



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 14 December 2022 at 1.30 pm

Present: Paula O'Connor (Chair) Presided

Councillor(s)

P R Hood-Williams
M W Locke
T M White

Councillor(s)

J W Jones
S Pritchard

Councillor(s)

M B Lewis
L V Walton

Lay Member(s)

Julie Davies
Philip Sharman

Also Present

Councillor C A Holley

Chair of the Service Improvement & Finance Scrutiny Panel

Officer(s)

Ness Young
Carol Morgan
Julie Davies
Nichola Rogers
Debbie Smith
Paula Livingstone

Interim Director of Corporate Services
Head of Housing & Public Health
Head of Child & Family Services
Western Bay
Deputy Chief Legal Officer
Divisional EHO, Pollution Control and Private Sector Housing
Strategic Delivery & Performance Manager
Chief Auditor
Corporate Fraud Team Investigator
Democratic Services Officer

Richard Rowlands
Simon Cockings
Jonathon Rogers
Jeremy Parkhouse

Also Present

Gillian Gillett

Audit Wales

Apologies for Absence

A J Jeffery and K M Roberts

63 **Disclosures of Personal and Prejudicial Interests.**

In accordance with the Code of Conduct adopted by the City and County of Swansea, no interests were declared.

64 Minutes.

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

65 Internal Audit Recommendation Follow-Up Report Quarter 2 2022/23.

Simon Cockings, Chief Auditor presented a 'for information' report which provided the Committee with the status of the recommendations made in those audits where the follow-ups had been undertaken in Quarter 2 2022/23, to allow the Committee to monitor the implementation of recommendations made by Internal Audit. Details of external audit recommendation tracking was also provided.

Appendix 1 provided a summary of the recommendations accepted and implemented. Appendix 2 provided details of recommendations not implemented.

Discussions followed regarding: -

- Categorisation of audits and implementation recommendations, particularly more detail being provided in respect of Fundamental Audits which were higher risk and including part implemented as a categorisation for some recommendations.
- Slow progress being made in respect of introducing a system to track Audit Wales recommendations and the hope that the new system would be functional in 2023. An update was provided by the Strategic Delivery and Performance Manager.
- The Chair highlighted that all Audit Wales reports concerning the Authority were now forwarded to a single email address and the number of appropriate people who had access to that inbox was outlined.
- Concern regarding the workload of Internal Audit going forward.
- Action taken in respect of Archives valuations and the planned follow-up.

66 Fundamental Audits 2021/22 Recommendation Tracker.

Simon Cockings, Chief Auditor presented a 'for information' report that provided a summary of the recommendations made following the fundamental audits in 2021/22 and identified whether the agreed recommendations had been implemented.

It was noted that following the completion of the 2021/22 fundamental audits, 10 out of the 14 audits had received a High Assurance rating, three audits had a substantial assurance rating (NNDR, Accounts Payable and Employee Services) and one had a moderate assurance rating (Accounts Receivable) at the time of the last audit.

Appendix 1 showed, for each fundamental audit, the number of recommendations made following the 2021/22 audits and whether they had been implemented, partly implemented, not implemented or were not yet due.

Of the 61 recommendations, 36 had been fully implemented, 18 partly implemented, 10 not implemented and 7 were not yet due for implementation. The percentage of recommendations implemented by 30 September 2022 was 67%.

It was noted that Appendix 2 and 3 showed that the majority of the recommendations that had either been partly implemented or had not been implemented, related to the Accounts Receivable and Accounts Payable audits. These audits continued to be completed on an annual basis and as a result, the implementation of the outstanding recommendations would be reviewed as part of the 2022/23 audits.

Discussions followed regarding: -

- The Director of Finance raising the issue of long-standing debt disputed invoices with CMT and highlight invoices which had not been addressed by services for 90 days. The Interim Director of Corporate Services stated that she would clarify the matter with the Director of Finance.
- Explaining the large gap in performance of Fundamental audits against standard audits and how Fundamental audits contained higher risks and more recommendations.
- The number of resource issues in Accounts Payable / Accounts Receivable.
- Adding a graph to highlight the performance of Fundamental audits, similar to the graph used for standard audits.
- The Oracle Fusion project and identifying clear completion dates in order to hold Officers to account.
- Focussing attention upon significant / old arrears and the importance of Oracle Fusion to enable Officers to keep on top of matters.

