



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 28 February 2024 at 2.00 pm

Present: Paula O'Connor (Chair) Presided

Councillor(s)

A Davis
M B Lewis
L V Walton

Councillor(s)

P R Hood-Williams
M W Locke
T M White

Councillor(s)

J W Jones
S Pritchard

Lay Member(s)

Gordon Anderson

Julie Davies

Officer(s)

Ness Young
Mark Wade
Stephen Holland
Nick Davies
Richard Rowlands
Jeremy Parkhouse

Director of Corporate Services
Director of Place
Principal Solicitor
Principal Auditor
Strategic Delivery & Performance Manager
Democratic Services Officer

Also Present

Matthew Brushett

Audit Wales

Apologies for Absence

David Roberts, Gillian Gillett

70 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 and J W Jones declared personal interests in Minute No.72 - Internal Audit Monitoring Report - Quarter 3 - 2023/24.

71 Minutes.

Resolved that the Minutes of the previous meeting of the Governance & Audit Committee were approved as a correct record, subject to the following amendment: -

Amend Minute No. 65 -Fundamental Audits 2022/23 Recommendations Tracker, replacing 'these' with 'such' to read: -

- 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 such items. The Principal Auditor would highlight this to the Chief Auditor.

72 Internal Audit Monitoring Report - Quarter 3 - 2023/24.

Nick Davies, Principal Auditor presented a detailed report which showed the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 October 2023 to 31 December 2023.

A total of 13 audits were finalised during the quarter. The audits finalised were listed in Appendix 1 which also showed the level of assurance awarded 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 154 audit recommendations were made and management agreed to implement all of the recommendations made.

It was added that staff sickness in the Internal Audit Team continued to be significant during the third quarter, with a total of 34 days sickness absence recorded. Cumulative sickness absence to the end of quarter three totalled 138 days. The Committee were also updated regarding the long-term sickness and staffing issues.

It was highlighted that as at 31 December 2023, 54 audit activities (46%) had been completed, with one additional activity (1%) substantially complete with the audit report issued as draft. As a result, 55 audit activities had been completed to at least draft report stage (47%). An additional 30 activities were in progress at the end of the quarter (26%). As a result, approximately 73% of the audit activities included in the 2023/24 Audit Plan had either completed or were in progress. A copy of the plan showing the status of the activities as at the 31 December 2023 was provided at Appendix 3.

It was explained that two audit reports were issued with moderate assurance level in the quarter as shown in Appendices 1 and 2. These were in respect of Crwys Primary School and Trading Standards Division. Follow-up audits had been scheduled to revisit Crwys Primary School in quarter four 2023/24 and Trading Standards in quarter one 2024/25 to review the progress that had been made in implementing the recommendations made. The results of the follow-up audits would be reported to the Committee in a future monitoring report.

The proposed changes to the reporting of moderate audit reports, drafted by the Chief Auditor, in consultation with the Corporate Management Team, were outlined, in an attempt to make the volume of material presented to the Governance and Audit Committee more manageable and focused.

The Committee were also provided with details of the follow-ups with, high and substantial assurance levels completed during the period.

The Chair commented that she could not support the proposed changes to the reporting of moderate audit reports and would discuss the issue further in her forthcoming meeting with the Chief Executive.

The Committee discussed the following: -

- Audit of Olchfa Comprehensive School – concern that delegated budget had been used to fund a retirement party for the former Headteacher. The Chair suggested that the matter be highlighted to the Director of Education / Cabinet Member for Education. The Principal Auditor stated that the Director of Education had been copied in on the report distribution and once a follow-up had been completed, he would share the updated action plan provided by the school with the Committee.
- Further information be provided on the two moderate audit reports at Crwys Primary School and Trading Standards. The Chair stated that she would share the reports with the Committee.
- Internal Audit Plan – Progress made against the plan and whether the Chief Auditor could provide an opinion at the end of the year. The Principal Auditor stated that the Internal Audit Team were working hard to complete the plan and good recent progress had been made and resources were being concentrated upon high-risk, cross-cutting audits.
- Follow-up Audits - The process regarding high / substantial audit levels of assurance whereby management confirm that actions had been completed.
- Audit of Integrated Community Equipment Service and confirmation of the service provided to customers / residents. The Principal Auditor would provide further information for the Committee.
- Audit of Heol Y Gors Plant Hire and Transport – Concern regarding the lack of control and how assurance would be provided with the implementation of a new digital system in March 2024.
- Deferrals – A rationale to be provided explaining why items had been deferred, as had occurred in previous years.

