



City and County of Swansea

Minutes of the **Audit Committee**

Remotely via Microsoft Teams

Tuesday, 30 June 2020 at 2.00 pm

Present: P O'Connor (Chair) Presided

Councillor(s)

C Anderson
P R Hood-Williams
J W Jones
L V Walton

Councillor(s)

P M Black
O G James
M B Lewis
T M White

Councillor(s)

D W Helliwell
P K Jones
S Pritchard

Officer(s)

Adrian Chard

Simon Cockings

Barrie Gilbert

Adam Hill

Tracey Meredith

Jeremy Parkhouse

Ben Smith

Cath Swain

Strategic Human Resources and Organisational
Development Manager

Chief Auditor

Senior Transport Officer

Deputy Chief Executive / Director of Resources

Chief Legal Officer / Monitoring Officer

Democratic Services Officer

Chief Finance Officer / Section 151 Officer

Integrated Transport Manager

Also Present

Colin Davies

Jason Garcia

George Thomas

Audit Wales

Audit Wales

Audit Wales

Apologies for Absence

E T Kirchner

108 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 C Anderson and P R Hood-Williams declared personal interests in Minute No.114 – Internal Audit Plan 2019/20 – Quarter 4 Monitoring Report for the Period 1 January 2020 to 31 March 2020.

109 Minutes.

Resolved that the Minutes of the previous meetings of the Audit Committee held on 29 January, 11 February, 10 March, 26 May and 1 June 2020 were approved as correct records, subject to the following amendment: -

Add Councillors J W Jones and P K Jones to the list of attendees on 1 June 2020.

110 Presentation - Update on Internal Control Environment (Including Risk Management).

Adam Hill, Deputy Chief Executive provided the Committee with an update presentation on the Internal Control Environment. Details on the following were provided: -

- Update on Internal Control Environment – Governance framework, internal and external governance;
- Managing Risk - Councillor and Chief Officer responsibilities;
- Governance Framework – Two core principles and five supporting principles;
- Internal Governance;
- External Governance;
- Managing Risk and Assurance – Assurance framework (golden thread);
- Risk Management;
- Governance;
- Managing Risk (Assurance).

The Committee asked questions of the Officer, which were responded to accordingly. Issues discussed included: -

- Lessons learned in respect of partnerships and the need to continually review their effectiveness;
- Risks involved as a result of the lack of resources in Scrutiny and making services fit for purpose;
- Resolving partnership issues through the Council Constitution.

The Chair also commented upon the risks highlighted by the Committee including workforce resource, understanding current priorities and the rise in moderate Internal Audit reports. She added that she was beginning to see weaknesses as highlighted by the work of Internal and External Audit.

Resolved that: -

- 1) The contents of the presentation be noted;
- 2) The presentation be circulated to the Committee.

111 Review of Partnerships in the City and County of Swansea.

The Deputy Chief Executive presented a report which provided an overview of some of the key partnerships and described the arrangements for both governance and the assessment of risks and issues.

It was explained that Swansea Council participated in a large number of partnerships and collaborative groups, which varied in terms of their scale, scope and structure. The report focussed upon the formally constituted partnerships and

those groups which had a significant impact on the work of the Council in terms of resource requirements and outcomes for local residents.

It was added that the partnership landscape locally, regionally and nationally was crowded and complex, with many areas of duplication and different arrangements for assessing risks and outcomes. Partnership arrangements in the Council reflected both national and regional arrangements, which had been driven by Welsh Government legislation and new policy developments.

A working group on Local Government in Wales commissioned a review of Strategic Partnerships in Wales in July 2019. The review aimed to examine whether there were any unnecessary complexity or duplication and to identify opportunities for simplification and rationalisation. Although the review was ongoing, feedback from Local Authorities, partners and individual interviewees had confirmed that Partnership arrangements were complex and burdensome, and the demands on senior leaders (professional and managerial) as well as corporate partnership support, were significant.

Details of the following were provided: -

- Partnerships in Swansea;
- ERW (Education through Regional Working);
- The West Glamorgan Regional Partnership;
- Swansea Bay City Deal;
- Swansea Public Services Board (PSB);
- Other Key Partnerships in Swansea;
- Safer Swansea Partnership;
- Regional Skills Partnerships;
- Regional Transport Forum.

The Committee discussed the following: -

- Scrutiny arrangements in respects of ERW;
- New joint Local Transport Plan;
- Swansea Council being involved in over 100 partnerships and the continued need to work with other organisations and regularly reviewing those arrangements;
- The large number of partnerships, duplication of services, justifying the added value of each partnership and whether they provide value for money;
- The added value brought by the PSB, the review undertaken by Welsh Government / decision to stop funding PSB's during the COVID 19 lockdown and the good relationships with other organisations e.g. Police which has brought many benefits other than financial value;
- The review of each partnership and recognising the contributions of smaller organisations within partnerships;
- The provision of evidence to the Welsh Government review by the Authority via the PSB and how the recommendations were being addressed within the Council.

The Chair stated that the Committee needed assurance that all the Authority's partnerships were effective, achieving outcomes and value for money.