67 Response to the Rechargeable Works Report 2022/23.

Paula Livingstone, Divisional Environmental Health Officer and Carol Morgan, Head of Housing and Public Health presented a 'for information' report which provided an update and response to the 2022 internal audit of Rechargeable Works.

It was outlined that as a result of an Internal Audit of the Rechargeable Works (RW) procedures in Public Health completed in August 2022, an assurance level of Moderate was given. The report addressed the one High Risk (HR) and one Medium Risk (MR) items and there were additionally one Low Risk (LR) and one Good Practice (GP) items.

An action plan was developed in response to the findings and responsibilities assigned for implementation and this was provided at Appendix A. The action plan included all the recommendations from the audit and associated actions.

It was noted that actions to address the Low Risk and Good Practice recommendations had been completed.

The action plan identified the following medium / high risk actions in relation to: -

- Recharges to Property Owners / Tenants - All invoices should be created promptly (MR).
- Monitoring arrears - Unpaid invoices report should be reviewed and contact made with the customer to encourage payment. Notes of any contact should then be recorded on the Accounts Receivable (AR) system (HR).

The Committee discussed the following: -

- The impact of staff shortages on the Public Health Team, particularly the loss of knowledge / expertise.
- Avoiding duplication of work / missing invoices and regular liaison with Legal / Finance regarding debt recovery.
- Procedures surrounding rechargeable works / actions taken under the Law of Property Act 1925.
- Making efficiency improvements in Accounts Receivable.
- Ensuring that responses to moderate reports are presented at the same meeting as the Internal Audit quarterly report.
- Recovery of £51,000 debt out of the £194,000 originally outstanding and the background surrounding rechargeable works.

The Chair thanked the Officers for providing the report and noted that Internal Audit would be undertaking a follow-up report later in the year.

68 Western Bay Adoption Service Report 2022/23.

Julie Davies, Head of Child & Family and Nichola Rogers, Western Bay presented a 'for information' report which provided an update on the Western Bay Adoption Service audit report 2022/23.

As a result of an internal audit on the Western Bay Adoption Service carried out in September 2022, an assurance level of moderate was given. An action plan, provided at Appendix A, was developed to address the issues identified and appropriate implementation steps put in place.

The report highlighted two medium risks (MR) and one high risk (HR) item only and these were provided at Appendix B, which set out the report in full and associated actions, Low Risk (LR) items and points of good practice (GP).

The action plan identified the following medium / high risk actions in relation to: -

- Expenditure - thirteen orders had been placed after the date of the invoice. (MR) and quotations had not been obtained for any of the purchases and waiver requests or Contract Award Reports had not been completed (MR).
- Travel & Subsistence Expenses - A number of instances were found where the mileage claimed were higher than expected for the description of the journey recorded on Oracle. Further investigation was being undertaken into the claims (HR based on value). In addition, Home to work mileage had not been deducted by a staff member (MR).

The Committee discussed the following: -

- Financial control weaknesses identified and the need to amend working practices to address the situation.
- The need for proper procurement processes to be in place to ensure compliance.

- The reasons why the issues arose.

The Chair thanked the Officers for providing the report and noted that Internal Audit would be undertaking a follow-up report later in the year.

69 Internal Audit Section - Corporate Fraud Function Mid-Year Update Report for 2022/2023.

Jonathan Rogers, Corporate Fraud Team Investigator presented a 'for information' report which provided a mid-year update on the work undertaken by the Corporate Fraud Function in 2022/23.

It was added that a new team structure had been agreed which included a Fraud Manager and three Fraud Investigators. The Fraud Manager left the team in September 2022, but two new fraud investigators had been appointed and their start date is imminent. The Manager post remained vacant.

It was highlighted that good progress had been made against all eight planned activities contained within the Corporate Fraud Function Plan and the team were on target to complete all activities by year end. Details were provided at Appendix 1.

A brief overview of activities undertaken outside the remit of the Corporate Fraud Function Ant-fraud Plan 2022/23 was also provided.

The Chair noted the discussion that took place at the recent counter-fraud training session received by the Committee. These were in respect of enhancing counter-fraud across the Authority and improving the service.

The Committee queried progress against Audit Wales recommendations and were informed that an update would be provided in the next counter-fraud report.

