



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Remotely via Microsoft Teams

Tuesday, 8 February 2022 at 2.00 pm

Present: Paula O'Connor (Chair) Presided

Councillor(s)

C Anderson
P R Hood-Williams
M B Lewis
L V Walton

Councillor(s)

P M Black
O G James
C E Lloyd
T M White

Councillor(s)

D W Helliwell
J W Jones
S Pritchard

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 Resources
Martin Nicholls	Director of Place
Jeremy Parkhouse	Democratic Services Officer
Ben Smith	Director of Finance / Section 151 Officer
Debbie Smith	Deputy Chief Legal Officer

Apologies for Absence

J A Raynor

70 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 P M Black and T M White declared personal interests in Minute No.73 – Internal Audit Plan 2020/21 – Monitoring Report for the Period 1 October to 31 December 2021 and Minute No.74 – Internal Audit Recommendation Follow-up Report – Quarter 3 2021/22.

71 Minutes.

Resolved that the Minutes of the previous meeting of the Audit Committee were approved as a correct record.

72 Service Centre – Accounts Receivable Update.

Ben Smith, Director of Finance / Section 151 Officer provided a verbal update regarding Accounts Receivable, particularly the escalating of invoice recovery as quickly and effectively as possible and the backlog of invoice recovery. He added that the report was verbal owing to the continued significant pressure upon staff resources as a result of UK and Welsh Government announcements.

It was added that the service area was back to the position it found itself in two years ago in respect of the wider context. Whilst the service area was important, staff resources had been utilised to support additional areas of work for the Authority, including business support grants, rate relief grants and winter fuel payment grants.

The actions undertaken within the Department / Service area were outlined including that the monthly Debt Recovery Team meetings, which continued to be undertaken. The levels of outstanding debt was also being monitored very closely and at the end of January 2022, £11m in debts were outstanding, with 80% short term debt and 20% long term debt. However, it was recognised that long term debt had remained at similar levels as previous years.

He referred to the Impact of the Corporate Insolvency and Governance Act 2020, in particular the measures introduced which fell into two sets: permanent measures to update the UK insolvency regime, and temporary measures to insolvency law and corporate governance to assist businesses during the pandemic. He also referred to 'Breathing Space' measures introduced in relation to debt recovery.

The Committee discussed the following: -

- Evidence showing that additional education of service departments regarding debts was working;
- Overall level of debts and comparisons with previous years;
- How Swansea at present had the strongest balance sheet of local authorities in Wales;
- Long-term outstanding debts.

The Chief Auditor stated that an annual audit was undertaken on Accounts Receivable and the results would be reported in the Quarter 4 Monitoring Report.

The Chair added that the pressures across all areas be noted and the Committee needed to keep a watchful eye on the position as it was likely to get worse not better. She added that a further update would be required.

Resolved that: -

- 1) The contents of the update be noted;
- 2) The Director of Finance / Section 151 Officer circulates the notes regarding the topics discussed to the Committee.

73 Internal Audit Annual Plan 2021/22 - Monitoring Report for the Period 1 October 2021 to 31 December 2021.

Simon Cockings, Chief Auditor presented a detailed 'for information' report which showed the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October to 31 December 2021.

A total of 20 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 105 audit recommendations were made and management agreed to implement all of the recommendations. An analysis of the recommendations agreed during the quarter was also provided.

It was explained that due to the ongoing Covid-19 pandemic, access to the majority of Council sites had been restricted, which caused a significant impact to the Audit Team's ability to complete on-site testing. However, with the success of the Covid-19 vaccination programme and the easing of some restrictions over the quarter, the audit team had been able to successfully undertake a number of site visits to complete on site testing where this had been deemed essential to the completion of the audit. Ongoing conditions continued to impact on the team's ability to progress with business as usual in some instances and the team had continued to work hard to undertake audit work remotely in the first instance.

An analysis of the details provided at Appendix 3 showed that as at 31/12/21, 65 audit activities from the 2021/22 audit plan had been completed to at least draft report stage (50%), with an additional 25 audits in progress (19%). As a result approximately 69% of the Audit Plan had either been completed or was in progress.

It was explained that no moderate audit follow-ups were undertaken in the quarter. The follow-up of the Management of Absence audit had been scheduled to be completed in quarter two. However, following the update from the Head of Service Centre at the September Committee meeting and due to ongoing staffing pressures within the department, the follow-up had been rescheduled to be completed in quarter four.