Resolved that the contents of the report be noted.

73 Place: Internal Control Environment 2023/24.

Mark Wade, Director of Place presented a report which provided the Place Directorate control environment, including risk management, in place to ensure functions were exercised effectively; there was economic, efficient and effective use of resources, and; effective governance to secure these arrangements.

The report outlined the procedure within the Directorate relating to risk management and it was noted that there was an expectation that the Place Directorate was fully compliant with reviewing control measures, risk wording and risk level each month as part of a joined-up approach. Appendix A outlined the (Directorate) Corporate and Directorate Risks.

The risks were shared with the responsible Cabinet Members. The Performance and Financial Management meeting makes the decision about whether Directorate risks should be escalated to Corporate Management Team for consideration as to whether they should become a corporate risk.

The addition of two new corporate risks within the period of 2023-24 were noted: -

- RISK: 360 – Waste Strategy.
- RISK: 372 – Future Libraries model.

Details of risk management, business continuity, Performance management / KPI's, planning, decision making, budget and resources management, fraud and financial impropriety procedures, and compliance with policies, rules and regulatory requirements were provided.

It was also outlined that the directorate had developed a cross cutting project management team to develop and deliver a wide range of projects and examples were provided. The progress of projects was also reviewed on a monthly basis.

The report also highlighted key elements of internal controls, data security and partnership / collaboration governance.

The Committee asked a number of questions of the Officer, who responded accordingly. Discussions included the following: -

- Performance management / KPI's, particularly the number of times they were reviewed.
- Response times when performance levels slipped and how the Department deals with issues up front in order to address concerns.
- The welcome drop in sickness absence and how having a dedicated resource had assisted in the figures lowering and the impact upon the use of agency workers.
- Managing Absence – Percentage of absence days lost / decreased.
- Growing homelessness pressure and the short-term measures being used to minimize the risk.
- CCNR1 – Number of trees planted during the year across the Council.
- New style of performance reporting to Cabinet being introduced in March.
- Frequency of KPI's reported to Performance management monthly meetings and the process / timescales for dealing with issues.
- Mandatory training courses – ensuring courses were attended, including refresher courses.
- Induction programme being used for new starters.
- No data breach fines being imposed.

The Director of Place would provide responses regarding CCNR1 – Number of trees planted during the year across the Council and managing absence percentage figures relating to previous years.

The Chair thanked the Director of Place for providing his report.

Resolved that the contents of the report be noted.

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

Matthew Brushett, 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 December 2022
- Audit Wales National Reports and Other Outputs Due to be Published (and other work in progress / planned)
- Good Practice Exchange Resources

The Committee discussed the following: -

- Audit Wales National Reports and Other Outputs – The Chair queried if it was possible to attend the 'What does good look like?' Good Practice event in Spring 2024.

The Audit Wales representative stated that he would forward details to the Chair following the meeting.

75 Risk Management Review.

Richard Rowlands, Strategic Delivery & Performance Manager provided a verbal update regarding the Review of Risk Management.

He stated that the review had been completed and involved an assessment review of risk management across Wales and included approximately one-third of Local Authorities in Wales. He added that discussions had also included Cabinet Members, Corporate Management Team, Heads of Service and the Chair of Governance & Audit Committee.

