



City and County of Swansea

Minutes of the **Governance & Audit Committee**

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

Teams

Wednesday, 10 April 2024 at 2.00 pm

Present: Paula O'Connor (Chair) Presided

Councillor(s)

A Davis
M W Locke

Councillor(s)

P R Hood-Williams
S Pritchard

Councillor(s)

J W Jones
L V Walton

Lay Member(s)

David Roberts

Also Present

Councillor D H Hopkins Deputy Leader of the Council

Officer(s)

Ness Young	Director of Corporate Services
Rachael Davies	Head of HR & Service Centre
Stephen Holland	Principal Solicitor
Simon Cockings	Chief Auditor
Nick Davies	Principal Auditor
Richard Rowlands	Strategic Delivery & Performance Manager
Jeremy Parkhouse	Democratic Services Officer

Also Present

Matthew Brushett Audit Wales

Apologies for Absence

Councillors M B Lewis and T M White and Julie Davies

85 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.

86 Minutes.

Resolved that the Minutes of the previous meeting(s) of the Governance & Audit Committee held on 28 February and 14 March 2024, be approved as correct records.

87 Internal Audit Strategy & Draft Annual Plan 2024/25.

Simon Cockings, Chief Auditor provided a report which sought approval of the Internal Audit Strategy and Draft Annual Plan for 2024/25.

It was outlined that the methodology used to prepare the Audit Plan was reported to the Committee at the meeting held on 28 February 2024. In addition, the Internal Audit Strategy and Draft Annual Plan 2024/25 were reviewed and discussed by the Corporate Management Team (CMT) on 3 April 2024.

The Internal Audit Strategy 2024/25 was provided at Appendix 1, the Internal Audit Annual Plan 2024/25 (Summary) was provided at Appendix 2 and the Internal Audit Annual Plan 2024/25 (Including scope) was provided at Appendix 3.

It was highlighted that Oracle Fusion and Financial Stability had been omitted from the plan due to Audit Wales undertaking their own reviews on those areas.

The Committee discussed the following: -

- Sickness absence – How sickness absence had not been a significant factor in previous years and how ongoing sickness within the team had been accounted for within the plan. It was noted that sickness was increasing across the Council.
- Consultancy Service – It was noted that this was ad hoc a required and the Committee would be made aware when requests were made.
- Feedback on Moderate / Limited Reports – Concern was expressed that future reports would be brief and would not allow the Committee to fulfil its duty. It was highlighted that future Internal Audit quarterly reports would include a summary of moderate reports during the quarter, which would focus upon high and medium risk recommendations. The Committee were assured that sufficient detail would be included within future reports to enable them to get a feel for the issues concerned. It was also confirmed that officers would attend to respond to moderate reports. The Chair noted that the Committee would encourage officers to attend, and Internal Audit reports could also be circulated, if deemed necessary, with the approval of the Chief Auditor / Director of Finance.
- Audit Wales Reviews – The Chair noted that these were key reviews and would be reported to the Committee in the future. It was noted that the Oracle Fusion report would be a Swansea only report but the Financial Stability reports would include all local authorities in Wales.

The Chair noted the work undertaken by the Chief Auditor in relation to staff sickness and the potential impact upon the Audit Plan and recognised that everything possible had been undertaken to address the issues.

It was highlighted that CMT had requested some changes to the plan, which would be updated and reported to the next scheduled meeting. The updated plan would be reported to CMT in May and to the Committee in June 2024.

Resolved that the contents of the report be noted.

88 Internal Audit Charter 2024/25.

The Chief Auditor provided a report which outlined the background to the Public Sector Internal Auditing Standards (PSIAS) which were introduced with effect from 1 April 2013 and presented the Internal Audit Charter to the Governance and Audit Committee for approval following Corporate Management Team approval on the 31 January 2024.

It was outlined that the Chief Auditor was required to review the Internal Audit Charter periodically and present it to the Corporate Management Team and the Governance and Audit Committee for approval. The PSIAS states that final approval of the Internal Audit Charter resides with the Governance and Audit Committee.

