



City and County of Swansea

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

Remotely via Microsoft Teams

Wednesday, 9 June 2021 at 2.00 pm

### Present:

#### Councillor(s)

C Anderson  
J W Jones  
S Pritchard  
T M White

#### Councillor(s)

P M Black  
M B Lewis  
J A Raynor

#### Councillor(s)

D W Helliwell  
C E Lloyd  
L V Walton

#### Lay Member(s)

Julie Davies      P O'Connor

#### Officer(s)

Bobby Grey	Acting Manager - Grand Theatre
Adam Hill	Deputy Chief Executive / Director of Resources
Tracey McNulty	Head of Cultural Services
Tracey Meredith	Chief Legal Officer / Monitoring Officer
Martin Nicholls	Director of Place
Jeremy Parkhouse	Democratic Services Officer
Ben Smith	Chief Finance Officer / Section 151 Officer

#### Apologies for Absence

Councillor P R Hood-Williams and Jason Garcia – Audit Wales

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### 1 Election of the Chair for the 2021-2022 Municipal Year.

**Resolved** that Paula O'Connor be elected Chair for the 2021-2022 Municipal Year.

**(Paula O'Connor presided)**

### 2 Election of the Vice-Chair for the 2021-2022 Municipal Year.

**Resolved** that Councillor C E Lloyd be elected Vice-Chair for the 2021-2022 Municipal Year.

### 3 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: -

Councillor J W Jones declared a personal and prejudicial interest in Minute No.80 – Response to the Grand Theatre Audit Report 2020/21 and left the meeting prior to discussions on the item.

Councillor J A Raynor declared a personal interest in Minute No.81 – Employment of Agency Staff Audit Report 2019/20 – 2021 Update.

Councillors M B Lewis and T M White declared personal interests in Minute No. 78 - Internal Audit Annual Plan 202/21 – Monitoring Report for the Period 1 January 2021 to 31 March 2021.

Julie Davies (Lay Member) declared a personal interest in Minute No.80 – Response to the Grand Theatre Audit Report 202/21.

#### **4 Minutes.**

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

Minute No.73 – Audit Committee Work Plan 2020/21 and 2021/22 – replace ‘Councillors’ with ‘the Committee’ in the third paragraph.

#### **5 Internal Audit Annual Plan 2020/21 Monitoring Report for the Period 1 January 2021 to 31 March 2021. (Simon Cockings)**

Nick Davies, Principal Auditor presented a detailed report which showed the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 January 2021 to 31 March 2021.

A total of 25 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 209 audit recommendations were made and management agreed to implement all but one of those recommendations.

It was explained that due to the ongoing Covid-19 pandemic, access to the majority of Council sites have 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.

Appendix 3 provided the Internal Audit Plan 2020/21 - Progress to 31/03/21 and it was explained that 79 audits from the 2020/21 audit plan had been completed to at least draft report stage (52%), with an additional 13 audits in progress (8%). As a result, approximately 60% of the Audit Plan was either completed or in progress. In addition, due to changes in certification requirements for a number of grants and other changes in year, 7 audits which were included on the original plan were not required.

Three moderate reports were issued in the quarter and included Accounts Receivable 2020/21, Grand Theatre 2020/21 and Management of Absence 2020/21.

The Committee were also informed that some audits had to be deferred to 2021-2022 and the deferred audits primarily related to Social Services, I.T., Business Rates (NNDR) and school audits and full details were provided.

Details of the follow-ups completed between 1 January and 31 March 2021 were provided, including the Employment of Agency Workers Follow-up.

The Committee discussed the following: -

- Concern regarding the delay in highlighting the income details at the Grand Theatre;
- Upon review, the department recognising the importance of retaining experienced staff within service areas;
- Mandatory online training not being completed by managers on the Learning Pool and how reminders are regularly circulated to departments;
- The non-acceptance of one low risk recommendation by a client and discussions around the additional measures that Internal Audit could introduce to provide further assurance when the low risk process was being undertaken;
- Follow-up review procedures undertaken by Internal Audit;
- Audit and Corporate Fraud involvement in issuing business rates grants.

