



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 13 July 2022 at 2.00 pm

Present: Paula O'Connor (Chair) Presided

Councillor(s)

T J Hennegan
M B Lewis
K M Roberts

Councillor(s)

P R Hood-Williams
M W Locke
L V Walton

Councillor(s)

J W Jones
S Pritchard
T M White

Lay Member(s)

Gordon Anderson
Philip Sharman

Julie Davies

Officer(s)

Richard Rowlands
Debbie Smith
Simon Cockings
Ben Smith
Adam Hill
Nick Davies
Adrian Chard

Strategic Delivery & Performance Manager
Deputy Chief Legal Officer
Chief Auditor
Director of Finance / Section 151 Officer
Deputy Chief Executive / Director of Corporate Services
Principal Auditor
Strategic Human Resources and Organisational
Development Manager
Cash Management & Accounts Receivable Manager
Head of HR & Service Centre
Head of Digital and Customer Services
Interim Chief Executive
Interim Director of Corporate Services
Corporate Fraud Team Investigator
Corporate Fraud Team Investigator
Democratic Services Officer

Michelle Davies
Rachael Davies
Sarah Lackenby
Martin Nicholls
Ness Young
Jeff Fish
Jonathon Rogers
Jeremy Parkhouse

Also Present

Councillor A S Lewis Joint Deputy Leader
Councillor D H Hopkins Joint Deputy Leader

Apologies for Absence

Councillor A J Jeffery
Gillian Gillet and Dan King

21 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 T J Hennegan, P R Hood-Williams, J W Jones, K M Roberts and T M White declared personal interests as school governors in Minute No.25 – Annual Report of School Audits 2021-22.

A Hill declared a personal interest in Minute No.30 - Local Code of Corporate Governance: Framework of Assurance and Minute No.31 – Overview of the Governance and Assurance arrangements of Partnerships and Collaborations.

22 Minutes.

Resolved that the Minutes of the previous meeting(s) of the Governance & Audit Committee were approved as a correct record.

23 Internal Audit Section - Fraud Function Annual Report 2021/2022.

Jeff Fish and Jonathan Rogers, Corporate Fraud Team Investigators presented a 'for information' summary of the work completed by the Fraud Function of Internal Audit in 2021/22.

The report provided a summary of the activities of the Fraud Function for 2021/2022, the value of the function, deterrent value, strengthening procedures and workforce relationships and reviewed achievements compared to target outcomes contained in the Fraud Function Anti-Fraud Plan 2020/21.

The overview of the work undertaken highlighted the developing preventative procedures, risk assessments and post-assurance checking in addition to investigating potential cases of fraud.

The volume of reports received by the team during 2021/22 increased, details of which were shown in the appropriate tables within the report. This increase continued to reflect the heightened awareness and visible profile of the team as the repository for external and internal allegations relating to the Councils functions.

The key activities in 2021/22 covered the following areas of work: -

- Joint work with Department of Work & Pensions' (DWP) Counter Fraud, Compliance and Debt Service.
- National Fraud Initiative 2020.
- Fraud Awareness.
- Inter-Agency work and Data Exchange.
- Employee related investigations.
- Covid 19.

The Review of outcomes against Fraud Function Plan for 2021/22 reported that of the eight planned Fraud Function activities, four were fully achieved with four being partly achieved. Appendix 1 provided details of these activities.

The Committee asked questions of the Officers, who responded accordingly. Discussions centred around the following: -

- Additional resource being added to the Section.
- Increase in Fraud Function figures and the reasons behind the figures.
- The huge amount of work completed by the Section without resources.
- Outcomes with financial implications and historical reasons why figures were not included.
- Provision of figures for 2022-2023, particularly the first six-month period.
- Volume of reports / requests received and reasons why some cases were not taken forward.
- Procurement / card payments, particularly in schools.
- Data matching exercise provided by the Cabinet Office.

The Chair thanked the Officer for providing a very positive report.

24 Internal Audit Section - Fraud Function Anti-Fraud Plan for 2022/23.

Jeff Fish and Jonathan Rogers, Corporate Fraud Team Investigators presented a report which outlined the planned areas of activity for the Internal Audit Section's Fraud Function for 2022/23 and was designed to provide a strategic view of the areas that would be subject to examination.

