021. The follow up report to include areas of non-compliance, the total costs involved and associated costs in relation to lost sickness days.	Adrian Chard	<b>Ongoing</b> Report added to the Work Plan 2021-22 for 09/06/21.
	111	<b>ERW Replacement</b>		
		An update be provided regarding future Scrutiny arrangements as a new regional Education model is introduced post April 2021.	Phil Roberts	<b>Ongoing</b> The constituent councils of ERW have now jointly agreed its

				dissolution and replacement with different consortium arrangements. Swansea, Carmarthenshire and Pembrokeshire councils will remain as part of ERW until 31/8/2021. These councils will then form a new consortium for school improvement services. NPT have indicated that they may wish to commission services from this new body but are not currently minded to be a member of it. The new model for school improvement and this will include making appropriate arrangements for scrutiny. Further progress reports will be presented to the ERW joint committee as well as cabinet and council.
		<b>Local Transport Plan</b>		
		An update report regarding the development of a new Local Transport Plan be added to the Audit Committee Work Plan.	Martin Nicholls / Stuart Davies	<b>Ongoing</b> The Wales Transport Strategy is due to be published in March 2021, and as a result of its delay, Welsh Government have extended the date for the submission of replacement Local Transport Plans (LTP) for approval by Welsh Ministers to 20 May 2022. A report will be brought in early 2022, to seek approval of the LTP.
10/03/20	87	<b>Building Services Plant - Findings Update - Internal Audit Report 2019/20</b>		
		The service area further investigates the introduction of a bar reader in respect of stock management.	Nigel Williams / Rob Myerscough	<b>Ongoing</b> Response received 01/12/20 – progress has been made with an alternative test system being put in place (not bar reader). Errors are currently under review. Unfortunately further roll out has been delayed due

				to IT prioritising Covid-19 response. Test system has been viewed and its hoped the new system will be in place over the next few months.
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## Report of the Head of Democratic Services

Governance & Audit Committee – 18 May 2021

### **Audit Committee – Workplan 2020/21 & 2021/22**

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

#### **1. Introduction**

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

#### **2. Equality and Engagement Implications**

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

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

2.2 There are no equality and engagement implications associated with this report.

**3. Financial Implications**

3.1 There are no financial implications associated with this report.

**4. Legal Implications**

4.1 There are no legal implications associated with this report.

**Background Papers:** None.

**Appendices:**

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

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

## Governance & Audit Committee Plan 2020 – 2021

Terms of Reference	Report Title	Report Summary	Report Author	Date of Meeting
Governance & Assurance	<b>Annual Governance Statement 2020/21.</b>	To report the draft Annual Governance Statement 2020/21 prior to approval by Council as part of the Statement of Accounts.	Richard Rowlands	18 May 2021
Risk Management & Performance	<b>Corporate Risk Overview 2020/21 – Quarter 4.</b>	To report an overview of the status of Corporate Risk in the Council to provide assurance to the Committee that key risks are being managed in accordance with the Council's risk management policy and framework.	Richard Rowlands	18 May 2021
Internal Audit	<b>Draft Governance and Audit Committee Annual Report 2020/21.</b>	This report provides the draft Governance and Audit Committee Annual Report for the 2020/21 Municipal year.	Simon Cockings	18 May 2021
Internal Audit	<b>Internal Audit Annual Report 2020/21.</b>	This report summarises the work completed by the Internal Audit Section during 2020/21 and includes the Chief Auditor's opinion for 2020/21 based on the work undertaken in the year.	Simon Cockings	18 May 2021
Internal Audit	<b>Internal Audit Recommendation Tracking Report - Quarter 4 2020/21.</b>	This report provides committee with the status of the recommendations made in those audits where the follow-up has been undertaken in Q4 20120/21, to allow the Audit Committee to monitor the implementation of recommendations made by Internal Audit.	Simon Cockings	18 May 2021

