

Report of the Chief Auditor

Audit Committee – 18 August 2015

DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

Purpose:	This report provides the draft Annual Governance Statement 2014/15 and allows the Audit Committee to contribute to the annual review of governance
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss, review and contribute to the Annual Governance Statement 2014/15
Consultation:	Executive Board, Legal, Finance and Access to Services
Recommendation(s):	It is recommended that Committee review and discuss the draft Annual Governance Statement 2014/15.
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Legal Officer:	Sharon Heys
Access to Services Officer:	Catherine Window

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 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 an important document in providing assurance to the Council, stakeholders and public regarding the corporate governance arrangements.
- 1.4 This report provides the opportunity for the Audit Committee to review and contribute to the annual review of governance prior to the AGS being finalised, signed off and published.

2. 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.
- 2.2 The Framework says that governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable way.
- 2.3 Governance comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
- 2.4 Good governance leads to effective management, improving performance, stewardship of public money, successful public engagement and ultimately, the desired outcomes for citizens and service users. Sound governance enables the Council to pursue its vision effectively as well as underpinning the internal control mechanisms and the management of risk.
- 2.5 The Governance Framework emphasises the importance of good governance to the wider outcomes of good management, good performance and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct and so set the tone for the rest of the organisation.
- 2.6 The following 6 core principles of good corporate governance were established by CIPFA and SOLACE

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

2.7 Council approved its own Code of Corporate Governance based on the 6 principles outlined above on 19th June 2008.

2.8 An annual review of compliance with the Code of Corporate Governance has been completed and published each year which is now in the format of the Annual Governance Statement.

3. 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 2014/15 is attached in Appendix 1 and has been subject to consultation with the Executive Board prior to reporting to the Audit Committee

3.3 The final version of the AGS will be reported to Cabinet in September for approval before being signed by the Chief Executive and Leader and then published with the audited Statement of Accounts 2014/15.

4. Equality and Engagement Implications

4.1 An EIA screening form has been completed and a full EIA report is not required.

5. Financial Implications

5.1 There are no financial implications associated with this report.

6. Legal Implications

6.1 There are no legal implications associated with this report.

Background Papers: None

Appendices: Appendix 1 Draft Annual Governance Statement 2014/15

DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

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, and which includes arrangements for the management of risk
- 1.3 The City and County of Swansea has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the Code is on our website at <http://www.swansea.gov.uk/corporategovernance>. This statement explains how the Authority has complied with the Code.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and 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 for the year ended 31 March 2015 and up to the date of approval of the Statement of Accounts

3. The Governance Framework

3.1 The CIPFA/SOLACE governance framework identifies the following 6 fundamental principles of corporate governance

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

3.2 Council approved its Code of Corporate Governance on 19th June 2008 based on the 6 principles outlined above.

3.3 The key elements of the policies, systems and procedures that comprise the governance framework in the Council are shown below and linked to the 6 fundamental principles

3.4 Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- The **Council** is made up of 72 councillors who are democratically accountable to residents and have an overriding duty to the whole community. Council decides overall policies and sets the annual budget as well as receiving reports from Scrutiny Boards, Cabinet Members and Officers.
- The Council is required, under the Local Government (Wales) Measure 2011, to put in place a system to publish a **Councillors Annual Report** in relation to their activities. A template report has been agreed by the Democratic Services Committee and all reports submitted by Councillors are published on the Council's website.
- The forward looking **Corporate Plan** is produced under the Local Government (Wales) Measure 2009 and describes the Council's vision, priorities, values, principles and delivery. For each priority the Corporate Plan will identify
 - Why it is a priority?
 - What needs improving?
 - What we are going to do?
 - What difference our actions will make?
 - How we will measure progress?