The report highlighted the Council's obligation to and the principles to tackling fraud. The Anti-Fraud Plan (AFP) represented the broad areas that would be covered and sets out to provide a balance between proactive and reactive counter fraud activity. It covers the activities of the Council that the Director of Finance and S151 Officer and the Chief Auditor considered to be the most likely to be subjected to fraud in some form, either from within the organisation or from external sources. It was hoped that there would be an increase in proactive activity when the planned expansion of resources had become embedded.

It was outlined that the AFP aimed to build on activities and outcomes identified, and also aimed to focus on 'high risk' areas where the most significant losses could occur. The fraud risks associated with Covid 19 had now significantly reduced and it was anticipated that minimal reactive resources would need to be diverted during 2022/2023 in contrast to those resources diverted in the two preceding financial years.

The report also detailed the measuring the value of the fraud function and focussing fraud function resources.

The aim of the Plan is to demonstrate the Council's ongoing commitment to tackle fraud, promote the highest levels of integrity, minimise the potential for reputational

damage, and ensure transparency by 'being seen to be getting its own house in order'.

The Committee discussed the following: -

- New resources making the service more proactive rather than reactive.
- Measurement against recommendations made in Audit Wales report and receiving an update report in future from the Interim / Director of Corporate Services.
- How quickly the team can deal with outstanding cases when the additional resources are in place.
- Highlighting the paragraph relating to the implications of the Bribery Act.

Resolved that the Anti-Fraud Plan for 2022/23 as provided at Appendix 3, be approved.

25 Annual Report of School Audits 2021-22.

Nick Davies, Principal Auditor, presented a 'for information' report which provided a summary of the school audits undertaken by the Internal Audit Section during 2021-22 and identified some common issues found during the audits.

It was outlined that an audit of each primary, secondary and special school in Swansea was undertaken every 3 years. A standard audit programme existed for each school sector.

For a number of years, a report summarising the school audits undertaken each year had been prepared for the Director of Education and Governance & Audit Committee. The report also identified the common themes which had been found during the audits.

The School Audits Annual Report 2021-2022 was attached at Appendix A.

It was explained that during the year, two thematic audit reviews were successfully completed which covered School Meal Income (sQuid system) across the 22 primary schools that were due to be audited in the year. Also completed was an audit exercise for those schools to ensure that Disclosure & Baring Service (DBS) checks had been undertaken for all staff.

The thematic audit of unofficial funds was also completed, for the three remaining schools that failed to provide audit with the information required from the previous year's thematic review.

The team also carried out individual audits of one primary, one special, and four secondary school audits remotely during the year.

The Committee discussed the following: -

- Use of agency staff by schools and assurance that the agency staff are all DBS checked.

- Inclusion of risk management and assurance in audit reviews and schools self-assessment questionnaires.
- Role of the Primary Support Officer in the process.
- Audit reports being forwarded to the Head Teacher / Chair of Governors once finalised

The Chair requested that the Director of Education updates the Committee regarding risk / assurance when she provides her annual report to Committee later in the year. She thanked the Officers for providing a positive report.

26 Update Report South West Wales Corporate Joint Committee.

Martin Nicholls, Interim Chief Executive presented a 'for information report which provided the Committee with an update on the current status and progress in relation to the new South West Wales Corporate Joint Committee (CJC).

It was outlined that since the last update to this Committee, 3 meetings of the CJC have now been held and had agreed a number of actions which were provided in the report.

It was added that the CJC was required to establish a sub-committee to be known as the Governance and Audit Sub-Committee. Nominations to this committee were agreed at the Annual Meeting of Council which agreed that the Chair of the Governance and Audit Committee in Swansea, Paula O'Connor, Councillor J W Jones and Councillor L V Walton were nominated as the Swansea Council Representative(s) to the Governance and Audit Sub-Committee. The first meeting of the Sub-Committee would be organised in due course.