Resolved that: -

- 1) An update report in respect of progress made on the Welsh Government recommendations be added to the Audit Committee Tracker and provided in November / December 2020;
- 2) An update report regarding Scrutiny of ERW be added to the Audit Committee Tracker;
- 3) An update report regarding the development of a new Local Transport Plan be added to the Audit Committee Tracker.

112 Appointment of Additional Lay Member to Audit Committee.

The Deputy Chief Executive presented a report, which requested the Committee considered the appointment of an additional Lay Member to the Audit Committee.

It was added that the Local Government (Wales) Measure 2011 required that each council should appoint an Audit Committee in line with the recommendation made by CIPFA in 2005. The Welsh Government had provided statutory guidance covering the functions and membership of the Audit Committee and a copy of the guidance was provided at Appendix 1.

Furthermore, following the completion of a benchmarking exercise comparing the number of Lay Members appointed to other Local Authority Audit Committees across Wales, it was proposed that the Council appointed one additional Lay Member to the City and County of Swansea's Audit Committee. Members were advised that adding an additional lay member would help ensure the Committee was better equipped to meet possible proposed legislative changes to the committee structure by Welsh Government that were currently out for consultation, which initially suggested that the Committee would require a third of its members to be lay members.

It was noted that Audit Committee Members were first asked to consider this proposal in December 2019. Members discussed the proposals and agreed to revisit the issue at a later date. If Members agreed to appoint an additional Lay Member, the recommendation of the Audit Committee would be presented to Council who would ultimately decide whether to commence the recruitment process.

Resolved that: -

- 1) the Committee recommends to Council that an additional Lay Member be appointed to the Audit Committee;
- 2) the action be added to the Audit Committee Tracker.

113 Audit Committee Annual Report 2019/2020.

The Chair presented the draft Audit Committee Annual Report for the 2019/20 Municipal year.

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

She added that she had a number of concerns in relation to workforce, risk management, savings and the impact of COVID 19 and would raise these in her meeting with the Chief Executive in July 2020.

Resolved that:-

- 1) the draft report be agreed and forwarded to Council for approval;
- 2) the action be added to the Audit Committee Tracker.

114 Internal Audit Annual Plan 2019/20 - Quarter 4 Monitoring Report for the Period 1 January 2020 to 31 March 2020.

Simon Cockings, Chief Auditor presented a report which provided the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 January to 31 March 2020.

A total of 27 audits were finalised during the quarter. The audits finalised were provided 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. A total of 165 audit recommendations were made which management agreed to implement 163, i.e. 99% of the recommendations made were accepted against a target of 95%. Appendix 2 provided a summary of the scope of the reviews finalised during the period. Details of the grants certified in the quarter were also provided.

Appendix 3 showed that by the end of March 2020, 84% of the planned reviews had been completed to at least draft report stage, with an additional 4% of the planned audits in progress. As a result, approximately 88% of the Audit Plan was either completed or in progress. It was noted that at the year end, 8 audits (5% of the plan) were found to be no longer required during the year due to in-year service changes. A further 11 audits (7% of the plan) had been deferred to the 2020/21 audit plan.

It was added that two moderate reports were issued in the quarter and brief details of the significant issues which led to the moderate ratings were provided. These were for the following service areas and progress updates were provided at the meeting: -

- Concessionary Fares 2019/20
- Cwm Glas Primary School

Information regarding the follow-ups completed between 1 January 2020 to 31 March 2020 were provided, including the six moderate audit reports in the following areas: -

- Foreshores & Lettings 2019/20
- Cleansing Services 2019/20

- Disclosure and Barring Service 2019/20
- Gwysrotydd Primary School 2019/20
- Pen Y Bryn Special School 2019/20
- Building Services (Heol Y Gors) Plant 2019/20

It was also confirmed that Pembrokeshire County Council had completed the internal review of the City Deal in quarter 4 2019/20 requested by the City Deal Joint Committee.

The Committee queried two not agreed recommendations in relation to St. Thomas Primary School, some long standing PCN fines outstanding with evidence of the lack of review / progress in Civil Parking Enforcement and whether the schools concerned had service level agreements in areas highlighted by the audits.

The Chief Auditor stated that he would address these queries individually with the Members who raised them, outside of the meeting.

Resolved that the contents of the report be noted.

115 Concessionary Fares 2019/2020.

Cath Swain, Integrated Transport Unit Manager and Barrie Gilbert, Team Leader - Public and School Transport presented the Concessionary Fares – Findings Update Internal Audit Report 2019/2020.

It was outlined that the Council undertook an annual audit of the concessionary fares claims submitted by bus operators for revenue 'forgone'. First Cymru Buses accounts for over 90% of the Council's expenditure and was therefore always included in the sample of operators. Following the audit of the company's claims for the 2018/2019 financial year undertaken in Summer 2019, an assurance level of moderate was given.

An Action Plan was developed to address the issues identified, provide recommendations and to put in place appropriate implementation steps. The high risk, medium risk, low risk, associated actions and points of good practice were provided in the Audit Report at Appendix A.