- An **Annual Performance Review** is undertaken which provides a review of the progress made by the Council in meeting the priorities, actions and targets as set out in the Corporate Plan.
- The Wales Audit Office undertakes a **Corporate Assessment** of the Council on a 4 yearly basis as well as an annual programme of improvement studies and an audit of the Council's approach to improvement planning and reporting.
- The Council publishes a **Single Integrated Plan** which replaces the Community Strategy. The Plan is developed by the Local Service Board following a Single Needs Assessment and Consultation Exercise.
- A **Code of Corporate Governance** based on the CIPFA/SOLACE governance framework has been adopted by the Council.
- A **Business Planning Process** exists which aims to more clearly align previously disparate budget and planning processes, such as equalities, sustainability, risk and workforce planning into a 4 year planning cycle with an annual review. Each Head of Service must produce a Business Plan and an e-learning tool and Business Planning Toolkit is available to ensure consistency across the Council.
- A **Medium Term Financial Plan** is approved by Council each year which details the major funding assumptions for the period and proposes a strategy to maintain a balanced budget.

3.5 **Members and officers working together to achieve a common purpose with clearly defined functions and roles**

- A **Council Constitution** exists which sets out the framework and rules governing the Council's business described in 16 Articles. The Constitution also includes a Scheme of Delegation and a number of Rules of Procedure, Codes and Protocols as well as the Councillors' Allowances Scheme.
- A **Constitution Working Group** exists to review all aspects of the Council Constitution and to make appropriate recommendations for change.
- Separate **Codes of Conduct** exist in the Council Constitution for **Members and Officers** which describe the high standard of conduct expected of them. There is also a **Member/Officer Protocol** which guides the relationship between them to ensure the smooth running of the Council.
- The **Chief Executive**, as Head of the Paid Service, leads the Council's officers and chairs the Executive Board
- A new **Corporate Management Structure** was put in place during 2013/14 to deliver thematic and cross cutting working across the Council and across partnerships. The Executive Board, Directors' Group and Leadership Group were established from 01/09/13 with specific roles and project portfolios.
- The Head of Finance and Delivery is designated the Council's **S151 Officer** and is responsible for ensuring that appropriate advice is

given on all financial matters, for keeping proper financial records and accounts and for maintaining an effective system of internal financial control.

- The Council's financial management arrangements during 2014/15 complied with the governance requirements of the **CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)**.
- An **Audit Committee** exists to review and scrutinise the Council's financial affairs, review and assess the risk management, internal control and corporate governance arrangements, oversee the internal and external audit arrangements and review the financial statements. Council adopted new terms of reference for the Audit Committee on 17/06/14 which are in line with the CIPFA model terms of reference for Audit Committees. The Audit Committee provides an annual report to Council which identifies the assurance it has gained over control, risk management and governance
- The Head of Legal, Democratic Services and Procurement has been designated as the Council's **Monitoring Officer** and is responsible for investigating and reporting on any allegations of contraventions to any laws, policies, procedures, regulations or maladministration and breaches of the Council's Constitution
- The Council is the Administering Authority for the **City and County of Swansea Pension Fund** and is responsible for all issues relating to the governance of the Pension Fund. This role is exercised by the **Pension Fund Committee**.
- Council established a **Local Pension Board** on 03/03/15 in line with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015. The role of the Board is to assist the Administering Authority in its role of scheme manager.

3.6 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- The Council has defined its **Values** as People Focus, Working Together and Innovation. A detailed description of each value and what it means to the Council is available on the Intranet.
- The **Standards Committee** made up of 4 councillors and 5 independent members promotes and maintains high standards of conduct by Councillors, assists Councillors to observe their Code of Conduct, monitors the operation of the Code and deals with breaches of the Code of Conduct referred to them by the Public Service Ombudsman for Wales
- The **Anti-Fraud and Corruption Policy** applies to all councillors and employees. It outlines the Council's commitment to preventing, discouraging, detecting and investigating fraud and corruption whether attempted on the Council or from within the Council. The Policy is available on the Council's internet and intranet websites.
- A **Corporate Complaints Policy** based on the Welsh Government Model for complaints handling is in place and can be accessed

through the Council's website. The policy governs the investigation of complaints from members of the public including complaints about service provision. A Corporate Complaints Annual Report is presented to Cabinet each year.