In addition, the work programme for the year ahead would be set at the CJC meeting on 26 July 2022. This would consider each of the strands of the CJC which is regional transport plan, strategic development planning function and delivery of activities that contribute to the economic well-being.

Furthermore, the CJC budget meeting took place on 25 January 2022. The current agreed budget was set at £575k for 2022-2023. The CJC had set a zero financial budget for the 2021-2022 financial year and agreed that no levy be raised against constituent councils for that year but that to ensure fairness and equity across the region, the regional funding of the CJC would be set through a levy apportionment by population size. Swansea's share of this equates to £200k and was budgeted for accordingly.

It was noted that the financial position of the National Parks was yet to be determined but their financial contribution extended only to supporting the strategic planning aspect of the CJC.

During the course of 2022-2023, the forward programme for 2023-2024 would be developed and this would in turn link in directly with the future budget requirements.

The Committee discussed the following: -

- Future reporting requirements, especially when the CJC Governance & Audit Sub-Committee is established and including future CJC updates within Partnership update reports.
- The escalation of the costs of running the CJC, the impact upon the budget of the Authority, future budget implications.
- Working arrangements of CJC Governance & Audit Committee and Scrutiny Committee.

27 Internal Audit Report - Accounts Receivable Action Plan.

Rachael Davies, Head of Human Resources & Service Centre and Michelle Davies, Cash Management & Accounts Receivable Manager presented a 'for information' report which provided an update for the Service Centre, Accounts Receivable function.

It was outlined that the Accounts Receivable (AR) Internal Audit was carried out in Quarter 1 2022 and the report was issued in March 2022. An assurance level of Moderate was again given. There was 1 High Risk and 2 Medium Risk action points, one of which was from previous audits that remained outstanding. All of the Audit action points had been reviewed and included in the AR strategy. The AR team had been given priorities and targets that were aligned with the corporate strategies and the Internal Audit action plan. However, it was anticipated that it would not be possible to complete all of these actions before the next audit report for reasons that had been outlined in previous reports.

The Committee were also updated regarding action points, debt recovery activities meetings, outstanding aged debt, write offs, referrals to Legal, service department liaison, disputed invoices and Legal Services liaison. Responses to specific points arising from the Committee meeting held on 15 June 2022 were also provided.

It was added that a review of the reporting methodology would be considered to allow some aspects currently captured to be better recorded in a different way. The new Head of Human Resources and Service Centre had commenced employment in June 2022 and had been tasked with development of an action plan, which would be regularly reported to Corporate Management Team (CMT).

Furthermore, options for investing in additional resource in the AR function would be investigated in order to improve the pace of recovery, given the current level of activity with existing resources. A further report demonstrating future progress would be provided to the Committee in January 2023.

The Deputy Chief Executive thanked the Accounts Receivable Team for providing a professional report considering the pressure they were under.

The Committee discussed the following: -

- Staff reductions in the Accounts Receivable Team since 2009.
- Percentage of outstanding debt at the end of the previous financial year.

- Differentiating between those who cannot pay with those who will not pay.
- Debt recovery process.
- The need for additional staff resources in AR.

The Chair thanked the Officers for a comprehensive report and for providing responses to queries raised at the Committee meeting held in June 2022.

Resolved that the Governance and Audit Committee notes that officers will continue to report to CMT on a quarterly basis as a further update on the debt position across the Authority.

28 Workforce Strategy.

Adrian Chard, Strategic Human Resources and Organisational Development Manager presented a 'for information' report on the progress on the implementation of the Workforce Strategy for Swansea Council 2022 to 2027.

It was outlined that through consultations, it was agreed that the Strategy should cover a five-year period instead of the original three years. The report provided an update on Strategy activities and advised on the next steps. The Workforce Strategy was included at Appendix 1.

The report detailed a summary of the Strategy 2022-2027, the consultation process, delivery against key themes and the next steps.

The Deputy Chief Executive added that delivering the Strategy had been a long process and involved a whole workforce approach.

The Committee discussed the following: -

- The importance of taking longer in order to get things right.
- Objective assessments being undertaken after periods of time, e.g. 1-year / 2-year / 3-year intervals, either internally or externally by e.g. Audit Wales.
- Details of apprenticeships being provided to the Committee.
- Setting up of a staff group, monitoring of the Strategy and next steps.

