



City and County of Swansea

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

Remotely via Microsoft Teams

Tuesday, 14 September 2021 at 10.00 am

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

### **Councillor(s)**

P M Black  
J W Jones  
J A Raynor

### **Councillor(s)**

D W Helliwell  
M B Lewis  
L V Walton

### **Councillor(s)**

O G James  
S Pritchard  
T M White

### **Lay Member**

Julie Davies

### **Also Present**

Councillor R C Stewart – Leader of the Council

### **Officer(s)**

Adrian Chard	Strategic Human Resources and Organisational Development Manager
Simon Cockings	Chief Auditor
Adam Hill	Deputy Chief Executive / Director of Resources
Tracey Meredith	Chief Legal Officer / Monitoring Officer
Helen Morgan-Rees	Director of Education
Martin Nicholls	Director of Place
Jeremy Parkhouse	Democratic Services Officer
Brian Roles	Head of Education Planning and Resources
Richard Rowlands	Strategic Delivery & Performance Manager
Ben Smith	Chief Finance Officer / Section 151 Officer
Sian Williams	Head of Service Centre

### **Apologies for Absence**

Councillors C Anderson and C E Lloyd.  
Jason Garcia (Audit Wales)

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## **24 Disclosures of Personal and Prejudicial Interests.**

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following interests were declared: -

Councillors M B Lewis and T M White declared personal interests in Minute No.32 – Internal Audit Annual Plan 2021/22 – Monitoring Report for the Period 1 April to 30 June 2021 – as members of the Port Health Authority.

Councillors P M Black, J A Raynor and T M White declared personal interests in Minute No.27 – Education Directorate Internal Control Environment 2021/2022 – as schools governors.

Julie Davies declared a personal interest in Minute No.29 – Absence Management Audit Report 20/21 – as a former employee of the Authority.

## **25 Minutes.**

**Resolved** that the Minutes of the previous meeting of the Governance & Audit Committee held on 13 July 2021 be approved as a correct record, subject to the following amendment: -

Minute No.12 – amend ‘2021-21’ to ‘2020-21’ in paragraphs two and three.

## **26 Corporate Risk Overview 2021/22 – Quarter 1. (Richard Rowlands)**

Richard Rowlands, Strategic Delivery & Performance Manager presented ‘for information’ the Quarter 1 2021/22 report which provided an overview of the status of Corporate Risk in the Council to provide assurance to the Committee that key risks were being managed in accordance with the Council’s risk management policy and framework.

The following summarised the status of risks recorded in the Corporate Risk Register as at Quarter 1 2021/22:

- There were 3 Red status risks in the Corporate Risk Register as at the end of Q1 2021/22:
  - Risk ID 153 – Safeguarding.
  - Risk ID 159 - Financial Control: MTFP aspects of Sustainable Swansea.
  - Risk ID 269 – Local economy and infrastructure.
- All of the Corporate risks were recorded as having been reviewed at least once during Quarter 1.
- No Corporate risks were deactivated.
- No risks were escalated to the Corporate Risk register.

The report at Appendix A includes the risks as at 01/09/21 recorded within the Council’s Corporate Risk Register. The reports for each risk included general explanatory information relating to their classification.

It was added that training specifically on Control Measures took place at Leadership Team (Directors, Heads of Service and some other senior managers) as planned on 25 May 2021. A video based on this had been created, uploaded and was directly accessible through the risk register along with all other videos provided on risk management and on using the risk register.

It was highlighted that the Chair had requested that Directors attend each quarter on a rotational basis and provide the Governance and Audit Committee with reports

regarding the internal control environment, including risk management and these will coincide with the quarterly risk reports going forward.

The Committee discussed the following: -

- Last update dates on the Risk Register and the need for these dates to be updated quarterly to provide greater clarity / ensure they are being regularly checked.
- The Risk Register shows when the control measure was last updated and the proposed completion date. Risk owners are asked to check the risk on a monthly basis.
- Closed control measures – reasons for closing control measures / risk were recorded in the system.