- A **Whistle Blowing Policy** exists which encourages and enables employees to raise serious concerns without fear of harassment or victimisation. The Policy is available to all staff in the online Employee Handbook.
- The **Internal Audit Section** operates in accordance with the Public Sector Internal Audit Standards and is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. A Corporate Fraud Team has been established under the Internal Audit Section with effect from 01/06/15 for an initial 2 year period. The Team is responsible for investigating all suspected cases of fraud, corruption and bribery across the Council.
- The Council has developed its **Information Management and Governance** arrangements with the aim of ensuring that information is managed as a corporate asset in a way that is efficient, effective, accessible, secure and compliant. An Information Management and ICT Strategy exists as well as a clear system of governance which includes specific roles and responsibilities for the Executive Board, Information Management and Technology Board, ICT Board, Information Management Board and the Freedom of Information and Data Protection Working Groups.
- Progress has also been made on the **Security and Sharing of Information**. An Information Asset Register has been created that identifies all the Council's systems that hold information. Details of each system include the owner, business requirement, sharing protocols, licence renewal dates, access restrictions and associated risks. The Council has also communicated more and trained staff with regards to the importance of securing information and the process of reporting actual or suspected data breaches. The Council is part of the Government Connected Secure Extranet (GCSx) that encrypts emails that hold certain data and transmits them through a secure connection ensuring the information is only shared with the intended recipient. The Council has also signed up to the Welsh Accord and is now listed on the WASPI website as a participating organisation for sharing information. All information risks are identified and managed via the risk register

3.7 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- The **Decision Making** process is clearly set out in the Constitution along with the scheme of delegation and the terms of reference of Cabinet, Committees, Scrutiny Boards, Panels, Forums and Groups.

- The **Cabinet** (as Executive) is responsible for most day to day decisions and acts in line with the Council's overall policies and budget. Cabinet member portfolios were changed during 2014/15 following the election of a new Leader.
- A **Challenge Panel** consisting of 12 members considers any Cabinet decisions which have been 'called in' if the Presiding Member of the Council accepts that the call in is valid. The criteria used by the Presiding Member to decide on validity are tightly set and the Presiding Member receives appropriate advice from officers. The Challenge Panel considers whether the decision is a well-founded and appropriate decision of Cabinet
- All reports to Council and Cabinet must include paragraphs detailing the **Financial, Legal and Equality and Engagement Implications** of the report.
- The **Scrutiny Programme Committee** is responsible for developing the Council's Scrutiny Work Programme via a single workplan, holding Cabinet Members to account and providing challenge on specific themes. The Committee will set up informal **Scrutiny Panels and Working Groups** to undertake the detailed work of scrutiny and will appoint **Scrutiny Conveners** to chair the various Scrutiny Panels
- The role of Scrutiny is to improve the performance of services, to provide an effective challenge to the Executive and to engage non-executive members in the development of policies, strategies and plans. A **Scrutiny Work Planning Conference** is held each year to choose topics for review and a **Scrutiny Annual Report** is presented to Council. The Annual Report is used to highlight the work carried out by scrutiny, show how scrutiny has made a difference and support continuous improvement for the scrutiny function.
- A **Corporate Risk Policy** is in place which describes how risk management is implemented in the Council to support the realisation of strategic objectives. A **Risk Management Framework** also exists which aims to help managers and members at all levels to apply risk management principles consistently across their areas of responsibility.
- Corporate, Directorate and Service **Risk Registers** are in place to capture all risks that could affect the Council's business. Risk Management is subject to regular review by the Audit Committee.

3.8 Develop the capacity and capability of members and officers to be effective

- An e-learning **Corporate Induction Course** has been developed for all new employees. A wide range of training is also available to staff via the Learning Pool and directly delivered courses.
- Councillors are encouraged to complete a Training Needs Analysis which is used to develop a detailed **Councillors Training Programme** delivered on an annual basis. A review of the annual training programme is presented to the Democratic Services Committee.