29 Annual Complaints Report - Six Month Update.

Sarah Lackenby, Head of Digital & Customer Services presented a 'for information' report which provided a six month update and assurance on the complaints handling process.

The Annual Complaints report 2020-21 was presented to the Committee in December 2021 and progress since that report was provided.

It was outlined that the Council attended the Public Services Ombudsman Wales (PSOW) annual sounding board meeting in March 2022 which allows the PSOW to gather feedback from public bodies and to then adapt / change ways of working. Training provided by PSOW had also been scheduled for Social Services staff in October 2022 which would cover complaints handling and investigation skills.

The report also detailed that all section 40 submissions to the PSOW were on time, progress on the new IT system for complaints and listed the key performance indicators ((KPI's) around both Corporate and Social Services complaints.

30 Local Code of Corporate Governance: Framework of Assurance.

Richard Rowlands, Strategic Delivery & Performance Manager presented a 'for information' report which provided the Local Code of Corporate Governance and how Swansea Council implements and provided assurance on it.

It was outlined that the Delivering Good Governance in Local Government Framework published by CIPFA and SOLACE in 2007 and reviewed in 2015, provided the standard for local authority governance in the UK. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and subprinciples contained in the Framework.

It was added that the Council adopted a Local Code of Corporate Governance in 2017. The Accounts and Audit (Wales) Regulations 2014 required that a review of the effectiveness of the governance arrangements must be undertaken at least annually and reported on within the Authority e.g. to the Governance & Audit Committee. The Council had published an Annual Governance Statement to this effect and the Internal Audit section reviews the Council's governance arrangements on an annual basis.

The report detailed the Local Code of Corporate Governance and how Swansea Council implemented it and provided assurance that arrangements remained robust and fit for purpose.

The report detailed the Local Code of Corporate Governance and demonstrated the key principles, listing how the Authority achieved its aims. In addition, it listed the assurance provided by the Annual Governance Statement, including internal and external sources of assurance.

The Chair added that the report provided additional assurance regarding the activities of the Council.

31 Overview of the Governance and Assurance arrangements of Partnerships and Collaborations.

The Strategic Delivery & Performance Manager presented a 'for information' report which provided an overview of the governance and assurance arrangements of significant partnerships and collaborations.

The definition of good governance, as outlined in the 'Delivering Good Governance in Local Government Framework 2016', published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), including the principles of good governance, was provided.

It was highlighted that to achieve good governance, the Council should be able to demonstrate that its governance structures complied with the core and subprinciples contained in the Framework. The Governance and Audit Committee reviewed the Council's Annual Governance Statement (AGS) on 31 May 2022 to assess how it has complied with its Code of Corporate Governance (informed by the CIPFA/SOLACE Framework 2016). The Governance and Audit Committee resolved that the AGS be approved subject to a number of amendments.

The complexity of the partnerships arrangements in Wales was outlined and it was noted that a Review of Strategic Partnerships in Wales commissioned by the Welsh Government and the WLGA in June 2020, concluded that despite numerous reviews and recommendations focused on improving the alignment and rationalisation of Partnerships, the landscape remained crowded and complex. A number of concerns which related to Governance and accountability arrangements were also raised.

The report also provided an overview of the Governance and assurance arrangements of 5 key significant Partnerships and collaborations as follows:

- South West Wales Corporate Joint Committee (CJC);
- Swansea's Public Service Board (PSB);
- West Glamorgan Regional Health and Social Care Partnership;
- Swansea Bay City Deal (SBCD); and
- Partneriaeth / ERW.

32 Governance & Audit Committee Action Tracker Report.

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

33 Governance & Audit Committee – Work Plan 2022/23.

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

It was noted that as there was no business to transact at the meeting scheduled for 10 August 2022, the meeting would be cancelled.

The Chair added that the Scrutiny Programme Committee was scheduled to meet on 19 July 2022 and their work programme would be included with future Governance & Audit Committee Work Plan reports.

The meeting ended at 4.25 pm

Chair