The Chair reflected on the areas of the plan that were deferred and the impact that those deferrals have had on assurance received by the Governance & Audit Committee at the year end.

**Resolved** that the Governance & Audit Committee Members notes the information contained in this report.

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

Ben Smith, Chief Finance / Section 151 Officer presented a report which provided an update for the Service Centre, Accounts Receivable Function.

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

The Committee discussed the following: -

- Staff resources in Accounts Receivable;
- The responsibility for debts being with individual departments / service areas and how this can be highlighted to each directorate;
- Progress regarding Oracle Cloud and the need to transfer staff due to the timescales involved;
- The positive result of the outturn reports being reported to Cabinet on 17 June 2021 which puts the Accounts Receivable result into perspective;
- Regular monitoring of debts;
- Details contained in the Lloyds Bank Debt Awareness document.

The Chair commented that the suspension of all invoices / debts between April and July 2020 were impacting the current position, both for the Council and for the Legal Services.

**Resolved** that: -

- 1) Service Departments to be further reminded of their responsibilities and role in the invoice process. This should be reinforced through the Directors and Heads of Service to ensure consistency and robustness of process;
- 2) Accounts Receivable continue to report to Corporate Management Team on a quarterly basis as a further update on the debt position across the authority;
- 3) An update report be presented to the Committee meeting scheduled for 14 September 2021;
- 4) The Lloyds Bank Debt Awareness document be circulated to the Committee.

**7 Response to the Grand Theatre Audit Report 2020/21. (For Information) (Martin Nicholls / Tracey McNulty)**

Martin Nicholls, Director of Place, Tracey McNulty, Head of Cultural Services and Bobby Grey, Acting Grand Theatre Manager presented a 'for information' report which provided an update and response to the 2020 Internal Audit of the Grand Theatre.

The report addressed the 1 High Risk (HR); 6 Medium Risks (MR) and all other reported risks were either Low Risk (LR) or Good Practice (GP). An updated Action Plan was provided at Appendix A.

The Director of Place highlighted that there were a number of issues of concern, some of which had not been previously addressed and he recognised that this was not good enough. However, he added that the Action Plan demonstrated significant progress, including 4 recommendations which had been completed.

He referred to the challenges brought by Covid 19, in addition to some very complex staffing matters and added that the work undertaken had provided a foundation to move forward.

The Head of Cultural Services provided the Committee with more detailed information regarding the difficulties faced by the Grand Theatre, particularly the

closure of the theatre during Covid 19 and the redeployment of staff. It was highlighted that whilst previous recommendations had not been addressed, following the return of the Operational management from Test Trace and Protect (TTP), all recommended actions were agreed and completed immediately.

The Committee discussed the following: -

- The situation surrounding the issuing of complimentary tickets, the need to review the updated policy during the forthcoming recovery period and align it with some of the practices undertaken to improve attendances;
- The follow-up which will be undertaken by Internal Audit later in the financial year;
- The wider risks faced by the theatre, including the new arena, staffing issues and the need to follow process and procedures during managers' absence;
- Partnership working with other organisations, e.g. Arts Council / local youth theatre groups / Race Council Cymru and appealing to the immediate neighbours of the theatre;
- Risks identified in the report including financial matters and how the directorate / service area deal with risks during change and staff absences.

The Chair stated that she was disappointed with the contents of the report which had seen a breakdown of basic internal control and absence of management oversight. She added that she was reassured that Management were addressing the issues, had made progress and the Committee would be presented with the Internal Audit follow-up report later in the year.

## **8 Employment of Agency Staff Audit Report 2019/20 - 2021 Update. (For Information) (Adrian Chard)**

Adrian Chard, Strategic Human Resources and Organisational Development Manager provided a 'for information' update report on actions arising from the Employment of Agency Staff Audit report.