- Regular **Cabinet and Executive Board Away Days** are held where thematic issues are discussed such as Sustainable Swansea – fit for the future, One Swansea Plan and poverty and prevention.
- An **Employee Performance Management Policy** exists and is available to all staff in the online Employee Handbook. The policy establishes a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance.
- Monthly **One to One meetings** are held involving the Leader, Cabinet Members, Chief Executive, Corporate Directors, Chief Officers, Heads of Service and 3rd tier staff as part of the performance management process
- Each Corporate Director holds a monthly **Performance and Financial Monitoring** meeting where Chief Officers and Heads of Service report on progress in terms of continuous improvement and budgets
- The Council Constitution includes **Financial Procedure Rules** which govern the financial management of the Council
- Financial Procedure Rules are supplemented by detailed **Accounting Instructions** which aid sound financial administration by setting out the principal controls and procedures to be followed by all departments for a range of functions. From time to time the Accounting Instructions are reviewed and ad hoc instructions may also be issued such as the current spending restrictions.
- The Council Constitution includes **Contract Procedure Rules** which govern the purchasing of goods and services and the letting of contracts with the aim of obtaining the best use of resources and value for money.

3.9 Engaging with local people and other stakeholders to ensure robust public accountability

- A **Consultation and Engagement Strategy** exists to ensure effective consultation and engagement with residents and partner organisations.
- The Swansea Voices Panel has been replaced by **Residents Telephone Surveys** of 200 residents. The surveys are undertaken every 2 months and cover topics such as the Council's reputation and performance in key areas. Consultation has also taken place on the annual budget and *Sustainable Swansea – Fit for the Future* as well as service specific consultation run directly by services. There is also a ward representative role for each councillor.
- The **Swansea Leader** newspaper is published every 2 months and delivered to every household in the area informing people about the Council's work and the progress it is making. An electronic version of the Swansea Leader is available on the Council's website.
- A wealth of **Information for Stakeholders** is available on the Council website including agendas, which are published in advance of meetings and minutes of all Council, Cabinet, Committee and

Scrutiny Board meetings. Citizens can attend meetings of the Council, Cabinet, Committees and Scrutiny Boards except where confidential or exempt information is likely to be disclosed and the meeting is therefore held in private. The Council website was re-launched in 2014/15 with the aim of being task orientated, easier to navigate and more concise.

- Citizens also have the right to ask questions and time is set aside at each Council and Cabinet meeting for **Public Questions**
- **Financial Monitoring Reports** which monitor the revenue and capital budgets are produced on a quarterly basis and reported to Cabinet
- **Performance Monitoring Reports** are produced for Cabinet on a quarterly basis and performance results are certified at the end of the year and any inconsistencies are investigated.

3.10 The Council's Annual Statement of Accounts includes **Group Accounts** which incorporates the companies shown below. The Annual General Meeting of the Council appoints councillors to sit on the Boards of the companies. The number of councillors appointed is shown against each company

- Swansea City Waste Disposal Co. Ltd (1 councillor)
- Wales National Pool Swansea Ltd (3 councillors)
- National Waterfront Museum Swansea Ltd (3 councillors)
- Swansea Stadium Management Co. Ltd (2 councillors)
- Bay Leisure Ltd (2 councillors)

3.11 The services provided by the Swansea City Waste Disposal Company transferred back to the Council with effect from 01/08/13.

3.12 A number of methods are in place to monitor the activities and performance of the companies including councillor/officer steering groups, strategic and operational meetings and management groups.

3.13 A Business and Partnership Unit exists in Cultural Services to monitor the activities of externally funded partner providers and an Annual Report on Leisure Partnerships is presented to Council each year.

