



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 9 November 2022 at 2.00 pm

Present: Paula O'Connor (Chair) Presided

Councillor(s)

P R Hood-Williams
M W Locke
T M White

Councillor(s)

J W Jones
S Pritchard
A S Lewis

Councillor(s)

M B Lewis
L V Walton

Lay Member(s)

Julie Davies
Philip Sharman

Also Present

Councillor A S Lewis Deputy Leader of the Council

Officer(s)

Jeremy Parkhouse	Democratic Services Officer
Richard Rowlands	Strategic Delivery & Performance Manager
Debbie Smith	Deputy Chief Legal Officer
Ben Smith	Director of Finance / Section 151 Officer
Nick Davies	Principal Auditor
David Howes	Director of Social Services
Sue Reed	Community Buildings Development Officer
Jamie Rewbridge	Strategic Manager Leisure Partnerships, Health & Well Being

Also Present

Gillian Gillett Audit Wales

Apologies for Absence

A J Jeffery and K M Roberts

54 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.

55 Minutes.

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

Minute No.51 – Joint Presentation – Coming Out of Covid

Amend the last paragraph to: -

The Chair thanked the Officers for providing the presentation and noted that the findings were positive but the sample size required further expanding for the Committee to have assurance.

56 Internal Audit Monitoring Report Quarter 2 2022/23.

Nick Davies, Principal Auditor presented a detailed 'for information' report which showed the audits finalised and any other work undertaken by the Internal Audit Section during the period the period 1 July to 30 September 2022.

A total of 16 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.

A total of 84 audit recommendations were made and management agreed to implement all 84 of the recommendations, i.e. 100% of the recommendations made were accepted against our target of 95%.

An analysis of the details in Appendix 3 showed that as at 30/09/22, 25 audit activities from the 2022/23 audit plan had been completed to at least draft report stage (19%), with an additional 30 activities noted as being in progress (23%). As a result, approximately 42% of the audit activities included in the 2022/23 Audit Plan had either completed or were in progress.

Staff sickness within the Internal Audit Team had continued to be significant during the quarter, with a total of 87 days absence recorded. Two members of staff continued to be absent due to long-term sickness and the cumulative sickness in the year to date totalled 119 days.

In addition, two auditors left the team in quarter one and following a successful recruitment campaign, two candidates were due to join the Internal Audit Team in mid-November.

The possible use of agency staff to support the existing resources had also been considered by the Chief Auditor and the Director of Finance but given the current budgetary concerns and Cabinet's decision to seek containment of in year spending by all Directors, the Director of Finance advised against it at this stage.

It was highlighted that three audit reports with a "Moderate" assurance level were issued in the quarter. These were in respect of Destination Lettings 2022/2023,

Rechargeable Works 2022/23 and Western Bay Adoption Service & Adoption Allowances 2022/23.

The Committee discussed the following: -

- Length of time dealing with outstanding invoices / timescales involved in issuing invoices and responses being provided by the service area at the next meeting.
- Long term debt, the recovery processes involved and allowing the service area to provide additional details at the next scheduled meeting.
- Worrying trends developing in respect of financial control.
- Sickness levels within Internal Audit, the ability to complete the Audit Plan and how resources had been redirected towards completing the tier 1 and 2 audits.

The Chair asked if audit could include 'performance' into the scope of their Corporate Governance review, highlighted the escalating costs in respect of the Oracle Cloud project and queried when it would be reviewed. The Principal Auditor stated that the review of Corporate Governance would be reported later in the financial year. He would also liaise with the appropriate staff regarding starting the Oracle Cloud review and update the Committee.

57 Moderate Report - Destination Lettings 2022/23.

Sue Reed, CPD Development Manager and Jamie Rewbridge, Strategic Manager Leisure Partnerships presented a report which provided an update and response to the 2022 internal audit of Destination lettings.

It was outlined that as a result of an internal audit on the Destination Lettings function carried out in 2022, an assurance level of moderate was given. An action plan, provided at Appendix A, was developed to address the recommendations identified and appropriate implementation steps.

The report addressed the one High Risk (HR) and one Medium risk (MR) identified in the audit. There were detailed as follows: -

- Mumbles Hill Caravan Park
- Care should be taken to ensure all licensees are invoiced as required. (MR)

Agreed and updated actions – With immediate effect the outstanding invoice identified had been completed. Resource issues had also been addressed.

Checking and monitoring processes were in place and an online service had been investigated.

- Licences should not be renewed if there are significant arrears from previous years. (HR)

Agreed and updated actions – All outstanding debts were now cleared or had repayment plans in place. The team, following legal guidance, undertook for the first time the removal of a caravan off site. Officers would ensure the continuation of this

hard system of recovery following discussions with legal colleagues and further, the proposed online service would also flag issues earlier.

The Committee discussed the following: -

- Delay in addressing the issues raised earlier and the improvements put in place to eradicate future problems.
- The improvements introduced in respect of Langland Beach Huts, which required payment in full up front.
- Payment plans introduced in respect of licences at Mumbles Hill Caravan Park and how an online system would improve the management of payments.
- The unacceptable delay of 4 years in respect of an unpaid licence, how the department experienced great difficulty in getting hold of the licence holder and how new processes were in place to address future problems.
- Whether the Council was best placed to manage the facilities in question and the reasons why both facilities were income generators for the Authority and were very valuable assets.
- Ensuring that the processes put in place by Officers are effective and a future update being provided.