The Action Plan highlighted all the high and medium risk items in the areas below as follows and provided progress on each one: -

- Officers in the Integrated Transport Unit liaising with First Cymru to establish the reason(s) for the variances found (high risks);
- When the reason(s) for the variances were rectified, First Cymru should re-calculate and submit all claims from April 2018 to date (medium risk).

The Committee asked questions of the Officer in relation to the report and responses were provided accordingly. Discussions centred around the following: -

- Avoiding double claims involving Swansea / Neath Port Talbot / Carmarthenshire Councils, liaising between councils the amount of officer time involved;

- The responsibility of First Cymru in providing the correct information via their ticketing machines, concern regarding some First Cymru employees being based outside of the area / having little knowledge of county boundaries and the information / expectations provided to First Cymru by Council officers;
- How First Cymru base their concessionary fares upon an average adult single fare for all journeys which had been agreed with Welsh Government;
- Payment procedures which involved Welsh Government funding the Authority and that funding being passed on to First Cymru;
- How First Cymru had appointed their own auditors to calculate the monthly claims to the Council going forward;
- How changes in monthly claims by more than 2% would be a cause for concern and would be investigated.

The Chair thanked the Officers for providing their update report and noted that there had been an absence of internal financial control in the process that did not identify the over claiming, therefore, Internal Audit would be undertaking a follow-up which would be reported to the Committee during the course of the financial year.

Resolved that the contents of the report be noted.

116 Employment of Agency Staff.

Adrian Chard, Strategic Human Resources and Organisational Development Manager presented the Employment of Agency Staff Audit Update Report 2019/20.

It was stated that at the Audit Committee held on 10 March 2020, the meeting requested that the Officer provided up to date agency worker numbers, levels of non-compliance and the cost to the Authority for this detail to be reported to the in the Audit Committee Tracker report.

It was highlighted that the total number of Agency Workers engaged through the corporate contracted agencies (Staffline and RSD Social Care) in March 2020 was 161, with 157 being employed in the Place Directorate and 4 employed in the Social Services Directorate.

It was added that the total spend/cost of Agency Workers for 2019/2020 was £4,522,120. The total spend on Agency Workers included Agencies other than Staffline and RSD, therefore the numbers of Agency Workers would be higher when taking into account Teachers and supply staff, who form a large part of the additional spend.

It was explained that Heads of Service were contacted to provide feedback on the compliance measures indicated in the Audit Report and details regarding individual Service Areas were provided. The role of Staffline was also outlined, particularly their partnership working with the Authority.

Reference was also made to the following future actions that had been identified;

- Review of the current policy on the engagement of Agency Workers was in need of review alongside a review of all Human Resources & Organisational Development policies, including the clarity of roles and responsibilities;
- Examination of the “off contract” spend in more detail and governance around these arrangements. This would need to be undertaken in conjunction with procurement because Human Resources & Organisational Development were not made aware of these Agency Workers.

The Committee asked questions of the Officer in relation to the report and responses were provided accordingly. Discussions centred around the following: -

- The review of all Human Resources & Organisational Development policies to be completed during the current financial year;
- The need to reinforce service area's to reflect the policy of the Council, particularly areas which employed large numbers of agency workers and ensure the governance is fit for purpose;
- Levels of sickness in service areas employing agency workers;
- The need to complete the review quickly due to the large amounts of money involved;
- The consultation process / timescales involving Corporate Management Team, Heads of Service, Joint Consultative Committee;
- Employing staff directly rather than via agencies;
- Working with Trade Unions to ensure service areas are fully employed, reducing the costs for the Authority.

The Chair expressed concern regarding the considerable amount of money being spent upon hiring Agency Workers and stressed the need to quickly review the current policy as soon as possible.

Resolved that: -

- 1) The contents of the report be noted;
- 2) The Strategic Human Resources and Organisational Development Manager provides details of sickness / absence levels within the service areas that hired Agency Workers;
- 3) The Committee is kept updated regarding the review of the current Agency Worker policy.

117 Audit Wales - 2020 Audit Plan - City and County of Swansea.

Jason Garcia and Colin Davies presented the Audit Wales – 2020 Audit Plan – City and County of Swansea, which provided the proposed audit work, when it would be undertaken, how much it would cost, who would undertake it and the impact of COVID 19 upon the Plan. Also provided was an update report on the Impact of COVID 19.

Exhibit 1 provided the financial statement audit risks and other areas requiring audit attention. Exhibit 2 provided the performance audit programme and Exhibit 3 the summary of grant claim certification work. Details of the proposed audit fee, audit

team and timetable were outlined in Exhibits 4 and 5. It was highlighted that despite the amended timetable, it was hoped the accounts would be signed off by 15 September 2020.

Reference was made to the changes made to the performance audit programme timetable and the main and the main areas of focus.

The Committee asked questions regarding capital expenditure on the Swansea Central Phase 1 and the City Deal. A written response would be provided in respect of the query regarding the City Deal due to communication problems during the meeting.

118 Audit Committee Action Tracker Report.

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

119 Audit Committee Work Plan.

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

The meeting ended at 4.36 pm

Chair