



City and County of Swansea

Minutes of the **Governance & Audit Committee**

Multi-Location Meeting - Gloucester Room, Guildhall / MS

Teams

Wednesday, 19 July 2023 at 2.30 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)

A J Jeffery
S Pritchard

Lay Member(s)

Julie Davies

David Roberts

Also Present

Councillor A S Lewis

Cabinet Member for Service Transformation

Officer(s)

Ness Young
Kelly Small
Debbie Smith
Huw Evans
Nick Davies
Jonathon Rogers
Jeremy Parkhouse

Director of Corporate Services
Head of Education Planning & Resources Service
Deputy Chief Legal Officer
Head of Democratic Services
Principal Auditor
Corporate Fraud Team Investigator
Democratic Services Officer

Also Present

Non Jenkins

Audit Wales

Apologies for Absence

Councillor J W Jones, Gordon Anderson and Gillian Gillet

14 Phil Sharman.

The Chair referred to the recent resignation of Phil Sharman as a Lay Member of the Governance and Audit Committee. She thanked him for his work as a Lay Member and on behalf of the Committee, wished him well for the future.

15 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, S Pritchard, L V Walton and T M White declared personal interests in Minute No.17 – Annual Report of School Audits 2022-23.

16 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. 9 – Internal Audit Recommendation Follow-Up Report – Quarter 4 2022/23 – amend paragraph 3 to: -

‘The Committee queried the recommendation tracking of the Food & Safety Division, namely the disposal of electronic records being disposed of in accordance with the Council’s retention policy (LR Rec). The Chief Auditor confirmed that he would add that aspect of the audit to the audit of the review of Application Controls – CX System (Flare Replacement), which is in the Audit Plan’.

17 Annual Complaints Report - Six Month Update.

Ness Young, Director of Corporate Services presented a ‘for information’ report which provided assurance on the complaints handling process and a six-month update covering 1 April 2022 to 30 September 2022. The Annual Complaints Report for 2021-22 was presented to the Committee on 11 January 2023.

It was confirmed that the Annual Complaints Report 2022-23 would be presented as soon as the Ombudsman’s Annual Letter is received.

It was added that the Council attended the Public Services Ombudsman Wales (PSOW) annual sounding board meeting in March 2023 and met with the Ombudsman to discuss their new strategic plan. The PSOW uses the sounding board sessions to gather feedback from public bodies and then adapts or changes ways of working.

Appendix A provided the key performance indicators for the first six months of 2022-23 relating to both Corporate and Social Services complaints.

The Chair commented that she had discussed the report with the Director of Corporate Services and they had agreed that the format and content of the report would be amended to include more detail, similar to another local authority in Wales. This would enhance the information provided to the Committee and provide more assurance.

The Committee discussed the following: -

- Providing KPI targets / trends in future reports to allow the Committee to observe performance levels. It was explained that more detail would be provided in the full report which will be produced following the Annual Letter from the Ombudsman.
- Outlining the differences between stage 1 and stage 2 complaints in future reports.

- Confirmation that complaints relating to the Ironman event were highways related.
- Social Services outcomes / lessons learnt and the processes of feedback / debrief / training within the department. The processes followed within the department were explained, particularly through monthly meetings which looked at quality assurance and themes within complaints.
- Expenditure and the potential all Wales approach in procuring Social Services investigators.

Councillor Andrea Lewis, Cabinet Member for Service Transformation commented upon the report, giving the figures context, particularly the figures in respect of Housing Repairs and the reasons for the rise, which was mostly due to clearing the Covid backlog of internal repairs and the transfer from the old Orchard repair system to the new Oracle Field Services.

The Director of Corporate Services would liaise with Sarah Lackenby, Head of Head of Digital and Customer Services regarding the actions / changes required.

18 Annual Report of School Audits 2022-23.

Nick Davies, Principal Auditor and Kelly Small, Head of Education Planning and Resources presented a 'for information' report which provided a summary of the school audits undertaken by the Internal Audit Section during 2022-23 and identified some common issues found during the audits.

