



City and County of Swansea

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

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 14 June 2023 at 1.00 pm

### Present:

#### Councillor(s)

A Davis  
J W Jones  
T M White

#### Councillor(s)

P R Hood-Williams  
S Pritchard

#### Councillor(s)

A J Jeffery  
L V Walton

#### Lay Member(s)

Paula O'Connor  
David Roberts

Julie Davies  
Philip Sharman

#### Officer(s)

Ness Young  
Ben Smith  
Rachael Davies  
Stuart Davies  
Debbie Smith  
Simon Cockings  
Nick Davies  
Michelle Davies  
Jeff Fish  
Emma Johnson  
Jeremy Parkhouse

Interim Director of Corporate Services  
Director of Finance / Section 151 Officer  
Head of HR & Service Centre  
Head of Highways & Transportation  
Deputy Chief Legal Officer  
Chief Auditor  
Principal Auditor  
Cash Management & Accounts Receivable Manager  
Team Manager Stakeholder and School Support  
Service Centre Helpdesk & DBS/SCW Manager  
Democratic Services Officer

#### Also Present

Gillian Gillett  
Non Jenkins

Audit Wales  
Audit Wales

#### Apologies for Absence

M B Lewis, M W Locke and K M Roberts

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### 1 To Elect the Chair for the 2023-2024 Municipal Year.

**Resolved** that Paula O'Connor be appointed Chair for the 2023-2024 Municipal year.

**(Paula O'Connor (Chair) presided)**

**2 To Elect the Vice-Chair for the 2023-2024 Municipal Year.**

**Resolved** that Councillor P R Hood-Williams be appointed Vice-Chair for the 2023-2024 Municipal year.

**3 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.

**4 Minutes.**

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

**5 Internal Audit Monitoring Report - Quarter 4 - 2022/23.**

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 January to 31 March 2023.

A total of 29 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 196 audit recommendations were made and management agreed to implement 194 of the recommendations. An analysis of the recommendations agreed during the quarter was also provided and details of the recommendations that were not accepted were provided at Appendix 3.

It was added staff sickness in the Internal Audit Team continued to be significant during the quarter, with a total of 54 days absence recorded. The cumulative number of days lost due to sickness in the year to date was approximately 234 days, with one member of staff being absent due to long-term sickness. It was also noted that an additional 272 days had been lost in year as a result of vacant posts.

Appendix 4 showed that at 31 March 2023, 80 audit activities (61%) from the 2022/23 audit plan had been completed, with one additional activity (1%) substantially complete, with the audit reports issued as draft. As a result, 81 audit activities had been completed to at least draft report stage (62%). An additional 4 activities were in progress at year end (3%). As a result, approximately 65% of the audit activities included in the 2022/23 Audit Plan had either completed or were in progress.

Three moderate reports were issued during the quarter in respect of the following: -

- Accounts Receivable 2022/23.
- Disclosure & Barring Service (DBS) 2022/23.

- Fleet Maintenance 2022/23.

The Committee were also provided with details of the follow-ups completed between 1 January and 31 March 2023.

The Committee discussed the following: -

- Risk management within individual schools and ongoing work completed to address issues.
- Commercial Services – retrospective orders on Oracle, non-compliance with Contract Procedure Rules (CPR's), current procedures to address issues and compliance changes introduced this year in respect of compliance.
- Procurement being a focus for Scrutiny in previous and the current year.
- Non-compliance in respect of cumulative spend over £10,000.
- Recommendations not accepted - Grounds Maintenance & Central Operations, bonus payments, the assurance being provided by the procedures being taken and the alternative checking methods being looked at by the service which would be monitored by Internal Audit.

Ben Smith, Director of Finance / Section 151 Officer stated that Chris Williams, Head of Commercial Services had reported to Corporate Management Team (CMT) regarding procurement compliance issues within the Authority. He added that CMT were closely monitoring the situation.

## **6 Fleet Maintenance Audit Report 2022/23.**

Stuart Davies, Head of Highways and Transportation provided 'for information' an update on the Fleet Maintenance audit report.

It was outlined that as a result of an internal audit on the Fleet Maintenance function carried out in 2023, an assurance level of Moderate was given. The report addressed the 1 x High Risk (HR) and 2 x Medium Risks (MR) within the Final Internal Audit Report provided at Appendix A. All other reported risks were either Low Risk (LR) or Good Practice (GP).

