



City and County of Swansea

Minutes of the **Governance & Audit Committee**

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

Teams

Wednesday, 17 July 2024 at 2.00 pm

Present: Councillor P R Hood-Williams (Vice-Chair) presided

Councillor(s)

J W Jones
T M White

Councillor(s)

M B Lewis

Councillor(s)

S Pritchard

Lay Member(s)

Gordon Anderson

Julie Davies

David Roberts

Officer(s)

Ness Young
Debbie Smith
Simon Cockings
Nick Davies
Jeremy Parkhouse

Director of Corporate Services
Deputy Chief Legal Officer
Chief Auditor
Principal Auditor
Democratic Services Officer

Apologies for Absence

Paula O'Connor, Councillors M W Locke and L V Walton
Gareth Jones – Audit Wales.

17 **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: -

Councillor P R Hood-Williams declared a personal interest in Minute No.19 – Internal Audit – Annual Report 2023/24.

18 **Minutes.**

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

19 **Internal Audit - Annual Report 2023/24.**

Simon Cockings, Chief Auditor presented a report which summarised the work completed by Internal Audit in 2023/24 and included the Chief Auditor's opinion for 2023/24, based on the work undertaken in the year.

The Internal Audit Plan 2023/24 up to 31 March 2024, was provided at Appendix 1. A complete list of each audits finalised during 2023/24, along with the level of assurance, the number of recommendations made and accepted were outlined in Appendix 2 and the performance indicators for 2023/24 were detailed in Appendix 3.

Details of the following were provided: -

- Review of 2023/24.
- Follow up work completed.
- Performance indicators.
- Quality assurance and improvement programme and Statement of Conformance with the Public Sector Internal Audit Standards (PSIAS).
- Statement of organisational independence.
- The Chief Auditor's opinion on the work completed in 2023/24.

The Chief Auditor highlighted the sickness absence and vacant posts within the Internal Audit Team, how that had impacted upon the delivery of the Internal Audit Plan 2023/24 and he thanked his team for their excellent performance given the circumstances.

The Committee discussed the following: -

- High risk reports, particularly the risk levels, how the majority of risks related to moderate reports, were reported quarterly to Committee and progress was monitored by Internal Audit / the Committee.
- Performance Indicator (PI) 8 – establishing what other authorities were measuring against in respect of this PI to establish its relevance, the relatively stable costs and the drop-in productive days due to sickness / vacancies / training and mentoring.
- The excellent achievement in achieving nearly 80% of the plan.
- Providing the actual cost of lost days, providing a two-dimensional view of the actual costs, to compare with the PI 8 results.
- The vacancy recruitment issue, looking at possible secondments to fill the vacancies, the possible recruitment of IT specialist and discussing the secondment option further with Corporate Management Team.
- Chief Auditor's opinion, particularly the explanation regarding materiality.
- The very positive external peer report provided by Blaenau Gwent Council in relation to the external quality assessment of compliance with the Public Sector Internal Audit Standards.

The Chair and Committee thanked the Internal Audit Team for their work throughout the year in providing assurance to the Committee.

The Chief and Principal Auditors expressed their thanks to the Internal Audit Team for their work throughout the year.

Resolved that: -

- 1) The work undertaken by the Internal Audit Team in 2023/24 be noted.

- 2) The progress made against the Internal Audit Annual Plan be noted.
- 3) The Chief Auditor's opinion be noted.

20 Internal Audit Review of the Accounts Receivable Function.

Ness Young, Director of Corporate Services provided the Committee with an update on actions being taken across the Council to respond to the latest Internal Audit review of the Accounts Receivable function.

It was explained that following the Committee meeting in January 2024, a task and finish project was established to clear the aged debt backlog and to implement the previous audit recommendations. As a result of the project, the Council had already implemented 25 of the 28 Internal Audit recommendations, 7 of which were recommendations made in previous audits. The remaining three recommendations (including two made in previous audits) were on track to be completed by the end of September 2024, as described in Appendix 1.

It was outlined that the Project Board had met monthly since February and was working to reduce all categories of aged debt, with a particular focus on debts over 365 days, recognising that these were the hardest to shift because of their age. The Board had worked closely with services across the Council to address the audit recommendations and to reduce the level of debt. Examples of the actions taken were provided.