58 Corporate Risk Overview - Quarter 2 2022/23.

Richard Rowlands, Strategic Delivery & Performance Manager presented 'for information' the Quarter 2 2022/23 report which provided an overview of the status of Corporate Risk in the Council to provide assurance to the Committee that key risks were being managed in accordance with the Council's risk management policy and framework.

The following summarised the status of risks recorded in the Corporate Risk Register as at Quarter 2 2022/23:

It was added that there were 6 Red status risks in the Corporate Risk Register as at the end of Q2 2022/23 as follows:

- Risk ID 153. Safeguarding.
- Risk ID 159. Financial Control: MTFP aspects of Sustainable Swansea.
- Risk ID 221 Availability of Domiciliary Care.
- Risk ID 222. Digital, Data and Cybersecurity.
- Risk ID 309. Oracle Fusion.
- Risk ID 319. Escalating Provider Costs.

It was confirmed that all of the corporate risks were recorded as having been reviewed at least once during Q2 and no new risks were added to the Corporate Risk Register. Details of risks de-activated were also listed.

The Chair stated that she had discussed enhancing the report with the Interim Director of Corporate Services, particularly risk assessment methodology.

The Committee discussed the following: -

- Risk ID 159. Financial Control: MTFP aspects of Sustainable Swansea – particularly details of jobs / apprenticeships created via the City Deal.
- Risk ID 221 Availability of Domiciliary Care.
- Management of persistent risks and work being taken to lower the risks.
- How Corporate, Directorate and Service level risks are managed within the Council.
- The Council to consider the concept of applying risk appetite when reviewing its risk management framework.

The Chair requested that details of jobs created by the City Deal be forwarded to the Committee.

59 Finance Directorate: Internal Control Environment 2022/2023.

Ben Smith, Director of Finance provided a 'for information' report which presented the Finance 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.

It was outlined that the Directorate and the associated Director of Finance role, was created following decision of Council in November 2021, followed by appointment at the end of January 2022. In practice it was separated formally with effect from 1 April 2022 at the start of the new financial year.

It was added that the directorate's initial approach to its own operations was based on how it operated as the major part of the former Resources Directorate. As the directorate had a bearing on whole Council activity and finances it also led on as well as participates in many of the common control processes. Details of these areas were listed.

The assurance framework including the key elements and key aspects of the Finance Directorate's arrangements were outlined. It was noted that the wider operational reach of the Directorate meant that its activities were highly geared and often complex.

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

The Committee discussed the following: -

- Annual budget and Medium Term Financial Plan agreement.
- Annual Statement of Accounts, particularly current control measures.
- Internal Audit Annual Audit Opinion, particularly the delivery of the Annual Plan and resources within Internal Audit.
- Continued independence of the Chief Auditor.

The Director of Finance was thanked for a detailed and comprehensive review.

60 Social Services Directorate: Internal Control Environment 2022/23.

David Howes, Director of Social Services presented a report which provided the annual review of the (Directorate) control environment, including risk management, in place to ensure: functions are exercised effectively; there was economic, efficient and effective use of resources, and; effective governance to secure these arrangements.

The Director of Social Services provided a broad break down of the Portfolio under the following areas:

- Risk Management and Business Continuity.
- Performance Management and Key Performance Indicators.
- Planning and Decision Making.
- Budget and Resources Management.
- Fraud and Financial Impropriety.
- Compliance with Policies, Rules and Regulatory Requirements.
- Programme and Project Assurance.
- Internal Controls.
- Data Security.
- Partnership / Collaboration Governance.

He emphasised the continued impact of Covid upon the most vulnerable in society, the workforce and the Social Services Directorate. He also highlighted the workforce pressures within the Directorate, particularly with regard to domiciliary care.

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

- The excellent detail contained within the report.
- Processes currently in place to manage finances.
- Capacity and resilience of the workforce with regards to domiciliary care, the ongoing recruitment problems and the need for jobs in this area to be better paid in order for the jobs to be attractive.
- Processes in place to address social worker vacancies.
- Deep concern regarding staffing issues which were a national problem and the close monitoring of services by Scrutiny.
- Control measures in place to reduce persistent risks.
- Internal Audit providing business risk assurances regarding ID 221 – Availability of Domiciliary Care.
- Explanation regarding moderate report on Western Bay Adoption Services to be provided by Officers at the next meeting.

The Chair noted the positive report provided by Care Inspectorate Wales. She also requested that the Quarter 3 Risk report included the directorate level risks for Social Services in order to provide the Committee with assurance.

The Director of Social Services was thanked for a detailed and comprehensive review.

61 Governance & Audit Committee Action Tracker Report.

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

62 Governance & Audit Committee Work Plan 2022/23.

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

The Chair confirmed that the Annual Review of Performance would be reported to the Committee in December.

She referred to the CIPFA new guidance model and added that she had asked the Chief Legal Officer to look at the Committee's terms of reference to see if changes were required. She would additionally ask the Chief Auditor to examine a CIPFA questionnaire which would allow the Committee to examine its effectiveness.

The meeting ended at 3.57 pm

Chair