



City and County of Swansea

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

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 8 March 2023 at 2.00 pm

**Present:** Paula O'Connor (Chair) Presided

**Councillor(s)**

P R Hood-Williams  
M B Lewis  
K M Roberts

**Councillor(s)**

A J Jeffery  
M W Locke  
L V Walton

**Councillor(s)**

J W Jones  
S Pritchard  
T M White

**Lay Member(s)**

Julie Davies

Philip Sharman

**Also Present**

Councillor R C Stewart  
Councillor A S Lewis

Leader of the Council  
Deputy Leader of the Council

**Officer(s)**

Ness Young  
Sarah Lackenby  
Jeffrey Dong

Interim Director of Corporate Services  
Head of Digital and Customer Services  
Deputy Chief Finance Officer / Deputy Section 151  
Officer

Debbie Smith  
Richard Rowlands  
Simon Cockings  
Huw Evans  
Nick Davies  
Jeremy Parkhouse

Deputy Chief Legal Officer  
Strategic Delivery & Performance Manager  
Chief Auditor  
Head of Democratic Services  
Principal Auditor  
Democratic Services Officer

**Also Present**

Gillian Gillett  
Non Jenkins

Audit Wales  
Audit Wales

**Apologies for Absence:**

Gordon Anderson

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### 93 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City and County of Swansea, the following were declared: -

Councillors M B Lewis and T M White declared personal interests in Minute No.96 – Draft Statement of Accounts 2021/22.

Julie Davies declared personal interests in Minute No.96 – Draft Statement of Accounts 2021/22.

**94 Minutes.**

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

**95 Audit Wales - Audit of Accounts Report - City & County of Swansea - Draft.**

Gillian Gillett, Audit Wales presented the draft report which summarised the main Audit Wales findings from the audit of the Council's Statement of Accounts 2021-22.

It was explained that the level of materiality was set at £10.37 million for the audit, except for senior officer's remuneration - £1,000 and related party transactions for Members and senior officers - £10,000.

It was added that the majority of the audit had been substantially completed except for the completion of testing of the lessor disclosure note, the final review of the audit file and review of the revised financial statements.

It was highlighted that Audit Wales intended issuing an unqualified audit opinion on the accounts once the Council had provided a Letter of Representation based upon Appendix 1. The proposed audit report was provided at Appendix 2.

The report also detailed significant issues arising from the audit, including the uncorrected and corrected misstatements. Appendix 3 provided a summary of the corrections made.

The Committee asked questions of the Audit Wales representative, which were responded to accordingly and were surrounding the following: -

- The flexibility built in by the Welsh Government to the publication of financial documents past deadlines.
- Level of materiality, particularly amendments / adjustments made.

It was noted that the report would be presented to Council on Thursday, 30 March 2023.

The Deputy Chief Finance Officer / Deputy Section 151 Officer thanked Audit Wales colleagues for the manner and flexibility in which they conducted the audit.

**96 Draft Statement of Accounts 2021/22.**

Jeff Dong, Deputy Chief Finance Officer / Deputy Section 151 Officer presented the Draft Statement of Accounts for 2021/22 'for information' and review.

It was outlined that the Draft Accounts for 2022/22 had been prepared and were signed by the Section 151 Officer on 10 November 2022. A copy was appended at Appendix 'A' to the report.

The Accounts had been formally presented to the Council's auditors, Audit Wales, who had completed the audit of the Accounts. As part of the audit process the Accounts were made available for inspection by the public for a four week period from 4 January to 31 January 2023.

The Committee asked a number of technical questions of the Deputy Chief Finance Officer / Deputy Section 151 Officer, which were responded to accordingly. A written response would be provided in respect of net expenditure differences between 2020/21 and 2021/22.

The Leader of the Council paid tribute to the Deputy Chief Finance Officer / Deputy Section 151 Officer and the financial staff for their work in preparing the Statement of Accounts. The Chair and Committee echoed the comments of the Leader and thanked the Officer for his explanations.

It was noted that the Statement of Accounts were scheduled to be presented to Council on 30 March 2023.

**97 Audit Wales - Assurance and Risk Assessment 2021-22 Financial Position Update.**

Gillian Gillett, Audit Wales presented a letter which provided a progress update on the Council's financial position for 2021-22, which was undertaken as part of the Audit Wales 2021-22 Assurance and Risk Assessment project.

It was outlined that the assessment of the Council's 2021-22 financial position between September and November 2022. The findings of the report stated that the additional Welsh Government funding and increased reserves in recent years had helped improve the Council's financial position and stability, but it needed to develop a sustainable plan to address substantial emerging cost pressures.

