



City and County of Swansea

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

Multi-Location Meeting - Lilian Hopkin Room, Guildhall / MS

### Teams

Wednesday, 5 June 2024 at 2.00 pm

#### Present:

##### Councillor(s)

P R Hood-Williams  
M W Locke

##### Councillor(s)

J W Jones  
L V Walton

##### Councillor(s)

M B Lewis  
T M White

##### Lay Member(s)

Paula O'Connor  
Julie Davies

Gordon Anderson  
David Roberts

##### Also Present

Councillor A S Lewis  
Council

Deputy Leader of the  
Council

##### Officer(s)

Ness Young  
David Howes  
Mark Wade  
Chris Williams  
Nigel Williams  
Stephen Holland  
Simon Cockings  
Nick Davies  
Richard Rowlands  
Jeremy Parkhouse

Director of Corporate Services  
Director of Social Services  
Director of Place  
Head of Commercial Services  
Head of Building Services  
Principal Solicitor  
Chief Auditor  
Principal Auditor  
Strategic Delivery & Performance Manager  
Democratic Services Officer

##### Also Present

Matthew Brushett  
Gareth Jones

Audit Wales  
Audit Wales

##### Apologies for Absence

Councillor A Davis and Ben Smith

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#### 1 To Elect the Chair for the 2024-2025 Municipal Year.

**Resolved** that Paula O'Connor be appointed Chair for the 2024-2025 Municipal year.

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

**2 To Elect the Vice-Chair for the 2024-2025 Municipal Year.**

**Resolved** that Councillor P R Hood-Williams be elected Vice-Chair for the 2024-2025 Municipal year.

**3 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 P R Hood-Williams, M B Lewis and T M White declared personal interests in Minute No.6 - Internal Audit Monitoring Report Quarter 4 – 2023/24.

**4 Minutes.**

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

**5 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 2025. 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 2025.

**6 Internal Audit Monitoring Report Quarter 4 - 2023/24.**

Prior to the report being presented, the Chair explained that the update report in respect of the limited Accounts Receivable 2023/24, would be provided by Ness Young, Director of Corporate Services, to the 17 July 2024 Committee meeting.

Simon Cockings, Chief Auditor presented a detailed report which showed the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 January to 31 March 2024.

A total of 21 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. The levels of assurance were 10 – high, 9 – substantial, 1 – moderate and 1 – limited.

A total of 153 audit recommendations were made and management agreed to implement all of the recommendations made.

It was highlighted that staff sickness continued to be a significant issue during the fourth quarter, with a total of 87 days sickness absence recorded, with cumulative sickness totalling 235 days. A member of staff had also resigned.

At 31 March 2024, 92 activities totalling 79% of the Audit Annual Plan 2023/24 had been completed and progress against the Plan was detailed at Appendix 3.

Reference was made to the moderate assurance level in respect of Contract Waivers 2023/24 and the limited assurance level in respect of the Accounts Receivable 2023/24 reports. The additional work undertaken during the quarter was also highlighted, including mid-cycle reviews to fundamental audits.

The Director of Corporate Services provided a verbal update regarding the Accounts Receivable 2023/24 limited assurance level report. She explained that the findings of the audit reflected the challenging circumstances facing the team during 2023/24 and noted that the introduction of Oracle Fusion and staff resource constraints within the team and Legal Services, had impacted upon the Council's ability to adhere to its procedures.

She outlined the actions taken to address the findings, including establishing a Task and Finish Board in February 2024 to drive improvement forward, which focussed on clearing aged debt. The report included 28 recommendations, 20 had been addressed, with 8 in progress and on course to being completed by the end of September 2024.

Additional staff had been appointed in Accounts Receivable and Legal which had impacted directly upon the debt recovery, particularly disputes. There were currently only 98 invoices on dispute compared to 269 in January 2024 when the audit was undertaken. A clear process had now been established to ensure disputes are resolved and recorded appropriately on the system.

Furthermore, it was confirmed with Oracle that there were no missing invoices, the numbers related to a specific receipt numbering and the system was being corrected to address the issue.

It was confirmed that debt recovery records had been reconciled between Accounts Receivable and Legal. A more pro-active approach was being adopted with 295 invoices being referred to Legal during quarter 1, compared to 113 in the whole of 2023. A new process has also been established to record Legal referrals within the system.

The Chair stated that it was very pleasing to note the progress, particularly in respect of the reduction to disputes. She also queried the overall value of outstanding invoices that were several years old. It was confirmed that detail would be included within the report in July 2024, which would focus on debts from each financial year.