It was outlined that an audit of each primary, secondary and special school in Swansea was undertaken every 3 years. A standard audit programme existed for each school sector.

For a number of years, a report summarising the school audits undertaken each year had been prepared for the Director of Education and Governance & Audit Committee. The report also identified the common themes which had been found during the audits.

The School Audits Annual Report 2022-2023 was attached at Appendix A.

It was explained that during the year the 'thematic' review approach for schools provided assurance across the following topics. Testing covered the key risk areas of procurement, head teachers remuneration and compliance with HMRC requirements regarding the employment status of individuals in primary schools. Secondary and special schools were also included in both head teacher and business manager remuneration reviews.

It was added that all planned thematic reviews across the primary schools that were scheduled to be included in the rolling programme were completed. Two planned thematic reviews for the secondary and special schools were also completed along with individual reviews of four secondary schools during the year.

The Chair stated that she was pleased that risk management arrangements within schools were being addressed and Education Officers were working to bridge the gap. She requested that this area be tested in future and embedded into practices.

The Committee discussed the following: -

- Service level agreements and the feeling within schools that they were not getting value for money and the improvements being addressed by the Council going forward.
- The importance of ensuring that schools were following correct procurement processes.
- The Director of Education addressing procurement issues in her annual report to the Committee in September 2023.
- Repeat findings being reported, how long they had been outstanding and how many there were across the Council in general. Repeat findings not being actioned by departments.
- Risk assessments being undertaken in schools, particularly their effectiveness and potentially introducing a centrally based risk assessment. The work within the directorate to address risk. It was proposed that the Chief Auditor considers undertaking an audit of this in the current year and also considers undertaking an audit of Risk Management in schools in the current year.
- Discussions within the Education Directorate regarding risk, the common themes found and schools possibly introducing a risk register policy.
- The risk exposure to the Council regarding employment / HMRC issues and the need for a follow-up audit to be undertaken as quickly as possible.
- Training being provided to schools regarding IR 35 position and including this within the annual report of the Director of Education.

The Officers were thanked by the Chair and Committee for the report and responses.

19 Internal Audit Section - Fraud Function Annual Report for 2022/2023.

Jonathan Rogers, Corporate Fraud Team Manager presented a 'for information' summary of the work completed by the Fraud Function of Internal Audit in 2022/23.

The report provided a summary of the activities of the Fraud Function for 2022/2023, the value of the function, deterrent value, strengthening procedures, workforce relationships, outcomes with financial implications, staff structure and an overview of activities.

The volume of reports received by the team during 2022/23 decreased, details of which were shown in the appropriate tables within the report. However, it was noted that the figure was still far higher in relation to comparable pre-Covid data and reflected the heightened awareness and visible profile of the team as the repository for external and internal allegations relating to the Councils functions.

The key activities in 2022/23 covered the following areas of work: -

- Joint work with Department of Work & Pensions' (DWP) Counter Fraud, Compliance and Debt Service.
- National Fraud Initiative 2020.
- Fraud Awareness.
- Inter-Agency work and Data Exchange.
- Employee related investigations.
- Review of outcomes against the Fraud Function Plan for 2022/2023.

The Review of outcomes against the Fraud Function Plan for 2022/23 reported that there were no days lost to sickness, of the eight planned Fraud Function activities, seven were fully achieved with one being partly achieved. Appendix 1 provided details of these activities.

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

- Employee, agency staff and contractor investigations.
- Tackling housing succession claim fraud.
- The increase in posts from 2 to 3 within the section.
- Reasons for closure being provided in future reports.
- Case status as at 31 March 2023.
- Limited networking opportunities in Wales.
- Improving the management system available and looking for solutions at other public sector organisations.
- Blue badge / pension fraud and showing examples of cases studies in future training sessions.

The Corporate Fraud Manager stated that he would provide responses regarding / action the following: -

- Agency staff / contractor investigations.
- Housing Options advice regarding housing succession fraud.
- Provide reasons for closure in future reports.
- Provide examples of cases studies in future training sessions.