70 Annual Review of Performance 2021-22.

Richard Rowlands, Strategic Delivery & Performance Manager provided a report which presented to the Committee a draft of the Council's Annual Review of Performance 2021/22.

It was added that the report met the statutory requirements to publish an annual self-assessment report and annual well-being report under Part 6 of the Local Government & Elections Act (Wales) 2021 and Well-being of Future Generations (Wales) Act 2015 respectively.

The Local Government & Elections (Wales) Act 2021 sees Councils as "Self-improving organisations through a system based on self-assessment and panel performance assessment". It also introduces 5 new statutory duties on local authorities, as follows: -

- Keep performance under review; that is, the extent to which the Council is meeting the performance requirements, which are exercising its functions

effectively; using its resources economically, efficiently and effectively; and its governance is effective for securing the above;

- To report on performance through self-assessment;
- Consult on performance;
- Arrange a panel performance assessment;
- Respond to a panel performance assessment.

The process for self-assessment, annual reporting, first year self-assessment and the content of the finding were detailed in the report. Reference was made to the Executive Summary Annual Review of Performance 2021/22 at Appendix D.

Ness Young, Interim Director of Corporate Services emphasised the need to reflect upon the process as it was the first year councils in Wales had been asked to produce the report, which contained a significant amount of information and took a large amount of time to process. She also acknowledges the work of officers in formulating the report.

Councillor C A Holley, Chair of the Service Improvement & Finance Scrutiny Panel provided feedback regarding the Scrutiny of the report. He highlighted the technical nature of the report, the need to streamline areas / how sections are produced in future and how the report reflected positively on the Authority.

The Committee discussed the following: -

- Comparisons with other local authorities in Wales and how the Authority had actively consulted with other councils.
- Recognizing that this is the first year the report had been drafted.
- Accumulating the report throughout the year and producing it earlier in the Municipal year.
- The need for reflection on the way the report is drafted, to assess the functions linked to the Corporate Plan / Well-being objectives and including performance / corporate risks in the 2022-23 report.
- Recognizing the strengths and areas requiring improvement within the report.
- The need for consistency throughout the report and using a common assessment throughout the report.
- Proof reading the document to improve accuracy.
- The importance of the Executive Summary to understanding the report.

The Chair commented upon the use of resources - strategy and vision, whether it was more appropriate to be a mixed application rather than a strong application of effectiveness.

The following were proposed: -

- Consider the methods and methodologies for 2022/23 in parts 1, 2 and 3.
- Linking the performance and risk assessments for 2022/23.
- Recognizing improvements that would need to be articulated within the report around stronger analysis.
- Improving the links between consultation engagement and stakeholder reference.

- Correlation between parts 1, 2 and 3, ensuring they are all in harmony prior to the report being presented to Council and if they are not in harmony, outlining the reasons why.
- Ensuring the report is proof read prior to being presented to Council.

Resolved that: -

- 1) The content of the report be noted and forwarded to Council for approval.
- 2) The above proposals be approved and included in the report to Council / included in the 2022/23 report.

71 Transformation Goals & Strategy Reviews.

Ness Young, Interim Director of Corporate Services presented a 'for information' report which provided the Committee with the Transformation Goals & Strategy Review presented to Cabinet on 17 November 2022.

The Committee discussed the following: -

- The method of assessing / measuring strategic goals, particularly through the Corporate Plan / Key performance indicators.
- Confidence that the portfolio approach could be delivered and the required monitoring was in place via the Transformation Delivery Board.

72 Audit Wales Work Programme and Timetable - City and County of Swansea Council.

Gillian Gillett, Audit Wales presented 'for information' the Audit Wales Work Programme and Timetable – City and County of Swansea.

The report detailed the quarterly update and listed the following: -

- Annual Audit Summary
- Financial Audit Work
- Performance Audit Work
- Local Government National Studies Planned / In Progress
- Estyn
- Care Inspectorate Wales (CIW)
- Audit Wales National Reports and Other Outputs Published Since January 2022
- Audit Wales National Reports and Other Outputs Due to be Published (and other work in progress / planned)
- Good Practice Exchange Resources
- Recent Audit Blogs

73 Governance & Audit Committee Action Tracker Report.

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

74 Governance & Audit Committee Work Plan 2022-23.

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

It was noted that an Accounts Receivable update would be provided in January 2023 and added to the Work Plan.

The meeting ended at 3.42 pm

Chair