The Chair noted that there would be substantive updates to the document at the end of 2024 / start of 2025 due to changes to the global standards being introduced. The Chief Auditor noted that changes were awaited as to how the global standards would be interpreted for Local Government. He added that an updated version of the Charter would be reported once the proposed changes had been introduced.

It was added that the Charter was reported in October 2023 following the peer review last year, where minor amendments were made and approved by the Committee.

The Committee discussed the following: -

Code of Ethics – Minimal competencies required by staff within Internal Audit and their qualification profiles being provided in order to give additional assurance. The Chief Auditor indicated that he would be happy to update the Charter at Sections 4 and 8 of the report, following discussions with the Director of Finance.

Resolved that the Internal Audit Charter 2024/25 be approved, subject to the inclusion of updates at Sections 4 and 8 of the report.

89 Update on Internal Control Environment - Director of Corporate Services.

Ness Young, Director of Corporate Services presented a 'for information' report which provided the Corporate Services Directorate control environment, including risk management, in place to ensure that 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 Corporate Services 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 Corporate Services Risks and Appendix B the Corporate Services Risk Assurance Map.

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. The partnership and collaboration governance details were also outlined.

The Committee discussed the following: -

- Oracle Fusion – Particularly its benefit with regards to account users / staff appraisals / efficiencies / improvements expected in the next year, the benefits tracker used for Oracle Fusion, the health check report undertaken by a partner organisation and being able to show the benefits in future.
- Interface of systems and passing information between them and the challenges faced.
- Opportunities to develop the Council's use of Oracle Fusion to achieve the efficiencies.
- Recognising that Oracle Fusion system was fundamentally sound but there change requests and incidents that were being worked through, as expected with a new system of this size and scale.

The Chair commented that Oracle Fusion was introduced a year ago and asked if any post-implementation issues had emerged, particularly functionality. The Director of Corporate Services stated that there were some elements of manual work arounds to address some challenges that had been experience with the interfaces between Council systems. In other areas, the Council was having to raise change requests directly with Oracle. It was recognised that this was a large and complex system but there were opportunities to improve the functionality and further developments were required.

The Chair further highlighted the risk to the Council, and it was confirmed that the risk relating to the functionality of interfaces had been added to Council's Risk Register and control measures were in place.

The Chair stated that she gained assurance from the governance arrangements surrounding the programmes and projects led by Corporate Services.

Resolved that the contents of the report be noted.

90 Audit Wales - City & County of Swansea Annual Audit Summary 2023.

Matthew Bruschetti, Audit Wales (AW) presented the City & County of Swansea Annual Audit Summary 2022-23, which showed the work completed since the last Summary Report, which was issued in June 2023.

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

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

Details of the findings of the Audit of the City & County of Swansea Council's 2022-23 Accounts were provided. It was highlighted that the draft statements were presented for audit on 27 October 2023. This was after the deadline of 31 July 2023 set by the Welsh Government and was the second year in succession that the Council had not met the timescales set by the Welsh Government for the preparation of their annual accounts.

It was noted that the Auditor General gave an unqualified true and fair opinion on the Council's financial statements on 25 March 2024. The report also outlined the following work undertaken:

- Assurance and Risk Assessment Review.
- Update on the progress the Council is making with its Transformation Programme (October 2023).
- Digital Strategy (November 2023).
- Springing Forward – Workforce (December 2023).
- Springing Forward – Assets (March 2024).
- Other Inspectorates.
- Ongoing work.

The Committee discussed the following: -

- Use of performance information – service user perspective and outcomes – It was noted that a report would be presented to Scrutiny shortly which would look at the type of information gathered from service users / residents / KPI's. It was noted that the information had been limited but the Council had taken action to address the issue.
- Spring Forward – Workforce (December 2023) – The Council had not identified the resources required to deliver its strategy. It was noted that further discussion was required regarding resources for the final 2 years of the Transformation Programme but recognised that these would also be included in future budget discussions. Workforce planning for the next 5 years, particularly within service areas, which would inform the final years' of the Workforce Strategy.
- Good Practice Spring Event – What does good look like? – Confirmation of the date was required. The AW representative would provide confirmation when a date had been finalised.
- Transformation Programme – It was confirmed that following an Internal Audit review, all the actions suggested by AW had been completed.