4. Review of Effectiveness

4.1 The City and County of Swansea has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Chief Auditor's annual report, and also by comments made by the external auditor and other review agencies and inspectorates

4.2 The processes for maintaining and reviewing the effectiveness of the governance framework within the Council include the following broad headings

4.3 Internal Control Self-Assessment

- Each Head of Service has provided a signed Senior Management Assurance Statement for 2014/15 which provides assurance over the internal control, risk management and governance framework for their area of responsibility.

4.4 Internal Sources of Assurance

The following provide assurance based, partly, on reports covering 2013/14 as the reports for 2014/15 are not yet available. The 2014/15 reports will be reflected in the next Annual Governance Statement

- The **Annual Performance Review 2013/14** was approved by Cabinet on 23/09/14. The report also included the Council's response to the proposals for improvement made by the Wales Audit Office in its Annual Improvement Report 2014.
- The **Standards Committee** met on 8 occasions during 2014/15 and the **Standards Committee Annual Report 2013/14** was presented to Council on 04/11/14.
- The **Corporate Complaints Policy** was in place throughout 2014/15 and the **Complaints Annual Report 2013/14** was presented to Cabinet on 23/09/14. The Annual Report highlighted a number of service improvements which had been introduced as a result of compliant investigations.
- The **Internal Audit Annual Report 2013/14** was reported to the Audit Committee on 02/10/14 and included the Chief Auditor's opinion that based on the audit reviews undertaken in 2013/14, Internal Audit can give reasonable assurance that the systems of internal control were operating adequately and effectively and that no significant weaknesses were identified

The following provides assurance based on reports covering 2014/15

- The forward looking **Corporate Plan 2015-17** '*Delivering for Swansea*' produced in accordance with the Local Government (Wales) Measure 2009 was adopted by Council on 24/02/15. The Plan describes the Council's vision, 5 key priorities and 3 clear values.
- The One Swansea Plan and Delivery Framework 2014 '*Place, People, Challenges and Change*' were adopted by Council on 15/07/14 as the **Single Integrated Plan**. The Plan is the overarching strategic plan for Swansea and is closely aligned with the Corporate Plan. The Delivery Framework shows how the Plan will make a difference and helps to monitor, focus and coordinate activity.

- The **Audit Committee** met on 10 occasions during 2014/15 and followed a structured workplan which covered all areas of the Committee's responsibilities. The Committee includes a lay member as required by the Local Government (Wales) Measure 2011. The lay member is also the Chair of the Committee. The Committee received the Internal Audit Annual Report 2013/14 as well as quarterly Internal Audit Monitoring Reports for 2014/15 showing progress against the Annual Internal Audit Plan.
- The **Scrutiny Programme Committee and Panels** met throughout 2014/15 and were supported by the Scrutiny Support Unit. The **Scrutiny Annual Report 2014/15** was presented to Council on 23/07/15. The report highlighted the work carried out by Scrutiny, showed how Scrutiny had made a difference and supported continuous improvement for the Scrutiny function. The report also identified 6 improvement outcomes that will be addressed in 2015/16.
- The annual **Scrutiny Work Planning Conference 2015/16** was held on 08/06/15 and a report on the **Scrutiny Work Programme 2015/16** was agreed by the Scrutiny Programme Committee on 13/07/15
- The **Constitution Working Group** only met once during 2014/15 to agree the suitability of the prospective Lord Mayor and Deputy Lord Mayor.
- The **Medium Term Financial Plan 2016/17 – 2018/19** was approved by Council on 24/02/15. The Plan outlined the significant shortfall in funding faced by the Council over the period and the strategy to be adopted to address the shortfall.
- The **Corporate Risk Management Policy and Framework** has operated throughout 2014/15 and the Head of Finance and Delivery presented an annual review of Risk Management to the Audit Committee on 09/04/15.
- 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.
- Quarterly **Performance Monitoring Reports** were presented to Cabinet during 2014/15 and an Annual Performance Monitoring Report 2014/15 was approved by Cabinet on 16/07/15.
- Quarterly **Financial Monitoring Reports** were presented to Cabinet throughout 2014/15. A **Mid Term Budget Statement** was also presented to Cabinet on 21/10/14 which set out the latest position with regard to the 2014/15 Revenue and Capital Budgets together with an initial assessment of the 2015/16 Revenue and Capital funding positions and an updated Medium Term Financial Plan.
- All reports presented to Cabinet and Council during 2014/15 had been reviewed by Finance, Legal and Access to Services staff and included the appropriate paragraphs detailing the **Financial, Legal and Equality and Engagement Implications** of the report.
- The **Pension Fund Committee** met on 6 occasions during 2014/15 and dealt with all issues relating to the governance of the Pension Fund