## Governance & Audit Committee Plan 2020 – 2021

Terms of Reference	Report Title	Report Summary	Report Author	Date of Meeting
Governance & Assurance	<b>Updated Terms of Reference for the Governance and Audit Committee.</b>	The report presents an update to the Committee around legislative changes to the terms of reference.	Adam Hill	18 May 2021
Governance & Assurance	<b>Election of the Chair for the 2021-2022 Municipal Year.</b>	Election of the Chair for the 2021-2022 Municipal Year.	Jeremy Parkhouse	9 Jun 2021
Governance & Assurance	<b>Election of the Vice-Chair for the 2021-2022 Municipal Year.</b>	Election of the Vice-Chair for the 2021-2022 Municipal Year.	Jeremy Parkhouse	9 Jun 2021
Internal Audit	<b>Employment of Agency Staff / Staff Sickness Figures.</b>	To provide an update to Audit Committee on the employment and management of Agency Workers and associated sickness absence figures.	Adrian Chard	9 Jun 2021
Internal Audit	<b>Internal Audit Annual Plan 2020/21 – Quarter 4 Monitoring Report.</b>	This report summarises the audits finalised and work undertaken by the Internal Audit Section in Quarter 3 2020/21.	Simon Cockings	9 Jun 2021
Operational Matters / Key Risks	<b>Presentation - Update on Internal Control Environment (including a focus on Risk Management and the five highest Risks that Directors are managing).- Director of Education.</b>		Helen Morgan-Rees	14 Sep 2021
Governance & Assurance	<b>Local Government and Elections (Wales) Act 2021 - Change in Membership.</b>	The report presents an update to the Committee around legislative changes to the membership.	Adam Hill	12 Oct 2021
Operational Matters / Key Risks	<b>Swansea Achieving Better Together – Update Report</b>	Six-month update report on progress.	Adam Hill	12 Oct 2021



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

<b>Terms of Reference</b>	<b>Report Title</b>	<b>Report Summary</b>	<b>Report Author</b>	<b>Date of Meeting</b>
Internal Audit	<b>Impact of the Corporate Insolvency and Governance Act 2020.</b>	Update regarding the impact of the Corporate Insolvency and Governance Act 2020 on Accounts Receivable.	Michelle Davies	9 Nov 2021
Operational Matters / Key Risks	<b>Presentation - Update on Internal Control Environment (including a focus on Risk Management and the five highest Risks that Directors are managing).- Director of Social Services.</b>		David Howes	9 Nov 2021
Operational Matters / Key Risks	<b>Presentation - Update on Internal Control Environment (including a focus on Risk Management and the five highest Risks that Directors are managing). – Director of Place.</b>		Martin Nicholls	8 Feb 2022
Operational Matters / Key Risks	<b>Presentation - Update on Internal Control Environment (including a focus on Risk Management and the five highest Risks that Directors are managing).– Director of Resources.</b>		Adam Hill	12 Apr 2022
Operational Matters / Key Risks	<b>Swansea Achieving Better Together – Update Report</b>	Six-month update report on progress.	Adam Hill	12 Apr 2022

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### **Audit Committee Statement of Purpose**

- 1) Our audit committee is a key component of the City and County of Swansea's corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 2) The purpose of our audit committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the City and County of Swansea's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### **Governance, Risk and Control**

- 3) To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- 4) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
- 5) To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 6) To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 7) To monitor the effective development and operation of risk management in the Council.
- 8) To monitor progress in addressing risk related issues reported to the committee.
- 9) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 10) To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- 11) To monitor the counter fraud strategy, actions and resources.

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

- 12) To approve the internal audit charter and resources.
- 13) To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- 14) To consider summaries of specific internal audit reports as requested.
- 15) To consider reports dealing with the management and performance of the providers of internal audit services.
- 16) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- 17) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- 18) To consider specific reports as agreed with the external auditor.
- 19) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 20) To commission work from internal and external audit.

### **Financial Reporting**

- 21) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- 22) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability Arrangements**

- 23) To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee is meeting its purpose.

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