**27 Education Directorate: Internal Control Environment 2021/2022. (Helen Morgan-Rees / Brian Roles)**

Helen Morgan-Rees, Director of Education and Brian Roles, Head of Education Planning & Resources, provided a 'for information' report which presented the Education Directorate control environment, including risk management, in place to ensure: functions were exercised effectively; there was economic, efficient and effective use of resources, and; effective governance to secure these arrangements.

A broad break down of the Education Portfolio Budget, key points to note, key elements of the assurance framework, key aspects of the Authority's oversight of schools financial arrangements, details of schools audit arrangements and key aspects of the Education Directorate's arrangements were outlined.

Details of risk management, business continuity, Performance management / KPI's, planning, decision making, budget and resources management were provided.

It was added that the assurance framework and robust internal controls set out in the report provided a solid foundation for the continuing promotion of an anti-fraud culture within the Education Directorate and for any matters of concern to be identified and confidently raised by staff. It also provided a solid foundation for ensuring compliance with policies, rules and regulatory requirements within the Directorate.

Programme and project level governance and risks associated with the Quality in Education (QEd) /21st Century Schools Programme were managed via mature programme and project risk management processes in line with corporate requirements and Welsh Government's 21st Century Schools and Colleges Programme grant conditions and gateway review recommendations. The governance arrangements were provided in Annex 3.

The report also highlighted key elements of internal controls, data security and partnership / collaboration governance.

Appendix A provided (Directorate) Corporate and Directorate Risks and Appendix B provided the updated (Directorate) Assurance Map.

The Committee asked a number of questions of the Officers, who responded accordingly. Discussions included the following: -

- Relevance of Grant / Capitol Bids 2010/11, how the process had remained unchanged since 2010/11 and the need to redact the years from the guidance notes.
- Schools opting out of the procurement Service Level Agreement (SLA), how schools are still provided with procurement advice and how the SLA was a trial based upon targeted enhanced advice.
- The move to thematic reviews of schools by Internal Audit.
- The improved position of school reserves.
- Schools planning ahead for more than one financial year.
- Closed schools cloud Oracle access and alternative options being actively pursued.
- The risks associated with school governors, particularly considering the enormous autonomy of schools and the continued need for an effective training programme / corresponding with school governors.
- Pupil attainment and achievement risk, how the Authority was achieving above expected levels, the continued need to maintain teaching and learning standards, ensuring that poor practice was being directly addressed and the requirement for the Education Directorate to explain the actions relating to this risk in more detail.
- The importance of schools adhering to procurement advice, future procurement support, how the procurement guide for schools was currently being updated and the provision of refresher training surrounding the updated guidance.
- The importance of schools obtaining best value with regards to procurement.
- New Regional Partnership arrangements and governance / risk management and the move to regional model / footprint for September 2021.
- The potential three tier audit arrangements of the new Regional Partnership.

The Chair thanked the Officers for providing a detailed Education Directorate review.

## **28 Update Report South West Wales Corporate Joint Committee. (Martin Nicholls)**

Martin Nicholls, Director of Place presented a 'for information' report which provided the Governance & Audit Committee with an update on the current status and progress in relation to the new South West Wales Corporate Joint Committee (CJC).

The background to how Part 5 of the Local Government and Elections (Wales) Act 2021 established corporate joint committees was outlined. Appendix A provided the Cabinet report approved on 20 May 2021 which outlined the requirements for composition, membership, and meetings.

The Governance of the CJC, particularly the co-option of members and the organisation of sub-committees was provided. In addition details of key activities / milestones, legal activities, delivery mechanism, priorities, financial milestones, CJC meetings, governance and audit requirements were outlined.

The Committee discussed the following: -

- Governance & Audit and Scrutiny arrangements.
- Funding arrangements, Welsh Government funding support for transitional areas, agreeing a draft budget / levy.
- How the four authorities within the region were working well together, on an equal basis.
- Purdah rules surrounding CJC's.

Councillor R C Stewart, Leader of the Council added that the four authorities involved had established good working relationships working on the City Deal and he emphasised the requirement for strong leadership with regards to each of the CJC work streams. He also highlighted the need for additional Welsh Government funding, to prevent the additional financial burden being placed upon the authorities involved.