The Chair thanked the Officer for providing the report.

20 Internal Audit Section - Fraud Function Anti-Fraud Plan for 2023/2024.

The Corporate Fraud Team Manager presented a report which outlined the planned areas of activity for the Internal Audit Section's Fraud Function for 2023/24 and was designed to provide a strategic view of the areas that would be subject to examination.

The report highlighted the Council's obligation to and the principles to tackling fraud. The Anti-Fraud Plan (AFP) represented the broad areas that would be covered and sets out to provide a balance between proactive and reactive counter fraud activity. It covered the activities of the Council that the Director of Finance and S151 Officer and the Chief Auditor considered to be the most likely to be subjected to fraud in

some form, either from within the organisation or from external sources. It was hoped that there would be an increase in proactive activity when the planned expansion of resources had become embedded.

It was outlined that the AFP aimed to build on activities and outcomes identified, and also aimed to focus on 'high risk' areas where the most significant losses could occur. Additionally, the AFP for 2023/2024 would continue to incorporate those work streams directly attributable to or supported by the Fraud Function. The report also detailed the measuring the value of the fraud function and focussing fraud function resources.

The aim of the Plan was to demonstrate the Council's ongoing commitment to tackle fraud, promote the highest levels of integrity, minimise the potential for reputational damage, and ensure transparency by 'being seen to be getting its own house in order'.

The Chair commented upon the increase to resources which was a very positive move and hoped that this could be increased further in the future.

Resolved that the Anti-Fraud Plan for 2023/24 as provided at Appendix 3, be approved.

21 Audit Wales - Work Programme & Timetable - City & County of Swansea.

Non Jenkins, 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 June 2022
- Audit Wales National Reports and Other Outputs Due to be Published (and other work in progress / planned)
- Good Practice Exchange Resources
- Recent Audit Wales Blogs

It was also confirmed that Audit Wales were actively recruiting in order to alleviate work pressures.

The Chair thanked the Audit Wales representative for her report.

22 Governance & Audit Committee Action Tracker Report.

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

The Chair referred to the following: -

- Minute No.6 – 14 June 2023 – Fleet Maintenance Audit Report 2022/23

The Committee has asked that the service area to provide details of the number of electric vehicles in the fleet and to evaluate the savings in any shape or form.

Mark Barrow, Fleet Manager had responded and circulated the details as requested. It was also confirmed that there were no financial savings due to the vehicles being so expensive. However, the environmental savings of the vehicles was recognised.

The Chair also asked for the total mileage for each of the vehicles to make sure the vehicles are being used to achieve the best benefits to the environment and to the financial position of the Council. The additional information requested is still awaited.

The Committee commented upon the following: -

- Having details of the number of vehicles and the shift to electric vehicles, whilst recognising the capital cost / depreciation.
- Looking at the details of fuel efficiencies, carbon off-setting and the affect upon maintenance of the electric vehicles, which require less maintenance.
- Having more overall detail in the response regarding the electric vehicles, about the efficiencies of individual vehicles, not just the costs.
- The importance of receiving the information for the environmental aspect in addition to the value for money and efficiency etc.
- Introducing incentives for the drivers of these vehicles to save on maintenance / operational costs.
- Internal Audit including another review of Fleet Maintenance within the audit programme and including the comments of the Committee in aspects of that review.
- The need to recognise the reason why the Council buys electric vehicles and the importance of the environmental aspects, which may not include a quantifiable financial saving.
- Receiving details of the carbon off-setting per vehicle / of the whole fleet.

The Chair requested that details of the discussion be fed back to the Chief Auditor and Fleet Manager.

23 Governance & Audit Committee Work Plan.

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

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Cont'd

It was noted that there were a number of items scheduled for the next meeting on 13 September 2023 and that some items such as the Statement of Accounts and Audit Wales – Audit of Accounts Report – City & County of Swansea were liable to change.

The meeting ended at 4.00 pm

Chair