



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 17 January 2024 at 2.00 pm

Present: Paula O'Connor (Chair) Presided

Councillor(s)

A Davis
M W Locke
T M White

Councillor(s)

P R Hood-Williams
S Pritchard

Councillor(s)

M B Lewis
L V Walton

Lay Member(s)

Gordon Anderson
David Roberts

Julie Davies

Officer(s)

Ness Young
Sarah Lackenby
Rachael Davies
Stephen Holland
Nick Davies
Michelle Davies
Jeremy Parkhouse

Director of Corporate Services
Head of Digital and Customer Services
Head of HR & Service Centre
Principal Solicitor
Principal Auditor
Cash Management & Accounts Receivable Manager
Democratic Services Officer

Also Present

Councillor R C Stewart Leader of the Council

Apologies for Absence

Councillor J W Jones and Gillian Gillett

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 Fundamental Audits 2022/23 Recommendation Tracker.

Nick Davies, Principal Auditor presented a report that provided a summary of the recommendations made following the fundamental audits in 2022/23 and identified whether the agreed recommendations had been implemented.

Of the 51 recommendations reported and agreed, 27 had been fully implemented, 7 partly implemented, 7 not implemented and 10 were not yet due for implementation. Ignoring the recommendations which were not yet due for implementation, the percentage of recommendations implemented by 30 September 2023 was 66%.

Appendix 1 showed that for each fundamental audit, the number of recommendations made following the 2022/23 audits and whether the recommendations had been implemented, partly implemented, not implemented or were not yet due.

In addition, Appendices 2 and 3 outlined that most of the recommendations that had either been partly implemented or had not been implemented related to the Accounts Receivable and Accounts Payable audits. The Accounts Receivable audit continued to be completed on an annual basis. The Accounts Payable audit was audited in full every two years but was now also subject to a mid-cycle follow-up review. The implementation of the outstanding recommendations would be reviewed as part of the 2023/24 audits. The remaining outstanding recommendations relating to the other fundamental audits would be followed-up when the audits were next completed.

The Chair sought assurance that the recommendations not implemented were being referred to Cabinet / Corporate Management Team / Monthly Performance Reviews and noted that disappointingly, some remained outstanding. The Principal Auditor confirmed that as far as he was aware the referrals were still being forwarded and added that the report presented today was as at the 30 September 2023 and some of the recommendations could now be implemented. He added that anything outstanding would be followed up during future reviews.

Discussions followed regarding: -

- Ensuring that recommendations partly or not implemented in Accounts Receivable / Accounts Payable which had their deadlines extended, were not missed and considering introducing an alternative classification for these items. The Principal Auditor would highlight this to the Chief Auditor.
- Recovery of arrears - Delays with the recruitment process internally due to staff shortages, which had been addressed and staff had been appointed before Christmas 2023.
- The possibility of bringing forward the deadline date of September 2024 to implement outstanding recommendations as the recruitment difficulties had now been addressed. It was confirmed that the recommendations would be followed up before the end of the current financial year.

Resolved that the contents of the report be noted.

66 Implementation of Accounts Receivable Internal Audit Service's (IAS) Follow Up Review Recommendations.

Michelle Davies, Cash Management and Accounts Receivable Manager presented a report which provided an update on the implementation of the Internal Audit Service (IAS) review of the 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 June 2023 to date. Appendix A provided the Action Plan progress.

It was explained that at the end of December 2023, eight of the fourteen previously agreed actions had been completed and details were listed, along with the progress of three other high / medium risk recommendations. It was added that the Accounts Receivable Team was aiming to implement the high / medium risk recommendations listed in paragraph 2.3 in full by September 2024 at the latest, whilst recognising that there would always be a level of overdue debt. It was noted that additional staff resources may be required to achieve this and the position would be kept under review.

A monthly breakdown of the Council's total outstanding debt profile since the previous Committee update in June 2023 was provided, along with an in-depth breakdown of the latest debt position.

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

Ness Young, Director of Corporate Services noted that Accounts Receivable was a small team who were working through completing the outstanding recommendations. A new member of staff had been appointed to exclusively deal with debt recovery, particularly the aged debt and Paralegals were currently being trained to improve the debt recovery process. The staffing situation would be kept under review in order to implement the outstanding recommendations by the September 2024 deadline.