**29 Absence Management Audit Report 20/21. (Sian Williams / Adrian Chard)**

Sian Williams, Head of Service Centre and Adrian Chard, Human Resources & Organisational Development Manager provided a 'for information' update report on progress made following the Internal Audit assurance level of moderate given in 2020 in respect of Absence Management.

The update report addressed the 1 High Risk (HR) and 4 Medium Risks (MR) and additional work and progress made. Appendix A provided the Sickness Management Compliance Trend Analysis.

It was highlighted that progress had been made in respect of 4 risks and an alternative solution put forward regarding the risk surrounding the Interflex system.

The Committee discussed the following: -

- The effect of the Covid 19 Pandemic upon figures, particularly return to work interviews.
- Support and guidance provided by Human Resources staff to provide transparency.
- The involvement of Trade Unions in staff matters.

The Chief Auditor stated that a follow-up review would take place at the end of September 2021 and would be include in his Quarter 2 report.

The Chair commented that the report showed that progress was being made and the number of absence days was 5.9% which was not a cause for concern. She requested that a further progress report be made in February 2022.

**30 Service Centre – Accounts Receivable Update. (Sian Williams / Michelle Davies)**

Sian Williams, Head of Service Centre and Michelle Davies, Cash Management & Accounts Receivable Manager provided an update report for the Service Centre, Accounts Receivable Function.

Progress made since the Committee meeting in June 2021 was outlined and summarised in detail.

The introduction of new staff members was highlighted and the progress made by the team since they commenced.

The Committee discussed the following: -

- Targeted debt recovery actions in the period June to August 2021 and how the figures were a snapshot of results on the day the report was prepared.
- Obtaining route cause analysis of debts to understand the reasons for the debts and the checking process undertaken prior to debts being referred to Legal.
- The improvement of Departments in the process and the positive feedback being received and how using Microsoft Teams had assisted with the improvements.

The Chair thanked the Officers for providing the update report. She added that the Service were scheduled to provide quarterly reports to Scrutiny and Corporate Management Team (CMT) and proposed that the next update be provided after the report to CMT.

**Resolved** that: -

- 1) the Governance and Audit Committee notes that officers will continue to report to CMT on a quarterly basis as a further update on the debt position across the authority.
- 2) the Committee be provided with an update report following the quarterly report to CMT.

**31 Lay Members on the Governance & Audit Committee. (Huw Evans)**

Tracey Meredith, Chief Legal Officer present a report on behalf of the Head of Democratic Services which sought to comply with Part 6 Chapter 2 “Governance & Audit Committees: Membership and Proceedings” of the Local Government & Elections (Wales) Act 2021 by ensuring that the membership of the Governance & Audit Committee shall consist of one third ( $\frac{1}{3}$ ) Lay Members.

It was outlined that the Governance & Audit Committee currently comprised 15 Members (13 Councillors & 2 Lay Members). The Committee needed to consider its new size and the implication that  $\frac{1}{3}$  of the Committee would be Lay Members.

A table provided outlined the Political & Lay Member representation on the Committee based on differing Committee sizes. The Committee were asked to review the table and to recommend their preferred Committee size to Council.

The Chief Legal Officer noted that Audit Wales had suggested that smaller Committee sizes were beneficial. It was also noted that the more lay members required, the more difficult it may be to recruit.

The Committee queried the effectiveness of the process to appoint the current lay members onto the Committee. The Chair highlighted that the Council had followed sound and robust processes when appointing the two current Lay Members. She stressed that both positions had been widely advertised, the Authority had circulated appropriate packs to candidates, who had to undertake a robust appointment procedure at interview.

The Committee discussed and considered the options available and three separate proposals were made that the membership consists of 15, 12 and 9.

**Resolved** that the preferred Committee membership of 15 (10 Councillors and 5 lay members) be recommended to Council for approval.

**32 Internal Audit Annual Plan 2021/22 Monitoring Report for the Period 1 April 2021 to 30 June 2021. (Simon Cockings)**

Simon Cockings, Chief Auditor presented a detailed report which showed the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 April 2021 to 30 June 2021.