The Chair thanked the AW representative for providing the report.

91 Absence Management & Employment of Agency Workers Audits - Update Report.

Rachael Davies, Head of Human Resources and Service Centre presented a 'for information' report which provide an update on the Absence Management and Employment of Agency Workers audit reports since October 2023.

It was outlined that the Committee had requested an update on the Council's sickness absence arrangements and employment of agency workers. It was noted that the outcome of a further Internal Audit review would be available shortly.

In addition, information was requested on the following and details were provided in the report:

- Time lost due to accidents at work.
- The shortages of Occupational Health staff nationally.
- Provision of details of agency workers employed for more than 12 months.
- The cost of employing agency workers in previous years.

Details were also provided in respect of sickness data, review of sickness absence management, review of Occupational Health Service, agency worker cost, agency worker usage, use of agency workers, compliance requirements, future agency contract arrangements.

The Committee discussed the following: -

- The high level of sickness levels in Education and the number of catering and cleaning staff included which had impacted the figures.
- Concern regarding agency usage in Child and Family Services and closely monitoring the figures.
- Adult Services Agency Usage – Workforce instability and steps taken to address the issues. Further details would be requested from the department as to the reasons for the instability and actions being taken.
- Agency worker cost increases due to inflationary costs.
- Positive proposal to use co-production with Trade Unions.
- The positive proactive approach to review current arrangements and assisting staff who were off on sickness.
- Industrial injury figures and how they were not categorised as sickness and the Committee receiving figures from different years to be able to discuss the comparisons. Also, whether any health and safety issues surrounding education / training had impacted upon the high number of injuries. It was confirmed that no systemic issues had been raised from departmental health and safety meetings.
- Definition of time lost to accidents – a response would be circulated to the Committee.
- Leadership Group – The outcomes being reported to the Committee in the future.
- Agency workers gaining permanent contracts and the move towards that and reducing reliance upon agency workers throughout the Authority.
- Future agency contract arrangements.
- Waste, Parks and Cleansing employing high numbers of agency workers per month and the current monitoring / review process being undertaken.
- WLGA comparison sickness figures being provided in future reports.
- Assurance that the Authority was actively trying to reduce the figures.

The Chair noted that Scrutiny monitored Adult Services and it was noted that additional information could be provided. The Director of Corporate Services

highlighted the workforce challenges being faced by Social Services and the huge amount of work progressing to address their recruitment and retention challenges.

It was confirmed that an update report would be provided later in the year.

92 Risk Management Policy and Framework.

Richard Rowlands, Strategic Delivery and Performance Manager provided a 'for information' report which presented the Council's draft revised Risk Management Policy and Framework.

The revised Risk Management Policy was provided at Appendix A and was supported by the revised Risk Management Framework provided at Appendix B.

The Committee discussed the following: -

- Defining strategic and operational risk.
- The positive attitude towards risk.
- Proposed risk training for the Committee, which would assist with future reports.

The Chair welcomed the changes contained in the revised policy and framework as strengthening the Council's arrangements in identifying and managing risk.

93 Governance & Audit Committee Action Tracker Report.

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

The Chair noted that the Chief Auditor would feedback in respect of Minute No.76 – Internal Audit Annual Plan Methodology Report 2024/25 and Minute No.72 – Internal Audit Monitoring Report – Quarter 3 – 2023/24.

A response was also expected in respect of Minute No.66 – Implementation of Accounts Receivable Internal Audit Service's Follow-Up Review Recommendations.

94 Governance & Audit Committee Work Plan.

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

The meeting ended at 3.30 pm

Chair