The Committee discussed the following: -

- Oracle Fusion processes being more manual and time consuming and working with Oracle to address some of these issues, which would assist. It was highlighted that the issues currently being addressed were not significant and the system was now embedded. It was noted that there had been ongoing issues with Accounts Receivable which were prior to the implementation of Oracle Fusion.
- The additional staff resources making a difference, recognising that all service areas had responsibility for invoices, clearing the work backlog and assessing the position at that time in order to decide the Accounts Receivable resource in the future.
- Repeat debtors in respect of aged debt, adopting a new approach with utility companies, e.g. having fewer invoices.
- A shortage of a skilled audit workforce across Wales which had impacted upon recruitment of new staff.
- Audits deferred from 2023/24 as a result of staff resource capacity, prioritising higher risk reviews and deferring reviews due to departmental requests.
- Follow up work identifying high / medium risk actions being incomplete and escalating these to the relevant Head of Service.
- Disclosure and Barring Service – possible change of recommendations to show the correct lines of responsibility for actions.
- Areas of secondary follow up where actions had not been completed, which had been escalated to the Chief Executive / CMT and following up on the outstanding actions.
- The Committee noting the additional pressure being placed upon Internal Audit resources as a result of recommendations not being implemented.
- Adult Services – Deprivation of Liberty Safeguards (DOLS), particularly the backlog of applications. It was confirmed that there would still be the same level of backlog. It was hoped that changes to legislation would impact this but it had been put back. The Council would struggle to address this and demand is outstripping resources. The CIW inspection report is positive but notes the issues. This reflects an across Wales position and recognising that this was a systemic challenge where councils could not currently meet the expectation within the current statutory framework.
- Buying in additional capacity with money provided by Welsh Government and creating a dedicated workforce in this respect. Monitoring the situation very closely.
- Noting that DOLS was currently on the Corporate Risk Register.
- Central Transport Unit – How an upgrade to the computer system had reduced functionality, which prevented reports being produced. There were also controls in place to give assurance. A follow up would be completed shortly.
- Corporate Learning and Development Team – Lack of reports being forwarded to managers to monitor mandatory training. The Director of Corporate Services advised that services now received a monthly report on training levels and HR had also issued guidance to managers on how to access training records of their teams at a local level.

- Deferrals – The Chief Auditor giving consideration to bringing forward some high-risk audits to 2024/25, e.g. sickness and overtime. This would be included and built into the Audit Plan and the Committee would be updated in future reports.

The Chair noted that the Scrutiny Committee covering Adult Services were monitoring the DOLS situation, which gave the Committee assurance.

The Chair thanked the Chief Auditor and Audit Team for the report and the progress made throughout the year, in difficult circumstances.

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

## **7 Audit Report on Waivers 2023/24.**

Chris Williams, Head of Commercial Services presented a report which provided the Committee with an update and further information regarding the audit report on Waivers.

It was explained that an Internal Audit of 'Waivers' had been completed and an assurance level of moderate given. The term 'waivers' applied to a situation where a Council Service Area / department wished to 'waive' the option of open procurement (or the use of a procurement framework) and instead directly award a contract to a specific supplier. Such matters were set out in the Council's Constitution, specifically in the Contract Procedure Rules (CPR), which provided the governance framework for the spend of the Council's funds with suppliers and service providers.

It was outlined that the Council regularly reviewed compliance with the contract procedures rules through its audit work, but this was the first time an audit had been undertaken specifically focused on waivers. This audit was requested by the Head of Services as an extension of the standard audit programme to provide further insight into compliance with Corporate Procedure Rules and was suggested as part of the annual Audit consultation programme.

Examples of when the Authority may use waivers were outlined and it was added that Directors had reviewed the waivers highlighted by Audit and were happy that their use was appropriate, while acknowledging that improvements were required to reflect the individual circumstances noted and overall compliance.

The outcomes and risks highlighted in the audit report were referenced, along with progress against specific actions. The Action Plan was provided at Appendix A.

The Chair stated that she was really encouraged with the further actions completed in proactively getting a framework in place. She requested details on the timescale regarding developing a contract managers framework.

The Committee discussed the following: -

- Contract Managers existing throughout the Council, in all departments and the overarching Contract Procedure Rules that the managers should follow.
- Recognising the work required in this area.

- Recognising the risk involved across the Authority and the large number of people involved in all departments.
- Audit Action Plan – How actions in the plan would be monitored, ensuring compliance through future audits, seeing what is going on in real time through additional processes and following up on specific basis to ensure compliance. It was added that a number of workshops had been held and the way forward agreed. The future impact of legislation and cross-checking progress.
- Holding Heads of Service to account to ensure compliance throughout the Council and amending the plan accordingly.
- The moderate report being subject to a follow up visit and testing progress against the action plan.
- Ensuring the accountable officers are present when agreeing actions within the action plan.
- The potential impact of future legislation and the changes it will introduce.
- Ensuring that schools fully understand the procurement process, evidence of good practice and ensuring that staff were properly trained.
- Procurement practices in respect of partnership deals, whereby these were bound by an overarching agreement and the agreements being subject to scrutiny.

Councillor A S Lewis, Deputy Leader of the Council stated that this was a very proactive internal audit request which intended to strengthen and improve procedures. She added that it had already strengthened and improved working practices within departments, e.g. Corporate Building Services. There was now better clarity about how the Council would operate in respect of waivers. The proactive work already undertaken would avoid repeats of two previous oversights. She added that she was reassured and hoped that the Committee would be reassured by the progress.

