Report of the Interim Director of Corporate Services

Governance & Audit Committee – 12 April 2023

Corporate Services Directorate: Internal Control Environment 2022/23

Purpose:	The report presents Corporate Services' control environment, including risk management, in place to ensure functions are exercised effectively; there is economic, efficient and effective use of resources, and; effective governance to secure these arrangements.
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For Information	

1. Background and Key Points

1.1 Corporate Services leads on ensuring the Council fulfils all of its statutory duties and exercises its functions effectively, using its resources well and governs itself properly by working in line with the requirements set out in the Well-being of Future Generations Act (Wales) Act 2015. Corporate services works to support services across the Council and plays a key role in leading on the Council's Corporate transformation plan. It provides a community leadership role through partnership working and promotes local democracy.

1.2 Corporate Services leads on, as well as participates in many of the common control processes. This includes:

- corporate planning and review;
- performance measurement and management;
- risk identification and management;
- the development and maintenance of all HR policies;
- information governance;

- data security;
- external audit liaison;
- scrutiny.

1.3   The assurance framework includes the following key elements:

- Clear strategies, objectives and linkages with:
    - Corporate and other statutory plans.
    - Business planning/operational plans.
- Robust risk management through:
    - Mapping, monitoring, mitigation and escalation of risks.
- Tight internal controls consistent with:
    - Scheme of delegation.
    - Standing Orders/Financial Regulations.
    - Performance and Financial Monitoring (PFM).
- Reassurance through:
    - Audit.
    - Scrutiny.

1.4   Key aspects of Corporate Services' arrangements include:

- Cabinet Member briefing.
- Performance management and budget monitoring (PFM).
- Performance appraisals.
- A robust internal control framework with:
    - Clear roles and responsibilities.
    - Clear and effective authorisation processes.
    - Robust and complete policies and procedures.
    - Robust monitoring, reporting and reviewing arrangements.
    - Timely identification and mitigation of control weaknesses.
    - Staff awareness of procedural rules.
    - Promotion of an anti-fraud culture.

2.   Risk Management and Business Continuity

2.1   All relevant risks, are identified, evaluated, responded to, recorded, escalated, controlled, and monitored and reported in a timely manner and in line with the Council's approved Risk Management Policy and Framework.

2.2   Risks within Corporate Services are identified and managed at appropriate levels (corporate, directorate, service, programme/project), and as far as possible mitigated, as part of the service review and planning cycle processes and ongoing self-evaluation. Monitoring is conducted through the Directorate performance management and reporting mechanisms at each monthly DMT/PFM meeting and escalates/de-escalates risks to and from the corporate risk register.

2.3   Programme and project level risks associated with Human Rights City programme, the Oracle Fusion project, the Digital Transformation programme,

the Workforce and OD Transformation programme, the Hybrid meetings project and the Conducting Elections project are managed in line with corporate requirements.

2.4   The corporate online system is used for documenting and managing risks and all risks are evaluated and RAG rated (based on likelihood and impact) and updated at the end of each month. The risk management process is reported to the Governance and Audit Committee regularly.

2.5   Integrated Impact Assessments (IIAs) are required for decision making, e.g. at Cabinet (the executive level). If we identify a policy, change or review that requires a decision then an IIA must be completed at the inception stage

2.6   Areas of greatest assessed risk at a directorate level currently include:

- ICT disaster recovery arrangements - ensuring arrangements are in place in the event of a disaster.
- Guildhall data centre - confirming and completing the Guildhall Data Centre refurbishment procurement route to deadlines, ensuring that the Community Hub and Civic Centre Relocation and IT infrastructure are delivered.

3.   Performance Management / KPI's

3.1   Corporate Services has a set of high-level strategic priorities that are reviewed on an annual basis. In addition, the Directorate has six overarching Service Plans, one per Head of Service, updated annually at the end of each financial year in line with corporate planning requirements. Priorities identified in the Corporate Plan 2022-2023 Corporate plan - Swansea are reflected in, addressed and delivered through Corporate Services Strategic Priorities, Service Plans and Team Plans.

