



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Remotely via Microsoft Teams

Tuesday, 8 March 2022 at 2.00 pm

Present: Paula O'Connor (Chair) Presided

Councillor(s)

C Anderson
O G James
S Pritchard
T M White

Councillor(s)

P M Black
J W Jones
J A Raynor

Councillor(s)

P R Hood-Williams
M B Lewis
L V Walton

Lay Member

Julie Davies

Officer(s)

Adrian Chard

Strategic Human Resources and Organisational
Development Manager

Simon Cockings

Chief Auditor

Adam Hill

Deputy Chief Executive / Director of Corporate Services

Jeremy Parkhouse

Democratic Services Officer

Richard Rowlands

Strategic Delivery & Performance Manager

Ben Smith

Director of Finance / Section 151 Officer

Debbie Smith

Deputy Chief Legal Officer

Also Present

Non Jenkins

Audit Wales

Daniel King

Wales Audit Office

Apologies for Absence

D W Helliwell, T J Hennegan and C E Lloyd

80 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: -

Julie Davies (Lay Member) declared a personal interest in Minute No.84 – Absence Management Audit Report 20/21.

81 Minutes.

Resolved that the Minutes of the previous meeting of the Governance & Audit Committee were approved as a correct record, subject to the following amendment: -

Minute No.73 - Internal Audit Annual Plan 2021/22 – Monitoring Report for the Period 1 October to 31 December 2021 – paragraph 7, bullet point 10 – Amend to read as follows: -

- The possibility of undertaking a bottom up approach as opposed to just a top down approach.

82 Draft Internal Audit Annual Plan 2022/23.

The Chief Auditor presented the Draft Internal Audit Annual Plan for 2022/23 for consideration, prior to the final plan being presented for approval to the Committee in April 2022.

Appendix 1 provided the draft Internal Audit Annual Plan 2022/22 (Summary) and Appendix 2 provided the Draft Internal Audit Annual Plan 2022/23.

The Committee discussed the following: -

- A higher profile of risk management reviews to be cross-cutting reviews in order to minimize risks and to provide a more over-arching approach;
- Re-evaluating the number of days spent on some reviews to provide assurance and the difficulty in balancing reviews against resources;
- Satisfied that there are sufficient resources within Internal Audit to complete the Plan, the overall challenge of the Plan and the number of contingency days built into the plan.

The Chair noted that the scope of individual reviews would be provided in April and thanked the Chief Auditor for the opportunity to review the draft Plan.

Resolved that the Draft Internal Audit Annual Plan be updated as discussed and presented to the Governance and Audit Committee on 12 April 2022.

83 Internal Audit Annual Plan Methodology.

Simon Cockings, Chief Auditor provided a 'for information' briefing to the Audit Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2022/23 being reported to the Committee for approval on 12 April 2022.

It was added that the Public Sector Internal Audit Standards (PSIAS) provided a framework for the delivery of a professional, independent and objective internal audit service and are mandatory for all internal audit providers in the public sector in the UK. One of the requirements of the PSIAS is that an annual risk-based Internal Audit plan must be prepared to determine the priorities of Internal Audit and to ensure consistency with the Council's goals. The Plan must allow sufficient audit coverage across the whole Council for the Chief Auditor to be able to provide an annual opinion to Council via the Section 151 Officer and Audit Committee on the control environment covering corporate governance, risk management and internal control.

Details of the Internal Audit Plan Methodology were outlined and an extract of the PSIAS requirements regarding internal audit planning was provided at Appendix 1, details of Internal Audit Annual Planning Process were provided at Appendix 2, the Audit Plan Mapped Against Corporate Priorities at Appendix 3 and the City & County of Swansea Assurance Map at Appendix 4.

It was added that the Consultation Exercise for the 2022/23 Audit Plan commenced in October 2021 and had seen a number of new audits being added to the audit plan. Whilst the 2022/23 audit plan was currently being considered, it was envisaged that as in previous years, the planned audits would be grouped in the following broad categories: Council governance and control audits; fundamental audits; and service specific audits.

The risk assessment process and rolling programme, consultation exercise and review of the risk registers were considered to determine the audits required in the Audit Plan for 2022/23 which then had to be matched against the audit resources available. The audit resources available in 2022/23 were 9.1 full time equivalents, excluding the Chief Auditor, which was unchanged from 2021/22.

The Committee discussed the following: -

- Horizon scanning / use of external review reports to help inform the plan as part of the Internal Audit annual planning process and how Corporate Management Team (CMT) / Heads of Service are requested to feed the information back as part of the consultation process;
- The corporate priority of safeguarding whilst being mapped against Social Services being a much broader corporate review;
- Sources of assurance mapped against corporate risk within the Assurance Map appearing like mitigating actions, how risk owners update the risk register and Assurance Map themselves which sometimes causes duplication and the possibility of Risk Owners revisiting these mid-year to provide assurance;
- Broadening the scope of the Assurance Map document to include 'business as usual' categories, for example, Finance and Human Resources;
- Tackling poverty being included commissioning / Housing & Public Health and looking at it on a wider basis similarly to safeguarding, how the corporate priorities had been included in the plan for the first time a number of years ago and how the diagram provided could be misleading and required updating;
- Suggested amendments to the diagram provided to make issues clearer.

The Chief Auditor stated that he would report to the request to broaden the scope of the Assurance Map document to include 'business as usual' categories to CMT/Risk Owners for comment.

The Chair commented that paragraph 2.14 of the report outlines that the Plan should link with the objectives of the Council and noted that the scopes of reviews provide assurance but illustrating this in a diagram form is quite difficult to achieve.