The Committee discussed the following: -

- The timescales involved with debt recovery, including the manual procedures officers had to undertake, which were not ideal. The focus upon the recovery of higher debts and the timescales involved. The profile of debtors in respect of longstanding debts, which included small businesses.
- Concern that the position remained the same as previous years, the welcome introduction of new staff to address the outstanding debt and the financial position of the Council, which needed a quicker, more robust debt recovery process.
- Recognising the pressure on the Accounts Receivable Team and the input of additional resources to address the issue of the outstanding debt.
- Disposal of electronic and physical records within the necessary timescales in order to comply with GDPR and assurances that this was being addressed. It was confirmed that the majority of records were electronic, they had to be

retained for 6 years plus the current year and that resources would be allocated to destroy / delete the records within the timescales required.

- Credit facilities being offered in appropriate circumstances, departments obtaining up-front payment for services to minimize the debts and ensuring service departments were taking debt recovery seriously in order to reduce the workload of Accounts Receivable.
- Monthly meetings held with departments regarding debt recovery, particularly aged debts and addressing problems at both ends of the process.
- The challenging impact of the transfer to Oracle Fusion on the team, the functional problems in relation to debt recovery, particularly VAT coding and the negative impact upon team morale. It was confirmed that Oracle was less flexible than the previous system and change requests had been forwarded but it caused a lot of additional work for the team.
- How changes to the Oracle system could be implemented locally but the functionality regarding the required Accounts Receivable changes would mean changing the Oracle software global system.
- The size of the Oracle system across the Council and how well it was working overall across the Council.
- How the Council was addressing local issues and highlighting them to Oracle.
- Appreciating the frustrations faced by the team and the open responses provided by the manager.
- The relatively low amount of people involved in the UK Government's Debt Respite Scheme (Breathing Space), noting that figures had doubled this year and that people were ring-fenced for 60 days as part of the scheme, dependent upon the debt involved.
- The loss of interest income to the Council due to the amount of outstanding debts and the need to address debt recovery in a more stringent way.

Councillor R C Stewart, Leader of the Council recognised the effort and improvements that had taken place and highlighted the real challenges faced by implementing the complex Oracle system. He added that the Council were working hard to implement the additional change requests submitted by the Authority and noted that the Council faced revenue issues due to the lack of funding and not as a result of outstanding debts.

The Chair echoed the comments made and recognised the work completed, particularly the achievement of improving the outstanding debt in 2022 where 90% in volume and 98% in value of all debts were recovered. She added that she hoped that the additional resource, the involvement of senior people within the Authority and ongoing discussions with Oracle to make the necessary adjustments, would drive change.

In summary, the Chair requested that the Head of Digital and Customer Services sought priority action from Oracle for the areas that required enhancement that would be relative to all Oracle clients, which would also provide the biggest impact to assist the processes within the Team, for example VAT input becoming a mandated field.

Resolved that the contents of the report be noted.

67 Audit Wales Digital Strategy Review.

Sarah Lackenby, Head of Digital and Customer Services presented 'for information' the Audit Wales review of the Digital Strategy 2023-28.

It was explained that Audit Wales had undertaken a review of the digital strategies of the 22 principal Councils in Wales. The review sought to provide assurance that Councils' digital strategies would help to deliver well-being objectives, were in accordance with the sustainable development principle, are meeting people's needs, and delivering better outcomes. This work also built on the 'springing forward' review undertaken during 2021-22.

The Audit Wales review, including its conclusions, was provided at Appendix A and its recommendation was provided at Appendix B.

The Chair stated that she had gained assurance from the discussions regarding the report which occurred at the Service Improvement, Regeneration and Finance Scrutiny Performance Panel on 12 December 2023. She added that the Panel had agreed to an annual review of the Strategy, which was scheduled for March 2024. Further assurance would be gained from the Chair of Scrutiny providing an update report to the Committee during the summer months.

It was noted that Swansea Bay University Health Board (SBUHB) had recently won an award for its digital strategy in respect of the patients' journey from admission to discharge. It was added that to support partnership working, the Council should look at the discharge side of the strategy, particularly the move from hospital into community care and examine whether some innovative work could assist the process.

It was confirmed that the Social Services Department were already looking at the issue and that it would be discussed regionally at the West Glamorgan Regional Partnership Board where the Council works collaboratively with SBUHB.

David Roberts, Lay Member would forward a link to the SBUHB to the Democratic Services Officer for circulation to the Committee.

68 Governance & Audit Committee Action Tracker Report.

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

The Chair noted that Committee training dates were to be confirmed. The Democratic Services Officer confirmed that they would be organised in the new Municipal year, once the Council diary for 2024/25 was finalised.

69 Governance & Audit Committee Work Plan.

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

The meeting ended at 3.05 pm

Chair