3.2   KPI and benchmarking data are collected for all key areas of service delivery and for corporate priorities and are used to measure and report performance and to drive improvement actions.

3.3   As well as the corporate requirement to hold monthly PFM meetings, Corporate Services have monthly Directorate Management Team meetings which are used to monitor and report the impact of service delivery.

3.4   The Interim Director and Heads of Service all have clear personal objectives for 2022-23 which are monitored monthly at 121 meetings. Individual performance in monitored and managed though supervision, 121 meetings and the personal appraisal system and staff are clear as to their objectives and training and development needs. This includes reviewing progress of the previous year's objectives, and development plans and objectives are set based on their Team Plans' objectives for the coming year. Reviews of progress are conducted as part of the monthly one-to-one meeting between managers and their direct reports. All new Directorate staff have undertaken induction training.

3.5   Managers and team leaders hold regular meetings with their teams, where progress against key priorities and targets are discussed and staff are given the opportunity to raise risks and issues and hear wider directorate and corporate communications. All staff have regular one-to-one meetings with their managers/team leaders for performance monitoring and pastoral support.

3.6   The 'Goals and Performance' module of Oracle Fusion will be live for usage from April 2023 and all staff will be able to record their performance objectives and personal development objectives online, with details of their regular performance check-ins being recorded and the ability to hold an annual appraisal at the end of 2023/24. All network users with an ESS account will have access to this functionality and be expected to utilise it in order to hold organisational data on performance.

4.   Planning and Decision Making

4.1   Corporate Services have robust monitoring and management structures, processes and practices in place, to appropriately review delivery against planned targets and outcomes, and to monitor and manage all aspects of financial, performance and service delivery risk.

4.2   Corporate Services have worked effectively and sustainably to deliver the Corporate Plan. The Directorate leads on the development, review and monitoring of the Council's Corporate Plan. Progress is assessed through a self-reflection tool and other evidence and reported each year to Council in the annual well-being and self-assessment report, the Annual Review of Performance. Corporate level KPIs are established to help measure progress meeting the Councils well-being objectives, which are reported through quarterly and annual performance monitoring reports. The performance monitoring reports are considered at Corporate Management Team and by the public through Cabinet and Service Improvement & Finance Scrutiny Panel. The performance monitoring reports form part of the evidence used to produce the Annual Review of Performance. Internal Audit undertook a review of the Council's corporate performance management arrangements in 2021/22 and concluded that the arrangements provide a high level of assurance.

4.3   The Directorate's Service Plans also clearly outline how it has worked sustainably and achieving corporate priorities and objectives and managing associated risks. Last year, Corporate Services focused on delivering key commitments in the Corporate Plan 2022-23 including activity which focused on:
Transformation, involvement in Local Democracy, Equality & Human Rights, Workforce Development, the implementation of the Digital First strategy, Partnership working and Community Involvement.

5. Budget and Resources Management

5.1 Throughout Corporate Services, there are robust mechanisms in place to deliver the budget with strong and effective budget monitoring and control including monthly meetings between the Principal Accountant and Heads of Service, monthly meetings between Heads of Service and delegated budget managers, a review of the directorate's financial position and forecast outturn at DMT / PFM,121 meetings between Interim Director Corporate Services and Heads of Service where in-year budget monitoring is a standard agenda item and 121s with managers to review budgets; budget update is a standing item on DMT agenda.

5.2 In line with corporate requirements, Corporate Services hold Performance and Financial Management meetings (PFM). This group monitors the progress of and addresses any issues:

- Team Improvement Plans, objectives and targets.
- Key performance indicators (KPIs).
- Corporate, directorate and service risks.
- Capital and revenue budgets.
- Freedom of Information Act (FOI) requests; Subject Access Requests (SAR) and complaints.
- Directorate's sickness levels.
- Cases of fraud.
- Headcount reductions.
- Procurement and financial controls.
- Preparations for, and actions arising from, local authority inspections/regulatory activity.