4.5 External Sources of Assurance

- The Wales Audit Office undertook a **Corporate Assessment** of the Council in November 2014. The assessment sought to answer the question *'is the Council capable of delivering its priorities and improved outcome for citizens?'* The assessment report was presented to Council on 23/07/15 and concluded that *'the Council can demonstrate improvement across a range of key services and has developed a clear framework for managing future challenges'*. The report made 4 proposals for improvement which will be addressed by the Council.
- The Council invited the WLGA to facilitate a **Peer Review** in September 2014. The Peer Review had 3 key areas of focus i.e. Delivery, Change and Governance which were felt to be critical to organisational development and delivery in challenging times. The Peer Review identified both areas of strength and areas for improvement and made 20 recommendations in its report. The Council has prepared an action plan to address the recommendations which was approved by Cabinet on 14/04/15
- The Appointed Auditor's **Annual Audit Letter** was sent to the Leader on 28/11/14 and presented to the Audit Committee on 15/01/15. The letter stated that *'The Council complied with its responsibilities relating to financial reporting and use of resources'*. The letter also stated that an unqualified audit opinion had been issued on the accounting statements confirming that they present a true and fair view of the Council's, Group's and Pension Fund's financial position and transactions.
- The **Wales Audit Office's Report of Deficiencies in Internal Controls 2013/14** was presented to the Audit Committee on 27/11/14. The report stated that no significant deficiencies in internal control had been identified. However, 19 recommendations were made regarding deficiencies identified although none were considered to be a significant risk. The report also identified that all 15 recommendations made in relation to 2012/13 had been implemented.
- PwC on behalf of the Wales Audit Office presented the **Audit of Accounting Statements – Report to Those Charged with Governance** for 2013/14 to Cabinet on 23/09/14. 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 Council is subject to **Statutory External Inspections** by various bodies including Wales Audit Office, ESTYN and CSSIW. ESTYN visited 20 educational establishments during 2014/15 with inspection reports being provided to the Governing Body. Work continued to implement the recommendations arising from ESTYN's Inspection Report 2013/14 and a report to Cabinet on 14/04/15 showed that good progress had been made implementing 2 recommendations but only limited progress on 3 recommendations. The report highlighted

the further work that would be carried out to address the recommendations where only limited progress had been made. The CSSIW Performance Evaluation Report 2013/14 for Swansea concluded that *'The Council is making significant progress with its plans for transformational change within adult and children's services and has gained strong political and corporate support for the changes being undertaken.'* The report goes on to say *'there are strategic business plans in place for both adult and children's services which align to the council's single integrated plan.'*

- 4.6 The Annual General Meeting of the Council held on 08/05/14 appointed the required number of councillors to sit on the Boards of the companies included in the Council's **Group Accounts**. A number of changes were made to the Council's representatives on the various Boards at the Council meetings held on 30/09/14, 02/12/14 and 03/03/15.
- 4.7 The Annual Report on Leisure Partnerships for 2013/14 is due to be presented to Council in October 2015. The report will review the Wales National Pool Swansea, National Waterfront Museum Swansea, Liberty Stadium and the LC in detail and provide information on the monitoring arrangements in place.
- 4.8 The legislation which required waste disposal operations to be carried out 'at arm's length' has been repealed. The Council undertook a full review of the operations of Swansea City Waste Disposal Company in light of its current waste strategy and decided to bring the whole operation back in house. The Company's assets and liabilities as well as its employees transferred into the Council from 01/08/13 and the liquidation of the Company will follow in due course.
- 4.9 We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