The letter detailed the financial strategy, useable reserves, savings delivery, performance against budget and future budget pressures. Exhibit 1 detailed that the Council's projected annual funding gaps over the medium term, which were broadly in line with last year's forecast. Exhibit 2 detailed that as at March 2022, the Council's total projected medium term funding gap to 2025-26 was £16.7 million, marginally larger compared to the March 2021 forecast. Exhibit 3 detailed the useable reserves verses the annual budget.

The Committee queried the level of the Council's reserves compared to other local authorities and the increase of schools reserves to £26 million. It was explained that the Council was in a fairly healthy position compared to other in Wales, with regards to its reserves. It was added that the policies in respect of reserves were political decisions.

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

Non Jenkins, 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

**99 Internal Audit Annual Plan Methodology.**

Simon Cockings, Chief Auditor provided a 'for information' briefing to the Audit Committee on the methodology used to prepare the Internal Audit Annual Plan in advance of the Annual Plan 2023/24 being reported to the Committee for approval on 12 April 2023.

It was added that the Public Sector Internal Audit Standards (PSIAS) provided a framework for the delivery of a professional, independent and objective internal audit service and are mandatory for all internal audit providers in the public sector in the UK. One of the requirements of the PSIAS is that an annual risk-based Internal Audit plan must be prepared to determine the priorities of Internal Audit and to ensure consistency with the Council's goals. The Plan must allow sufficient audit coverage across the whole Council for the Chief Auditor to be able to provide an annual opinion to Council via the Section 151 Officer and Audit Committee on the control environment covering corporate governance, risk management and internal control.

Details of the Internal Audit Plan Methodology were outlined and an extract of the PSIAS requirements regarding internal audit planning was provided at Appendix 1, details of Internal Audit Annual Planning Process were provided in the diagram at Appendix 2, the Audit Plan Mapped Against Corporate Priorities at Appendix 3 and the City & County of Swansea Assurance Map at Appendix 4.

It was added that the Consultation Exercise for the 2022/23 Audit Plan commenced in October 2021 and had seen a number of new audits being added to the audit plan. Whilst the 2022/23 audit plan was currently being considered, it was envisaged that as in previous years, the planned audits would be grouped in the following broad

categories: Council governance and control audits; fundamental audits; and service specific audits.

The risk assessment process and rolling programme, consultation exercise and review of the risk registers were considered to determine the audits required in the Audit Plan for 2023/24 which then had to be matched against the audit resources available. The audit resources available in 2023/24 were 9.1 full time equivalents, excluding the Chief Auditor, which was unchanged from 2022/23.

The Chair asked the Chief Auditor to consider the following: -

- Changing the focus of assurance reviews away from compliance to effectiveness to give more assurance and to add value to the services in the Council.
- Changing to the effectiveness of services to give a greater depth of assurance, such as the risk element within the Assurance Map at Appendix 4 and ensuring that the control measures provided by managers were actually working.
- Using Risk ID: 153 – Safeguarding as an example, the narrative being silent on how the deprivation of liberty safeguarding and best interest assessors were performing with regards to the local authority's role, which had been an area of huge challenge for many years and highlighting the Council's exposure to risk.
- Additional areas such as the impact of poverty and ensuring that the services established by the Council were working as expected, focussing upon their effectiveness.

The Chief Auditor commented that he would take on board the comments regarding the assurance reviews. He added that the control measures inserted by risk owners were a duplicate of those included in the risk register and agreed with the comments around effectiveness of services.

## **100 Draft Internal Audit Annual Plan 2023/24.**

The Chief Auditor presented the Draft Internal Audit Annual Plan for 2023/24 for consideration, prior to the final plan being presented for approval to the Committee in April 2023.

Appendix 1 provided the draft Internal Audit Annual Plan 2023/24 (Summary) and Appendix 2 provided the Draft Internal Audit Annual Plan 2023/24.

The Chair asked the Chief Auditor to consider the following and to report any amendments to the Committee in April: -

- 5 Day Audits - A number of days where there are audits with 5 days allocated for a piece of work and whether these could be reconsidered and the number of days looked at and put into an area to give a greater level of assurance and allowing sufficient time to complete the testing work.
- Finance Section, Fundamental Audits – The large number of days allocated and recognising the recent positive outcomes for the majority of service areas, whether there is opportunity to reduce the level of testing and use on areas with a greater level of risk.

The Committee commented on the following: -

- Being cautious with regards to amending some of the Fundamental Audits from 2 to 3 years on the basis that no issues had been recently uncovered and considering staffing numbers of some of the services.
- Potentially using a risk based approach to the Plan and not using the rolling programme.
- Expanding thematic reviews, especially with regards to the smaller reviews and expand the use of self-assessment reviews.
- Deferral of Digital Strategy from the Plan and the impact of the audit of Oracle Fusion.
- Estimated sickness days included in the Plan.