6. Fraud and Financial Impropriety

6.1 Corporate Services' functions, partnerships, and collaborations have robust controls in place to prevent and promptly detect fraud, bribery, and corruption, and all frauds and suspected financial irregularities are referred to the Head of Finance, Internal Audit and Corporate Fraud Team in accordance with FPR 12. The Council has a corporate fraud policy in place and available to all staff through StaffNet.

6.2 Service level arrangements are in place within the directorate to prevent and promptly detect fraud, bribery and corruption. Within Digital and Customer Services there is a separation of duties and controls which are audited as part of statement of accounts by Audit Wales. Customer Services follow policies and procedures with regards to the handling of cash. Within HR and the Service Centre, a whistleblowing policy has been developed which advises employees and managers on how to safely report any concerns relating to fraud, bribery and corruption. Within Legal & Democratic Services a conflict check is undertaken when legal officers open files and a robust process is in place for declaring Interests for both Members & Officers within 28 days of any change.

6.3   During 2022-23, there were no instances of fraud, bribery and corruption detected within/by the Directorate.

6.4   The assurance framework and robust internal controls set out in this report provide a solid foundation for the continuing promotion of an anti-fraud culture within the Corporate Services and for any matters of concern to be identified and confidently raised by staff.

7.   Compliance with Policies, Rules and Regulatory Requirements

7.1   The Directorate oversees the relationship with Audit Wales and ensures all Audit Wales reports are appropriately shared across the Council. Arrangements are in place to monitor the Council's response to relevant audit reports – coordinated between Scrutiny and Governance & Audit Committees.

7.2   A shared 'Regulators' email inbox has been set up to receive Audit Wales project briefs and finished reports. Access to the inbox has been arranged for the Chair of Scrutiny Programme Committee, Director of Finance, Director of Corporate Services, Scrutiny Team Leader, Chief Internal Auditor and Strategic Delivery & Performance Manager. The Chair of the Governance & Audit Committee is also copied into all emails. The inbox allows all stakeholders to have visibility on Audit Wales planned and completed audits and to receive assurance that they will be responded to and considered appropriately through the Councils scrutiny and governance arrangements.

7.3   The Directorate is responsible for the development and maintenance of all HR policies, information governance within the Council, complaints and internal audit. HR monitors compliance with mandatory performance requirements, which was added to the corporate risk register during 2022-23. The new ORACLE system will provide management information on compliance with HR policies and mandatory training.

7.4   Corporate Services have robust arrangements in place to promptly identify and address all areas of non-compliance e.g., training, work instructions, systems development and the application of HR policies. Heads of Service are responsible for ensuring the employees in their services have appropriate training and work instructions. Individual performance is monitored and managed though supervision, 121 meetings and the personal appraisal system.

7.5   DMT/PFM meets monthly and any compliance requirements which affect the whole Directorate are raised at these meetings e.g., hospitality register; budget monitoring; health and safety; risk management. There were no areas of non-compliance identified in 2022-23.

8.   Programme and Project Assurance

8.1   All programmes and projects led by Corporate Services are managed using robust project and programme management methodology and in accordance

with corporate guidelines and procedural rules with appropriate highlighting of potential risks/breach.

8.2   The Digital Transformation programme, the Workforce and OD Transformation programme and the Transformation Delivery Board have clear terms of reference. Structured programme and project management Methodology is applied for large scale or high-risk projects within the Digital Transformation programme, which includes the production of Highlight reports with risks, issues, interdependencies, the tracking of benefits realisation and escalation to CMT and Cabinet where appropriate.