It was highlighted that an Action Plan 2023/24 had been developed in response to the High Risk provided at Appendix B, which was as follows: -

'The Councils Contract Procedure Rules (CPR's) must be complied with. All eligible single or aggregated expenditure should be subject to competitive tender or quotations over £10,000. Where this is not possible, a CPR20 Waiver should be obtained (HR).'

The Committee discussed the following: -

- The time critical nature of the service area and sympathy with the lack of staff resources.
- The need for the service to avoid non-compliance with CPR's, recognising the improvements made by the service area.

- The risks to the service / Council for non-compliance with CPR's.
- The importance of obtaining best value, including a fair and competitive process and not impacting on the reputation of the Council.
- High costs of overtime and the need for vehicles to be available to provide the frontline service.
- Benchmarking being undertaken against the private sector to understand the costs involved and ensuring the time performance of the workshop.
- The age of vehicles impacting upon the additional maintenance required and the fact that there are mainly only single suppliers for some vehicles resulting in the Council having to obtain parts etc. from those companies.
- The Council having to go to single suppliers due to the high level of expertise required on some vehicles.
- The issues raised not being financial recklessness but were procedural matters / dealing with single suppliers.
- Additional resources would assist the service area to improve matters.
- The focus of the service being on vehicles being safe and roadworthy in order to continue to provide the service.
- Repeated non-compliance within the service over a number of years.
- Interface of flexi / shift working in the service area.
- The drive to electrification of the fleet, which is the largest of any local authority in Wales and the ongoing associated work.

Councillor Rob Stewart, Leader of the Council noted that there were issues to resolve within the service area but highlighted that it was important that the fleet operated safely, which explained why the service area had slipped outside some of the financial controls. He further added that while budget spend for the service area was high, it was not in comparison with the overall Council budget and he had full confidence that officers would overcome the issues.

The Chair noted that the electrification of the fleet could be the subject of a future audit. The Chief Auditor stated that he would add it to the programme. He added that a follow up audit and report would be reported to a future meeting.

The Head of Highways and Transportation stated that he would circulate figures regarding the number of electrical vehicles in the fleet.

## **7 Accounts Receivable.**

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

It was outlined that an Internal Audit follow up review of the Accounts Receivable (AR) was carried out in Quarter 1 2023 and the report was issued in March 2023. An assurance level of Moderate was again given. Details were provided on the reasons and progress since January 2023 to date.

It was added that there were 14 action points arising from the review including 1 High Risk and 2 Medium Risk action points. Appendix B provided all of the outstanding action points and work to complete over the coming months. However, it was noted that the implementation of the Oracle Fusion system would continue to take priority for the next few months. Appendix B also provided the expected completion dates for the actions, except for those highlighted in the report, which would take longer.

The Committee were also updated on the remaining challenges for the service area.

The Director of Finance / Section 151 Officer commented that the officers and team should be congratulated for their performance, given the pressures faced. Ness Young, Interim Director of Corporate Services added that the transfer to Oracle Fusion had been a huge challenge for the last couple of months, but that given time, the team would be able to refocus on business as usual and implementation of the remaining actions.

The Committee discussed the following: -

- Recognition of the additional work the transfer to Oracle Fusion had created.
- Older / high value debt and how debts over £1,000 were considered high value, the procedure of referring outstanding invoices to Legal, targeting different areas, encouraging service areas to engage early with customers to avoid debt accruing and the lack of staff resources to cover all areas.
- Procedures for dealing with disputes and the process of clawing back income from departments.
- Invoices being escalated on a timely basis / Legal / write off procedures, including the large number of invoices in the system and recognising that 93% of invoices were recovered in 2021.

The Chair thanked the officers for a detailed report and requested an update be provided in approximately 6 months.

**Resolved** that the content of the report be noted.

## **8 Disclosure and Barring Service (DBS) 2022/23.**

Rachael Davies, Head of Human Resources and Service Centre and Emma Johnson, Workforce and Helpdesk Manager presented a 'for information' update report on the Disclosure and Barring (DBS) 2022/23 Internal Audit report.

It was outlined that the Disclosure and Barring Service (DBS) 2022/23 Audit was carried out in Quarter 3 2022 and the Final report was issued in February 2023. An assurance level of Moderate was given. Details were provided on the reasons and progress since February 2023 to date.