The actions undertaken since June 2020 were outlined which included: -

- An email was issued in Spring 2021 to members of the Corporate Management Team reminding Managers to ensure that they complied with the Agency Worker Policy;
- Following due consultation, a revised Agency Worker Policy had been agreed at the Joint Consultative Committee and would act as a platform for further engagement with Managers on the engagement of Agency Workers in their respective areas;
- Human Resources & Organisational Development continued to send regular reminders to Managers to review the engagement of agency workers who had been engaged for over 12 months and Managers were required to confirm that it was still appropriate for the Council to engage an agency worker rather than employ a person in the post.

The Committee were informed that there were 166 agency workers employed by the Authority on 31 March 2021 and details of department / service area and were provided. The 'on contract' and 'off contract' costs were also detailed.

It was added that Heads of Service were contacted to feedback on the compliance measures indicated in the Audit Report and department / service area feedback was detailed, along with the partnership work provided by Staffline.

The Committee discussed the following: -

- The number of agency workers being used and how the figures provided were a snapshot in time;
- The overall aim being to reduce agency worker costs through offering traineeships;
- Reduction in contract spend with companies providing agency workers;
- Providing details of full-time equivalent posts in order to establish the total spend / average hourly rates which will highlight the number of full-time equivalent staff required;
- Frontline services offering full-time positions as opposed to hiring agency workers and providing a breakdown of costs involving agency workers;
- Why permanent cover was being provided in the Central Transport Unit by agency workers, not employed staff and how similar pockets had been identified across the Council which were being addressed;
- The Agency Worker Policy being a strategic policy, whereby any operational matters would have to be addressed by specific service areas / departments;
- The fact that school workers were not included in the figures provided and in future including those details in figures provided;
- Internal Audit undertaking detailed work around service areas who have a high usage of agency workers and to focus upon sickness / absence rates in those areas;
- The possibility of Scrutiny investigating the topic further, particularly the Workforce Working Group in order to provide additional assurance;
- The Agency Workers Policy being robustly complied with throughout the Authority;

The Chair commented that the update report was as a result of a moderate Internal Audit report which had also highlighted a £4million annual spend. In addition, she queried the possibility of the Council establishing an internal agency bank, similar to that operating within the NHS.

The Chief Finance Officer / Section 151 Officer expressed concern that the Committee should follow procedures and allow departments to address the areas of concern highlighted by the Committee and to respond to the Strategic Human Resources and Organisational Development Manager. Progress would then be reported to the Committee.

Tracey Meredith, Chief Legal Officer / Monitoring Officer suggested that in order to avoid duplication, the Chair and Chair of the Scrutiny Programme Committee discuss the matter further and if necessary, report to a future meeting.

The Chair reinforced the Committees role in gaining assurance that there was compliance with the Council's policy and procedures and highlighted that there was no desire to duplicate the work conducted by the Scrutiny Programme Committee.

**Resolved** that the Strategic Human Resources and Organisational Development Manager provides an update report to the Committee meeting scheduled for 12 October 2021.

**9 Governance & Audit Committee Action Tracker Report. (For Information) (Jeremy Parkhouse)**

The Governance and Audit Committee Action Tracker report was provided 'for information'.

The Chair highlighted the action to track Audit Wales recommendations remaining in the Action Tracker Report. She referred to Appendix 2 – the letter to the Chair from the Audit Wales Audit Director regarding reports and recommendations, which she added re-enforced the need to provide a tracker.

Chief Finance Officer / Section 151 Officer added that tracking Audit Wales reports was currently an issue of capacity for the Authority.

The Chair added that she would make enquiries with the Chief Auditor, Cardiff Council regarding the software they use and would contact Audit Wales regarding any spreadsheets they utilise.

**10 Governance & Audit Committee - Workplan 2021/22. (For Information) (Jeremy Parkhouse)**

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

The Deputy Chief Executive stated that a training programme was in the process of being drafted which would take into account the new terms of reference of the Committee.

The Chair requested that Corporate Fraud provide a 6-month update report in addition to their annual report.

The Democratic Services Officer highlighted that Audit Wales reports and additional reports in respect of risk, financial management would be added to the Plan.

The meeting ended at 3.52 pm

**Chair**