The Committee discussed the following: -

- Employee Vetting (DBS) – It was confirmed that the audit review was underway and would be reported as part of the Quarter 4 Monitoring Report;
- Testing of safeguarding in respect of the Community Alarm Service / Community Equipment Service in order to provide assurance and be included in the Employee Vetting (DBS) audit;
- The separate Safeguarding audit included in the 2022-23 Audit Plan;
- Very little mention of risk management within the Summary of Scope of Audits Finalised in Quarter 3 2021/22, the confidence that all risks were being identified in the audits;

- How Internal Audit reviewed risk on an annual basis, looking at each directorate on a rotational basis and undertaking a 'deep dive' within each directorate;
- Internal Audit examining Corporate Risks annually and how Service Risks are escalated through departmental PFM's;
- How the current process is adequate, was operating effectively and the concentration upon the process as a whole and the reasons for escalations;
- The assurance of the Chief Auditor that work surrounding risk is adequate, the additional work investigating risks undertaken by Internal Audit and the improvements that had been made by the Authority in respect of risk management;
- The difficulty of Internal Audit looking at Service Level Risk due to the detail required;
- The possibility of undertaking a bottom up approach as opposed to a top down approach;
- Internal Audit concentrating upon the escalation process going forward;
- DBS being carried out in Waste, particularly in respect of agency workers;
- Taxi Framework Contract – particularly DBS checks in respect of contract providers and how contract renewals stipulate that providers must have DBS checks in place.

The Chief Auditor noted the additional actions to add the Community Alarm / Community Equipment DBS checks to the DBS audit, to look at DBS checks upon Waste drivers / agency workers if not already covered and to concentrate upon the escalation process in respect of risk management.

The Chair added that she also had concerns regarding the Taxi Framework Contract and had been assured after reading the full report. She added that the Committee would benefit from reading through the full audit reports on Partnerships and Achieving Better Together – Recovery and Refocus which contained some rich information regarding governance and risk and asked that these be circulated to the Committee. She added that she received all full audit reports and requested that Committee Members contact her directly if they wished to view any reports.

She also congratulated the Internal Audit Team on progressing the number of audits they had completed under very difficult circumstances.

74 Internal Audit Recommendation Follow-Up Report - Quarter 3 2021/22.

The Chief Auditor presented a 'for information' report which provided the Committee with the status of the recommendations made in those audits where the follow-up's has been undertaken in Quarter 3 2021/22, which allowed the Audit Committee to monitor the implementation of recommendations made by Internal Audit. Appendix 1 provided a summary of the recommendations accepted and implemented. Appendix 2 provided details of recommendations not implemented.

The Chair highlighted that a suitable solution in respect of External Audit Recommendation Tracking should be found as soon as possible in order for the Council to have a far better control of the situation.

75 Corporate Risk Overview – Quarter 3 2021/22.

Adam Hill, Deputy Chief Executive presented 'for information' the Quarter 3 2021/22 report which provided an overview of the status of Corporate Risk in the Council to provide assurance to the Committee that key risks were being managed in accordance with the Council's risk management policy and framework.

The following summarised the status of risks recorded in the Corporate Risk Register as at Quarter 3 2021/22: -

- There were 9 Red status risks in the Corporate Risk Register as at the end of Q3 2021/22;
- All of the Corporate risks were recorded as having been reviewed at least once during Q3;
- 2 new risks were added to the Corporate Risk Register:
 - Risk ID 306. WCCIS (Welsh Community Care Information System).
 - Risk ID 309. Oracle Fusion.
- 2 Corporate risks were deactivated:
 - Risk ID 223. Sustainable Swansea Transformation Programme Delivery.
 - Risk ID 296. Supply of Construction Materials.
- 1 risk was escalated from the Social Services Directorate Risk Register to the Corporate Risk register:
 - Risk ID 221. Availability of Domiciliary Care.
- 1 Corporate Risk was de-escalated to the Resources Directorate Risk Register:
 - Risk ID 155. Tax Evasion.

The report at Appendix A includes the risks as at 04/01/22 recorded within the Council's Corporate Risk Register. The reports for each risk included general explanatory information relating to their classification.

It was added that the need for responsible officers to review their Control Measures was discussed and reinforced at Corporate Management Team in August and was followed-up again in October 2021. Control Measures and changes to Control Measures in these Corporate Risks are being reviewed and feedback / advice on improving them was being provided to responsible officers.