The Chief Auditor commented that the 5 day audits were the simpler, smaller reviews and were due on the rolling programme but he did recognise that some of those days could be utilised in areas of higher risk.

He added that the Internal Audit Team had discussed Fundamental Audits and had highlighted that the 2 year audits had not really uncovered any major issues and he agreed that some of the earmarked days could be used elsewhere. He also noted that the Fundamental Audits had been successful recently due to their regularity. Some had also dropped to an annual cycle due to the problems found over the last few years.

He also noted that thematic reviews had been used for some of the smaller audits.

He further commented that he was happy to discuss with the Chair outside the meeting.

**Resolved** that the suggested amendments be considered by the Chief Auditor prior to the Draft Internal Audit Annual Plan being presented for approval to the Governance & Audit Committee on 12 April 2023.

## **101 The Governance and Assurance Arrangements of Swansea Council's Strategic Partnerships.**

Richard Rowlands, Strategic Delivery & Performance Manager presented a 'for information' report which provided information on governance and assurance arrangements of the Council's strategic partnerships.

It was explained that in July 2022, the Committee received a report which outlined the governance and assurance arrangements of the following key strategic partnerships:

- South West Wales Corporate Joint Committee (CJC)
- Swansea Public Service Board (PSB)
- West Glamorgan Regional Health and Social Care Partnership
- Swansea Bay City Deal (SBCD); and
- Partneriaeth (school improvement partnership)

The report provided further information on how the governance of these partnerships related to the principles contained in the Council's Local Code of Corporate Governance. Appendix 1 provided details on Swansea's strategic partnerships, including frequency of meetings, scrutiny, consultation, plans and strategies.

The Chair noted that South West Wales CJC Governance and Audit Sub-Committee had only met once, in November 2022 and no further meetings had been arranged.

## **102 Progress on the Upgrade of Oracle.**

Sarah Lackenby, Head of Digital and Customer Services presented a 'for information' report which provided an interim update and assurance on progress of the upgrade to the Oracle system.

It was explained that the Oracle upgrade would go-live in April 2023, after which there would be five to six weeks of support whilst the system stabilised into the day-to-day business of the Council.

The project would then move towards an orderly close down until the end of June, after which an internal audit of the project would be undertaken in July.

The Committee was provided with the background, context and current status of the project, including the progress on each milestone and explanations relation to those marked amber in the milestone summary.

The Leader of the Council, thanked the Head of Digital Services and all the staff involved in the project for their work and commitment. He added that there was a high level of confidence due to the project being in a more comfortable position.

## **103 Public Participation Strategy.**

Huw Evans, Head of Democratic Services presented 'for information' the Public Presentation Strategy adopted by Council on 2 February 2023.

It was explained that Section 40 of the Local Government & Elections (Wales) Act 2021 placed a duty on each Principal Council to prepare and publish a Public Participation Strategy.

The Public Participation Strategy attached at Appendix A of the report, was adopted by Council on 2 February 2023.

The Chair commented on paragraph 2.8 of Appendix A which stated that the Governance & Audit Committee was one of the committees which made the Council's regulatory decisions. She added that this was not the case and the paragraph required amendment.

The comment was noted and the suggested amendment would be considered when the Policy was reviewed in the future.

**104 Update on the Council's Transformation Programme, including Governance.**

Ness Young, Interim Director of Corporate Services presented a 'for information' report which updated the Committee on the Council's Transformation Programme, including governance.

The Council vision in respect of transformation was outlined and it was explained that as agreed by Cabinet in November 2022, a new Corporate Transformation Plan was being developed and was on track to be presented to Cabinet for approval in April 2023.

The background and current position were detailed. Appendix 1 provided the Transformation Delivery Board Terms of Reference, Appendix 2 the Digital Transformation Board Terms of Reference and Appendix 3 the Workforce and OD Transformation Board Terms of Reference.

**105 Governance & Audit Committee Action Tracker Report.**

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

The Chair highlighted the following: -

- Minute 90 (08/02/2023) – Audit Wales Reports – Readiness of the Public Sector for Net Zero Carbon by 2030 – Councillor A S Lewis (Deputy Leader of the Council) had updated the Climate Change and Nature Performance Panel regarding progress and would provide the Committee with a briefing note in order to provide assurance.
- Minute 77 (11/01/2023) – Annual Complaints Report 2021/22 – Scrutiny Performance Panel had received a report from the Ombudsman which stated that the Ombudsman would welcome feedback from the Governance & Audit Committee's review into the Authority's ability to handle complaints effectively. The Chair had requested that this be included in the next complaints report and the Ombudsman would use this information to feed future work.

**106 Governance & Audit Committee Work Plan.**

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

The meeting ended at 4.14 pm

**Chair**