It was added that the review had identified changes and improvements to the Council's risk management and practice. These included being able to distinguish between risks and issues, by introducing separate risk and issues registers. Being

clearer about the degree of risk or uncertainty that is acceptable, particularly the Council's risk appetite and tolerance limits.

Furthermore, the Council would rationalise the tiers of risk, to try to simplify the management of risk, by introducing two tiers - operational and strategic risks. It would also look to improve the quality of risk dialogue, so that it becomes the norm at management meetings and having a regular report to Cabinet in respect of serious risks.

A draft report on the risk framework and policy would be reported to the Committee on 10 April 2024, prior to it being forwarded to Cabinet for approval.

The Committee commented upon the importance of the level of risk being reviewed.

The Chair noted that a training session on risk management had been scheduled for June 2024, which would give the Committee a better insight into risk.

76 Internal Audit Annual Plan Methodology Report 2024/25.

Nick Davies, Principal Auditor provided a 'for information' report which provided the Committee with a comprehensive briefing on the methodology used to prepare the Internal Audit Annual Plan in advance of the Draft Internal Audit Annual Plan 2024/25 being reported to the Committee.

The Committee discussed the following: -

- Fundamental audits that received a moderate assurance rating remaining on an annual audit cycle, with a full audit being completed every year - the suggestion that it be recognised that follow-up audits be completed in cases of moderate assurance and that limited assurance level audits be included in this section.
- Performances being measured against each of the services in directorates and complaints across directorates as both were good indicators of where potential risks were present.
- Health and Safety Audits – When the last audit was completed and testing against management controls to show the robustness of the system.
- Staff Resources – the opportunity to review the size of the Audit Plan and planning to do less work and add more to the contingency allocation due to ongoing staffing issues, in order to lessen the pressure on the Internal Audit Team.

The Principal Auditor stated that he would discuss the suggestions with the Chief Auditor.

77 Annual Complaints & Compliments Reports 2022-23.

Ness Young, Director of Corporate Services presented 'for information' which provided assurance on the complaints handling process for 2022-23 and highlight compliments received from the public.

The Committee discussed the following: -

- Recording of Stage 1 complaints which were dealt with by departments – It was noted in a previous Internal Audit Report that 1 complaint had not been recorded. It was highlighted that a new system of recording complaints had recently been introduced which was more robust and monitored all complaints, providing for greater assurance.
- Key Performance Indicators – The new system had greatly improved performance by tracking complaints progress and ensuring deadlines were met.
- Performance comparisons with other local authorities in Wales and establishing if other authorities received similar complaints.
- Learning lessons from complaints received.
- Recording complaints received from Councillors.
- Outcomes of complaints that were upheld, which largely resulted in no financial penalty and apologies being sent.
- Child and Family Services – checks carried out without consent and assurance that action / learning had taken place with issues reported to monthly PFM meetings and also a quality assurance check with results forwarded to officers.

The Chair thanked the Director for a far more informative report.

78 Corporate Risk Overview - Quarter 3 2023/24.

Richard Rowlands, Strategic Delivery and Performance Manager presented 'for information' an overview of the status of Council's corporate risks to provide assurance to the Committee that they were being managed in accordance with the Council's Risk Management Policy and Framework.

The Chair commented that she was pleased to see the review had been completed and how risk would be embedded throughout the Council. She noted that the narrative had improved in a number of areas across the Council but noted that it had no control in some areas, for example, the impact of poverty.

79 Audit Wales Recommendation Tracker.

Richard Rowlands, Strategic Delivery and Performance Manager presented 'for information' a tracker report providing progress updates meeting Audit Wales recommendations.

Matthew Brushett, Audit Wales welcomed the introduction of the report, which would monitor progress and would also assist his Audit Wales colleagues to monitor issues.

80 Governance & Audit Committee Action Tracker Report.

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

The Chair requested that references to 2023 be updated to 2024 in items 37 and 38.

81 Governance & Audit Committee Work Plan.

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

The meeting ended at 3.45 pm

Chair