It was added that there were 2 High Risk and 1 Medium Risk action points, all of which had been reviewed and action taken to remedy where appropriate. In addition to the recommendations provided in the audit report, proactive work had been carried out with Education to increase awareness of the importance of the DBS

process being completed in a timely manner and further details were included in the report. Appendix B included the final audit report.

The Committee were provided with an update on actions and were informed that the DBS policy had been reviewed, updated, and been approved by the Joint Consultative Committee on 11 May 2023. The Service Centre Helpdesk Team Leader had also attended the School Admin Forum on 16 May 2023 to present changes to the DBS policy and to remind Schools of the DBS process and their responsibilities. The actions taken by Education to promote awareness of the importance of DBS checks and risk assessments being completed in a timely manner, were highlighted.

The Committee discussed the following: -

- Process undertaken to remind schools of upcoming DBS renewals and the distinction of informing the Chair of Governors in schools.
- The positive impact of officers visiting schools.
- The responsibility of agencies to provide DBS checks in respect of agency staff.
- The number of reminders issued to staff, the duties upon employees and if they did not respond the process involving managers.
- Potential sanctions being imposed due to non-compliance.
- How non-compliance would impact other service areas and staff would be prevented practising in some departments.
- Automating the reminder system for staff.

## **9 Internal Audit Recommendation Follow-Up Report - Quarter 4 2022/23.**

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 had been undertaken in Quarter 4 2022/23, which allowed the 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 Committee queried the recommendation tracking of the Food & Safety Division, namely the disposal of electronic records being disposed of in accordance with the Council's retention policy (LR Rec). The Chief Auditor confirmed that he would add it to the review action for Internal Audit.

## **10 Audit Wales - City & County of Swansea Annual Audit Summary.**

Non Jenkins and Gillian Gillett, Audit Wales (AW) presented the City & County of Swansea Annual Audit Summary 2022, which showed the work completed since the last Summary Report, which was issued in March 2022.

It was outlined that AW completed work each year to meet the following duties:

- Continuous Improvement

- Audit of Accounts
- Value for Money
- Sustainable Development Principle

Details of the findings of the Audit of the City & County of Swansea Council's 2021-22 Accounts were provided. It was noted that the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 31 March 2023. The report also outlined the following work undertaken:

- Continuous Improvement.
- Assurance and Risk Assessment Review.
- Other Inspectorates.
- Local Government Studies.
- Joint Working between Emergency Services (January 2022).
- Direct Payments (April 2022).
- 'Time for Change' – Poverty in Wales (November 2022).
- 'A Missed Opportunity' – Social Enterprises (December 2022).
- 'Together We Can' – Community Resilience and Self-Reliance (January 2023).
- Ongoing Work.

The Committee discussed the following: -

- The extent to which AW looked at Value for Money and how it is built into all areas of work undertaken.
- The report being forwarded to Cabinet / Council.
- 'A Missed Opportunity' – Social Enterprises (December 2022) and whether Swansea Council was delivering its responsibilities under the Social Services and Wellbeing (Wales) Act 2014.
- Direct payments.

Links to AW reports which provided responses to queries regarding direct payments and social enterprises were provided to the Committee.

The request that the report be forwarded to Council / Cabinet was noted and would be discussed further following the meeting.

## **11 Appointment of Governance & Audit Committee Representative on the Strategic Governance Group.**

Jeremy Parkhouse, Democratic Services Officer, presented a report which sought to appoint a representative and a reserve representative of the Governance & Audit Committee on the Strategic Governance Group until May 2024. The terms of reference of the Strategic Governance Group were provided at Appendix 1.

**Resolved** that: -

- 1) Councillor L V Walton be elected as the Governance & Audit Committee representative on the Strategic Governance Group.

- 2) Councillor T M White be elected as the Governance & Audit Committee reserve representative on the Strategic Governance Group.
- 3) The appointments be until the end of the current Municipal Year in May 2024.

Noted the abstention of Councillor J W Jones in respect of the above.

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

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

The Chair stated that she would be attending Council on 6 July 2023 to present the Governance & Audit Annual Report 2022-23.

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

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

It was highlighted that there was not any training contained in the Work Plan. The Chair stated that future training was being considered.

The Interim Director of Corporate Services, Chief Auditor and Head of Democratic Services would discuss prior to the next meeting.

The meeting ended at 3.08 pm

**Chair**