9.   Internal Controls

9.1   Key elements of the internal control framework include:

- Clear roles and responsibilities.
- Clear and effective authorisation processes.
- Robust and complete policies and procedures.
- Robust monitoring, reporting and review arrangements.
- Timely identification and mitigation of control weaknesses.
- Staff awareness of procedural rules.
- Promotion of an anti-fraud culture.

9.2   Internal controls compliance is assured through:

- Performance and Budget Monitoring and robust action, reporting and escalation.
- Internal Audit Assurance.
- Senior Management Assurance Statements.
- Risk Management/Data Security.
- Programme/Project Assurance.

10.   Data Security

10.1   Corporate Services manage high levels of personal information, and statutory requirements are such that this information needs to be routinely used to inform reports, assessments and plans. The consequences of any inadvertent data breach are always serious. Corporate Services report any data breach immediately to the IGU and implement any recommendations made by the Data Breach Panel.

10.2   The processes for monitoring and reporting breaches are well established across the Directorate, as are the processes for learning from any such breach. Officers collaborate closely with the Council's Data Protection Officer to ensure that any lessons learned from breaches anywhere in the Council and beyond are used to continually improve our processes. There is a breach panel every Thursday morning. If breaches are considered high risk an extra breach panel is convened as soon as possible.

10.3   Arrangements are in place and monitored at PFM and officers are appropriately trained and reminded of the importance of agreed procedures. Between April 2022 to February 2023, Corporate Services had 8 minor breaches (7 from HR/Service Centre and 1 from Complaints). There were no self-reported breaches to the ICO. All recommendations completed and closed.

11.   Partnership / Collaboration Governance

11.1   Corporate Services lead on the coordination of the Swansea Public Services Board. The PSB is established as a Joint Committee under the Well-being of Future Generations (Wales) Act 2015. The purpose of the Board is to improve the economic, social, environmental, and cultural well-being of Swansea. The Board is required to prepare and publish an assessment of economic, social, environmental and cultural well-being in Swansea, prepare and publish a Local Well-being Plan and prepare and publish an annual report.

11.2   Statutory membership of the Board includes the City and County of Swansea, Swansea Bay University Health Board, Mid and West Wales Fire and Rescue Service and Natural Resources Wales. Invited participants include Welsh Ministers, the Chief Constable of South Wales Police, the South Wales Police and Crime Commissioner, a Probation services representative, a representative of voluntary organisations and any other persons who the Board may be required to invite under regulations made by Welsh Ministers.

11.3   The Council provides an administrative role supporting statutory members of the Public Services Board to discharge their legal responsibilities. The majority of work carried out by the PSB is carried out within the existing budgets of the statutory partners and subject to individual organisation's arrangements.

11.4   Swansea's PSB joint committee met 4 times during 2022-23. It produced an Assessment of Local Well-being, a Local Well-Being Plan and an Annual report for 2021-22 during the same time period. The Council's Scrutiny Programme Committee is the designated Council Committee for Scrutiny of the PSB and was subject to scrutiny twice during 2022-23. Information on the governance and assurance arrangements of Swansea's strategic partnerships, which includes the PSB, is also considered on an annual basis by the Council's Governance and Audit Committee.

11.5   Corporate Services officers support the PSB to ensure that the governance of the PSB is guided by the principles contained in the Council's Local Code of Corporate Governance.

12.   Integrated Impact Assessment Implications

12.1   The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socioeconomic disadvantage.
- Consider opportunities for people to use the Welsh language. Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

12.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the social, economic, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

12.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

12.4 An IIA Screening has been completed (Appendix C). This is a 'for information' report on the internal control environment in Corporate Services. There are no specific equality issues relating to this report and no direct impact on people or communities, so there is no need to complete a full IIA report.

13. Legal Implications

13.1 There are no legal implications.

14. Financial Implications

14.1 There are no financial implications.

Background papers: None

Appendices:
Appendix A   Corporate Services – Corporate & Directorate risks @ 24/03/23.
Appendix B   Corporate Services – Assurance Map.
Appendix C   IIA Screening Form.