5 Significant Governance Issues

- 5.1 The following table shows the significant governance issues which were identified during the review of effectiveness undertaken when preparing the Annual Governance Statement 2013/14 and the action taken during the year to address the issues

Issue	Proposed Action	Action Taken
Develop a rationalised set of priorities for the Council.	Develop a Corporate Plan with a reduced set of corporate priorities and performance indicators focussing on what	A rationalised set of priorities were included in the Corporate Plan 2015-17 <i>Delivering for Swansea</i> . The 5 priorities are <ul style="list-style-type: none"> • Safeguarding vulnerable

	matters to Swansea.	<p>people</p> <ul style="list-style-type: none"> • Improving pupil attainment • Creating a vibrant and viable City and economy • Tackling poverty • Building sustainable communities
Improve the processes for reporting to Citizens	Publish an annual review of performance where the Council sets out its view of its performance delivering its improvement priorities in a more accessible way e.g. case studies highlighting actual improvements.	The Annual Review of Performance 2013/14 was written in a way that was accessible to the general public, complied with statutory guidance and addressed the previous proposals for improvement made by the Wales Audit Office
Review of Arm's Length Operations	Complete audit review of the governance arrangements of partnerships	Review substantially complete and overall partnerships were found to be well managed. Some issues regarding the recording and monitoring of partnerships to be raised.
Review of Regional Collaborative Arrangements	Review the effectiveness of the governance arrangements for the Council's Regional Collaborative Arrangements	Review substantially complete and overall the arrangements were found to be well managed. Some issues regarding the recording and monitoring of collaborative arrangements to be raised.
Review of Senior Management Assurance Statements	Review evidence available to confirm statements made by Heads of Service for a sample of Senior Management Assurance Statements as part of the Internal Audit review of Corporate Governance	Audit review completed for a sample of Heads of Service and generally all were able to substantiate the statements made in their Senior Management Assurance Statements
Review of the Council's Code of Corporate Governance	The Code of Corporate Governance was approved by Council in June 2008 and it is proposed to review and update the Code.	Review postponed pending outcome of Corporate Governance Review being undertaken by Head of Legal, Democratic Services and Procurement.

5.2 The following table identifies issues which have been raised during the review of effectiveness and the proposed action to be taken during 2015/16 to address the issues

Issue	Proposed Action
<p>WLGA Peer Review Governance Issues – Corporate Governance Review</p>	<p>The Head of Legal, Democratic Services and Procurement is to undertake a ‘whole system’ review of how we make decisions, to include</p> <ul style="list-style-type: none"> • Member decision making, including Cabinet Member delegation, briefings, role of CACs and impact of scrutiny • Officer decision making, including the requirement to consult • Legal, EIA, audit, HR etc. considerations • Programme management, including boards <p>The whole point of this aspect of the review is to move to a more agile, business like and quicker approach to governance both at Member and Officer level.</p> <p>There are many aspects of the processes that reinforce an old, risk averse approach. A set of principles need to be agreed that underpin future decision making processes</p> <p>This review will pick up a wide range of specific actions, as well as current actions to clarify roles and responsibilities. Further work is likely to pick up wider aspects of corporate governance.</p>
<p>WLGA Peer Review Governance Issues – Local Service Board</p>	<p>‘Reinvent’ the Local Service Board or a ‘city partnership’ with:</p> <ul style="list-style-type: none"> • A smaller number of delivery focused priorities • A more radical approach to joint working and pooling of staff and resources • Greater engagement of Members in local projects

	<p>The Single Swansea Plan (SSP) already has agreed priorities but we do need to refocus efforts on delivery. The SSP is currently being reviewed.</p> <p>The opportunities around community budgets are significant, but will be subject to a willingness by all partners to give up some sovereignty and to work differently to achieve better outcomes.</p>
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5.3 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