The Committee were provided with details on the status of debt over 365 days at 30 June 2024 (15 January 2024 baseline) and the overall outstanding debt position.

It was concluded that the strategic measures taken by the Project Board had effectively reduced aged debts, particularly those over 365 days. From January to June 2024, the volume of such debts decreased by 30% and their value by 22.5%. Engagement with utility companies had also significantly reduced utility debt. Disputes in the over 365 days category had also decreased, and legal referrals had increased considerably with the necessary resources to progress them. On 30 June 2024, the overall outstanding debt position showed reductions across most age categories, reflecting the effectiveness of the actions taken.

It was noted that an update report would be provided in October 2024.

The Committee discussed the following: -

- The excellent staff performance in reducing the aged debts figure.
- The aim to complete all outstanding actions by the end of September 2024, to establish what 'good' looks like in respect of progress made and ending the financial year with a level of debt which is categorised as good.
- Staffing resources within Legal and Accounts Receivable Teams and ensuring swift collections and sufficient flexibility in the future.
- Ongoing discussions with Heads of Service regarding resources within their areas to ensure they had sufficient staffing going forward.
- The lessons learnt from the troubleshooting exercise, particularly regarding utility companies' debt and positive strides being made in this respect.

- Service areas becoming more proactive in the pursuit of aged debt as a result of increased corporate focus.
- Chief Internal Auditor to consider giving more outcome focussed Internal Audit recommendations in future to avoid 'tick-box' results.
- Community Alarm Service – partnership working with Carmarthenshire Council.

The Chair and Committee thanked the Director for her report and congratulated the Accounts Receivable and Legal Teams for the progress made.

Resolved that the contents of the report be noted.

21 Draft Annual Governance Statement 2023/24.

The Director of Corporate Services presented a report which report provided the draft Annual Governance Statement 2023/24 and sought comments from the Governance & Audit Committee prior to being forwarded for approval by Council as part of the Statement of Accounts.

The report referred to the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives revised framework guidance on the Code of Corporate Governance, which detailed the 7 principles provided within the framework. Details of how the Authority had complied with the framework were also outlined, along with significant issues faced during the year.

The draft AGS 2023/24 was provided at Appendix A and the final version would be reported to Council before being signed by the Leader and Chief Executive and published with the audited Statement of Accounts 2023/24.

The Committee discussed the following: -

- Reference to LGBT being amended to LGBTQ+.
- Principle G – Assurance and effective accountability – Monitoring internal and external reviews providing assurance, strengthening governance.
- Paragraph 8.15 – five moderate and one limited audit report issued last year – adding the monitoring of agreed actions for these reports to further strengthen governance.
- Governance Training – it was noted that the training would take place on 25 July 2024.
- Paragraph 7.1 – Offsetting actions in respect of the forecast overspend of £3.284m and advising Cabinet of the action required to clear the overspend.

Resolved that: -

- 1) The Annual Governance Statement be agreed, subject to the amendments highlighted by the Committee being added.
- 2) The report be forwarded to Council for approval as part of the Statement of Accounts.

22 Draft Governance & Audit Committee Annual Report 2023/24.

The draft Governance and Audit Committee Annual Report for the 2023/24 Municipal Year for the Committee to review and comment upon prior to the final report being presented to Council.

Resolved that the Governance and Audit Committee Annual Report 2023-2024 be agreed and forwarded to Council for approval.

23 Governance & Audit Committee Action Tracker Report.

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

It was noted that the following reports would remain 'open' and would be discussed at the Committee meeting on 4 September 2024: -

- Update on the Council's response to the Audit Wales 2023 Report on Community Reliance and Self Reliance.
- Update on the Council's response to the Audit Wales 2023 Report on Social Enterprises.

24 Governance & Audit Committee Work Plan.

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

It was noted that the following reports would be discussed at the Committee meeting on 4 September 2024: -

- Update on the Council's response to the Audit Wales 2023 Report on Community Reliance and Self Reliance.
- Update on the Council's response to the Audit Wales 2023 Report on Social Enterprises.

The meeting ended at 2.54 pm

Chair