The Chief Auditor further added that the wider purpose of the diagram was to show the overall link between the corporate objectives, audit areas, how that feeds into the

annual audit opinion and how that feeds into the Annual Governance Statement and Statement of Accounts. He stated that he was happy to review the feedback received from the Committee.

84 Absence Management Audit Report 20/21.

Adrian Chard, Strategic Human Resources & Organisational Development (HR&OD) Manager presented a 'for information' update report on progress made following the Internal Audit assurance level of moderate given in 2020 in respect of Absence Management.

It was commented that an action plan was developed to address the issues identified and appropriate implementation steps put in place. This action plan identified actions HR (High Risk) and MR actions (Medium Risk) and as previously reported to the Committee in September 2021, all recommendations had been implemented, with the exception of: -

- Consideration should be given to having a discussion with the provider of the Interflex system to provide reports highlighting instances of 'unauthorised absences' – this was considered non-cost-effective.

It was added that a further audit was scheduled for March 2022.

It was highlighted that progress had been made in respect of the development of a manager dashboard which was in progress and nearing readiness for user acceptance testing. This would provide real time information for all managers with absence management responsibility and provide them with information regarding staff absence due to sickness / days lost, return to work interviews outstanding and record of actions meetings outstanding.

The Committee was also provided with updated information in relation to monthly manager reminders, development of the learning model in Fusion, improvements in completing return to work / record of action meetings, the appointment of Management of Absence Advisors in the Education, Place and Social Services Directorates.

The Committee discussed the following: -

- Contact with / support provided to staff on long-term sick and the consistency across the Authority;
- The lack of comparison figures in relation to days lost / previous figures;
- Establishing what was causing sickness levels within departments;
- Provision of details of sickness levels across the Authority and how levels had decreased;
- Assurance that the change in attitude / direction had been shared with each school / governing body, schools paying for additional insurance to cover for staff sickness;
- Assurance that 'arms-length' employers / schools had been included in the improvements;

- Highlighting the excellent work undertaken by Helping Hands and Occupational Health in supporting staff on sickness / those experiencing difficulties in work;
- Recognition that things were moving in the right direction but required more detail.

The HR & OD Manager stated that he would provide information relating to the protocol for dealing with long-term sickness.

Ben Smith, Director of Finance advised that the Service Centre would be expected to continue providing sickness absence data to the Committee when timing and resourcing allowed, noting the extreme pressures the Service Centre was currently under.

The Chair recognised the improvements that had been made but added that the report did not provide the Committee with sufficient assurance of knowing what difference are being made by the improvements. She added that figures illustrating previous / current results and details of targets were required to provide assurance.

She also noted that Internal Audit would be carrying out a follow-up audit in March and requested that evidence of before / after figures be examined to provide additional assurance.

The Chief Auditor stated that the follow-up audit would involve the service area being checked and tested. He added that he was unsure whether Internal Audit would examine statistics and he would request they be tested if required.

85 Audit Wales Work Programme and Timetable – City & County of Swansea.

Non Jenkins and Daniel King, Audit Wales presented 'for information' the Audit Wales Work Programme and Timetable – City and County of Swansea.

The report detailed the quarterly update and listed the following: -

- Annual Audit Summary
- Financial Audit Work
- Performance Audit Work
- Local Government National Studies Planned / In Progress
- Estyn
- Care Inspectorate Wales (CIW)
- Audit Wales National Reports and Other Outputs Published Since 1 April 2021
- Audit Wales National Reports and Other Outputs Due to be Published During 2021-22 (and other work in progress / planned)
- Forthcoming Good Practice Exchange Events and Publications

The Chair thanked the Audit Wales representative for providing the report and noted that it was important the Committee was aware of the work programme and timetable in order to further investigate and seek assurance.

The Director of Finance expressed concern that Audit Wales and the Authority had not definitively come to an agreement regarding the issue surrounding the qualified audit awarded in respect of last year's accounts. He added that it was getting too late in the year to resolve the issue, which was a matter of opinion and he wished to highlight his concern to the Committee.

The Chair noted the concern and commented that she hoped there was a desire to resolve and close the issue.

She also referred to additional reports produced by Audit Wales and other regulatory bodies, which would now be deposited in a regulators email address managed by the Authority and distributed to the relevant Officers. She added that this gives confidence and assurance that issues raised within reports are targeted for action.

86 Governance & Audit Committee Action Tracker Report.

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

87 Governance & Audit Committee Work Plan.

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

The Chair explained that Appendix 3 provided the Work Plan until April 2023. She added that on-going changes would be made and the document would be regularly reviewed.

The Deputy Chief Executive stated that the Governance & Audit Committee Training Programme would be reported to the April 2022 meeting. He added that the recent split of the former Resources Directorate into the Finance and Corporate Services Directorates meant that the updates on the control environment reports in respect of both departments would be provided during the next Municipal year.

Julie Davies (Lay Member) queried if the Authority had any investments or contracts linked to Russia and asked for an update. The Director of Finance commented that there were some pension investments which the Council had already put on record would be divested as soon as practicable. Contracts were harder to assess and consider cancellation immediately, given the rules around public sector procurement and the UK wide stepwise sanctioning process. It was expected that the Council would wish to move in step with wider UK and Welsh government changes and that there were other fora outside of the Governance & Audit Committee where those matters would doubtless be better considered in due course. It would therefore take some while to provide a degree of assurance surrounding those wider matters.

The Chair requested that any related risks be highlighted to the Committee.

The meeting ended at 2.57 pm

Chair