A total of 21 audits were finalised during the quarter. The audits finalised were listed in Appendix 1, which also showed the level of assurance given at the end of the audit and the number of recommendations made and agreed. Appendix 2 provided a summary of the scope of the reviews finalised during the period.

An analysis of the assurance levels of the audits finalised was given and a total of 109 audit recommendations were made and management agreed to implement all of the recommendations. An analysis of the recommendations agreed during the quarter was also provided.

It was explained that due to the ongoing Covid-19 pandemic, access to the majority of Council sites had been restricted. This had a significant impact on the Audit Team's ability to complete on-site testing and would continue to do so until restrictions were lifted. It was also explained that the Team were unable to undertake some audit visits due to staff being unable to access some sites, e.g. schools.

The Committee were updated regarding the grant and additional work undertaken by the Internal Audit Section during the period. Information was also provided in relation to staff sickness and other work undertaken by team members outside of their planned duties.

An analysis of the details in Appendix 3 showed that at 30/06/21, 19 audit activities from the 2021/22 audit plan had been completed to at least draft report stage (15%), with an additional 30 audits in progress (23%). As a result, approximately 42% of the

Audit Plan had either been completed or was in progress. No moderate audit reports were issued in the quarter.

It was explained that no follow-ups were completed during the period. It was highlighted that the follow-up of the Management of Absence audit had been scheduled to be completed in quarter two. The follow up of the Grand Theatre audit was also scheduled to be completed later in the financial year once the Theatre reopened. However, it was suggested that the Committee invited the Head of Cultural Services to provide an update on the progress made towards the end of quarter three or early in quarter four.

A Corporate Fraud Function update was also provided.

The Committee discussed the following: -

- Extending / amending the timescales within the Corporate Fraud Action Plan Update due to several being missed and the challenging workload of the Corporate Fraud Team and the update report which would be provided during the next quarter.
- Concern regarding the details provided on the Vulnerable Learner Service, the reassurance provided and the need for appropriate action to be taken.

**Resolved** that: -

- 1) the Governance & Audit Committee Members notes the information contained in this report.
- 2) the Head of Cultural Services provides the Committee with an update report at the meeting scheduled for 12 January 2022.

### **33 Internal Audit Recommendation Follow-Up Report - Quarter 1 2021/22. (Simon Cockings)**

The Chief Auditor presented a 'for information' report which provided the Committee with the status of the recommendations made in those audits where the follow-up's has been undertaken in Quarter 1 2021/22, which allowed the Audit Committee to monitor the implementation of recommendations made by Internal Audit. Appendix 1 provided a summary of the recommendations accepted and implemented. Appendix 2 provided details of recommendations not implemented.

It was highlighted that from the 122 recommendations made, 120 had been implemented, providing a 98.4% implementation rate. It was added that the 2 outstanding recommendations were low risk.

### **34 Audit Committee Action Tracker Report. (For Information) (Jeremy Parkhouse)**

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



The Committee discussed the following items: -

- Minute No.41 – 19/02/21 - Overview of the Overall Status of Risk - Quarter 3 2020/21 – Ongoing Training.

The Chair requested that the status of the item be changed from closed to open following the discussions at Committee.

Status – Open.

- Minute No.9 – 09/06/2021 – Tracking Audit Wales Recommendations

The Deputy Chief Executive stated that other local authorities had been contacted regarding the systems they utilised. A new system was planned which would allow accurate monitoring in the future and the Committee would be updated regarding progress in due course.

Status – Open.

- Minute No.111 – 30/06/2020 – Local Transport Plan

Following the update regarding Corporate Joint Committee's (CJC), the work surrounding the Local Transport Plan would be completed / monitored by the South West Wales CJC.

Status – Closed.

- Reports of the Chief Auditor on future agendas

Councillor L V Walton highlighted that the reports of the Chief Auditor had slipped down recent agendas. The Committee discussed the issue and requested that the reports of the Chief Auditor are listed early on future agendas.

Status – Open.

### **35 Audit Committee Work Plan. (For Information) (Jeremy Parkhouse)**

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

The Chair stated that the new areas of work identified in the new terms of reference needed to be built into the Work Plan.

The meeting ended at 12.04 pm

**Chair**