The Committee discussed the following: -

- 4 Social Services Department risks being included in the 9 red status risks which reflected the pressure on the department;
- Problems faced by staff with WCCIS, the commitment shown to overcome the problems, recognising the difficulties faced when moving to a new system with a partner organisation and recognising the progress made.

The Chair added that teething problems were expected when introducing new systems. She also requested that Internal Audit include the new Corporate Risk of WCCIS and the Availability of Domiciliary Care be investigated early in the 2022/23 Audit Plan.

The Deputy Chief Executive added that the escalation of the Availability of Domiciliary Care from the Social Services Directorate Risk Register to the Corporate Risk register was a good example of the system working correctly.

76 Place: Internal Control Environment 2021/22.

Martin Nicholls, Director of Place presented a 'for information' report which provided the Place Directorate control environment, including risk management, in place to ensure: functions were exercised effectively; there was economic, efficient and effective use of resources, and; effective governance to secure these arrangements.

The report outlined the procedure within the Directorate relating to risk management and it was noted that there was an expectation that the Place Directorate was fully compliant with reviewing control measures, risk wording and risk level each month as part of a joined up approach. Appendix A outlined the (Directorate) Corporate and Directorate Risks on a page Report.

It was added that each service area also had a robust continuity plan, which had stood up to the test rigorously over the last 18 months during the Covid Pandemic, with service areas having to adapt and change to accommodate new requirements with minimal compromise to service delivery.

Details of risk management, business continuity, Performance management / KPI's, planning, decision making, budget and resources management, fraud and financial impropriety procedures, and compliance with policies, rules and regulatory requirements were provided.

It was also outlined that the directorate had developed a cross cutting project management team to develop and deliver a wide range of projects and examples were provided. The progress of projects was also reviewed on a monthly basis.

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

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

- Retention of technical staff and how the Department was progressing growing its own resource by providing training programmes / apprentice employment in order to try to prevent talent being employed by the private market. However, it was recognised that a significant salary gap existed;
- Partnership working through the South West Wales Corporate Joint Committee and Swansea Bay City Region Joint Committee, particularly attracting new talent and developing skills via the City Deal.

The Chair referred to Key Performance Indicators (KPI's) and requested additional information be provided in future reports surrounding both positive and negative results, particularly regarding high levels of sickness in Waste, Parks and Cleansing. She requested that assurance be provided regarding high sickness levels and the use of agency staff as cover.

The Chair thanked the Director for providing a detailed Place Directorate review.

77 Workforce Strategy.

Adrian Chard, Strategic Human Resources and Organisational Development Manager reported 'for information' on the process for the implementation of the Workforce Strategy for Swansea Council 2022 to 2025.

The Strategy would be developed to tie in with the priorities contained in the Corporate Plan.

He added that the strategic priorities contained four themes as follows: -

- Leadership and management
- A workforce fit for the future
- Being an employer of choice
- Workforce well-being and inclusion

He also provided feedback on the staff survey and highlighted that there had been a poor response, particularly from frontline staff, which would be addressed in order to obtain a fuller perspective. Workshops had also taken place involving staff and Trade Unions which discussed the four themes.

It was added that the Strategy was in the process of being finalised with the intention to achieve final agreement with CMT and Cabinet in February. In addition, subject to any final changes, it was intended that the Strategy be launched through appropriate communications and engagement channels in March 2022.

Discussions followed regarding the following: -

- The wide ranging workforce areas within the Council;
- Customer satisfaction with the Council;
- Development of a staff handbook / services via Staffnet;
- Focussing upon staff resources rather than obtaining service awards;
- The approach of the Council to equalities issues.

The Chair welcomed the introduction of the Strategy and requested that an annual update be provided to the Committee.

78 Governance & Audit Committee Action Tracker Report.

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

79 Governance & Audit Committee Work Plan.

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

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Cont'd

The Chair noted the Draft 2022/2023 Work Plan at Appendix 3, which included the additional responsibilities of the Committee.

She added that the process to appoint 3 additional Lay Members was ongoing with the shortlisting of candidates taking place at Appointments Committee on 9 February 2022.

She further noted that the Committee would continually review the work undertaken by the Scrutiny Programme Committee to avoid any duplication.

The meeting ended at 3.34 pm

Chair