The Chair thanked the officer for the comprehensive report.

**Resolved** that: -

- 1) The progress made in the Action Plan be noted.
- 2) An update report be provided to a future meeting on the contract management framework discussed.

## **8 Internal Audit Annual Plan 2024/25.**

The Chief Auditor presented for approval the Internal Audit Annual Plan for 2024/25.

It was explained that the draft report had been presented to the Committee in March 2024 and had been updated as requested.

The Chief Auditor would amend the plan throughout the year and update the Committee quarterly.

**Resolved** that the Internal Audit Annual Plan for 2024/25 be approved.

## **9 Audit Wales - City and County of Swansea Outline Audit Plan 2024.**

Matthew Brushett, Audit Wales presented the Audit Wales - City and County of Swansea Outline Audit Plan 2024.

It was outlined that the Plan specified the statutory responsibilities of the Auditor General as external auditor and fulfilled his obligations under the Code of Practice. It also set out the work Audit Wales intended undertaking to address the audit risks identified, other key areas of focus during 2024, the estimated audit fee, details of the audit team and key dates for delivering the activities and planned outputs of the audit team.

The responsibilities of the Auditor General were set out and information regarding the following was provided: -

- Audit of Financial Statements.
- Performance Audit Work.
- Fees and Audit Team.

It was added that the Audit Wales Detailed Audit Plan would be presented to the meeting scheduled for 17 July 2024.

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

Matthew Brushett, Audit Wales presented 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 March 2023
- Audit Wales National Reports and Other Outputs (work in progress / planned)
- Good Practice Exchange Resources

The Committee discussed the following: -

- Thematic Review – Commissioning – it was explained that the draft would be available in approximately two weeks, which would be followed by the final report.
- Estyn – Particularly areas of good practice, the dedicated good practice team within Audit Wales, Audit Wales working with other regulators and examples of good practice being provided on the Audit Wales website.
- Local government national studies planned / in progress – particularly the approaches and careful consideration used in respect of various topics.

The Audit Wales representative stated that would share links to good practice and webinars with the Committee.

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

**11 Corporate Transformation Plan Annual Report 2023/24.**

The Director of Corporate Services presented 'for information' the Successful and Sustainable Swansea - Corporate Transformation Plan Annual Report 2023-24, which was presented to Cabinet on 16 May 2024.

An error within the financial implications was noted, where the actual savings for 2023/24 were £1.2m and not £575,00 provided in paragraph 6.2 of the report.

The Committee asked questions in relation to the programme governance arrangements and structure; the Digital Transformation Programme, specifically catering for those who were not computer literate, additional investment required, ensuring customer service standards were adhered to and monitoring standards going forward; the implications of the projects on the Medium Term Financial Plan, risks involved, and the potential for pooling finances with health.

The Director of Corporate Services responded to the questions asked.

**12 Audit Wales Report - From Firefighting to Future-Proofing - The Challenge for Welsh Public Services.**

The Committee were presented 'for information' the Audit Wales Report - From Firefighting to Future-proofing – the Challenge for Welsh Public Services.

Matthew Brushett introduced the report and acknowledged the challenges faced by local authorities and moving from firefighting towards long-term challenges.

The Director of Corporate Services welcomed the report and explained some of the actions being taken by the Council to respond to the challenges identified.

The Committee asked questions in relation to external audit of Welsh Government and the positives arising out of working in partnership, notwithstanding the complexity of the partnership landscape.

**13 Corporate Risk Overview 2023/24 - Quarter 4.**

Richard Rowlands, Strategic Delivery & Performance Manager presented a 'for information' report which provided the Committee with an overview of the status of the Council's corporate risks to provide assurance that they are being managed in accordance with the Council's risk management policy and framework.

It was noted that all the corporate risks were recorded as having been reviewed at least once during the quarter. Two risks – Risk ID 376 – Connecting care and Risk ID 377 – Oracle interfaces were added to the Corporate Risk Register and one risk,



Risk ID 367 - Successful delivery of the payroll function, was escalated to the Register.

**14 Audit Wales Recommendation Tracker.**

The Audit Wales Recommendation Tracker Report was reported 'for information'.

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

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

The Chair expressed her disappointment that Oracle had not responded positively to the request to create a VAT field in the system (Minute No.66 from 17 January 2024 – Implementation of Accounts Receivable Internal Audit Service's Follow Up Review Recommendations).

The Director of Corporate Services noted that the Oracle system was global and 25 votes were required before the company would progress a specific change request, which the Authority was pursuing. She added that updates would be provided in future Oracle Accounts Receivable reports.

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

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

The following forthcoming Governance and Audit Committee training dates / times were noted: -

- Risk Management training – 12 June 2024 at 11am.
- Internal Audit – 3 July 2024 at 11am.
- Corporate Governance training – 25 July (time to be confirmed).

The meeting ended at 4.02 pm

**Chair**