

GOVERNANCE AND AUDIT COMMITTEE

(Via Microsoft Teams)

Members Present: **24 June 2021**

Chairperson: Councillor J.D.Morgan

Vice Chairperson: Councillor L.M.Purcell

Councillors: S.E.Freeguard, J.Miller, R.Mizen, S.Renkes,
A.J.Richards, R.L.Taylor, R.W.Wood and
A.N.Woolcock

Officers In Attendance: K.Jones, C.Griffiths, H.Jones, A.O'Donnell,
D.Mulligan, S.M.Davies and N.Headon

Representing Audit Wales: G.Gillett

Voting Lay Member: J.Jenkins

Invitees: Mr. R.Alcott and Mr. J.Straw (Independent Reviewers)

1. **CHAIR ANNOUNCEMENTS**

The Chair thanked the external independent reviewers and Officers for their work in bringing reports back to Governance and Audit Committee.

2. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

3. **INDEPENDENT, EXTERNAL ASSURANCE REPORTS - ACTION PLAN TO RESPOND TO THE FINDINGS AND RECOMMENDATIONS - CHIEF EXECUTIVE INTRODUCTION**

The Chief Executive explained she had spoken to Audit Committee on the 15 March 2021 to draw the Committee's attention to an edited version of an audio tape which had been released on social media

featuring the former Leader of the Council. The Committee had been advised at that time it was important that the Council commissioned additional assurance work from external independent reviewers, which were Mr Rod Alcott a former Senior Manager with Wales Audit Office supported by Mr Jack Straw former Chief Executive of the City and County of Swansea.

It was noted that Audit Committee received the Terms of Reference that were set out in the review on the 15 March 2021, and the Committee was considering today the full and final reports that had been received from the independent reviewers.

The Chief Executive went onto explain that the review and Action Plan to respond to the findings and recommendations that had been made would be presented at today's Governance and Audit Committee. Due to the way the evidence in the full report had been presented, where it was possible to identify individual people, the evidence that was within the full reports would be considered in the private section of the Committee. In order to make the process as open and transparent as possible the full findings and recommendations had been extracted from the reports that external reviewers had produced and they would be presented in the open part of the papers, the action plan would directly address that information.

The Chief Executive highlighted that today's Committee were not dealing with the conduct of individual people, the review undertaken was regarding the processes and systems of governance, how we make decisions within the capital programme, the processes around the way we bring school reorganisation proposals forward and the protocol that governs the relationship between Members and Officers.

Members were happy to proceed with the meeting in private session.

4. **ACCESS TO MEETINGS**

RESOLVED: That pursuant to Section 100A(4) and (5) of the Local Government Act 1972, the public be excluded for the following items of business which involved the likely disclosure of exempt information as defined in Paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the above Act.

5. **ANNEX 1 - PRIVATE REPORT OF EXTERNAL INDEPENDENT REVIEWERS**

The Committee received Annex 1 - Private Report of the External Independent Reviewers.

6. **INDEPENDENT, EXTERNAL ASSURANCE REPORTS - ACTION PLAN TO RESPOND TO THE FINDINGS AND RECOMMENDATIONS - CHIEF EXECUTIVE FINDINGS, RECOMMENDATIONS AND PRESENTATION OF ACTION PLAN**

Rod Alcott, external reviewer gave an overview of the conclusion and findings of the circulated report, and explained that he and Jack Straw were tasked with investigating the Council's governance arrangements that were operating at the time and not conduct issues.

It was explained that there were there governance processes in place across the three reports which included School Reorganisation, Allt y Grug Cemetery and Cefn Coed Museum. The findings were that there were governance process in place and they were followed.

Rod Alcott went onto explain that across all three areas there were some flaws in the processes which were highlighted in the circulated reports. These flaws had been addressed in a series of recommendations attached to each report. In summary, flaws were found but not failures in governance terms, and the flaws found in the governance systems and process could be addressed. It was explained that based on extensive experience across Councils in Wales finding flaws in governance processes when you undertook reviews was not unexpected. If there was a theme to what was uncovered in terms of flaws it was around the recording of decision making, as good governance required the decisions to be recorded. If there was no documentary evidence then it was not transparent. It was highlighted that it was important that the Council learnt from this and addressed the issues through transparency of the recording of decisions.

The Chief Executive gave Members an overview of the Action Plan and recommendations as detailed in the circulated report.

Allt Y Grug Cemetery and the Highways and Engineering Works Programme

It was explained that the Director of Finance and Corporate Services would revise the decision making processes around the Council's Capital Works Programmes so it would be clearer how the Council prioritises schemes and that would be regularly tested by the Internal Audit Service. This would mean the Governance and Audit Committee would be able to take a regular assurance that the Council was operating in accordance with the revised process that the Director of Finance and Corporate Services would be developing by the 30 September 2021.

It was noted that the role of the Capital Programme Steering Group (CPSG) would be documented in Terms of Reference. These had been drafted and would come forward to the Corporate Directors' Group (CDG) for consideration and sign off. The points made by the reviewers regarding recording decisions appropriately were incorporated. It was highlighted that the CPSG did have notes of its meetings but did not have a comprehensive minute which set out what information had been considered at the meeting and the actions that had been agreed. It would be made clear in the new Terms of Reference that a fuller minute of those meetings was required and the CPSG would need to report to CDG regularly.

It was highlighted that the Report and all documentation would be forwarded to the Public Services Ombudsman and the Auditor General.

School Reorganisation

Action had already been taken around recording of meetings. The Terms of Reference for the Cabinet Members' Briefing meetings would be refreshed. The terms of reference had not yet been presented to the meeting as yet but is scheduled in the next couple of weeks. Refresher training for all Members and Officers would be put in place to ensure everyone was clear of their roles and responsibilities.

The Chief Executive explained that in relation to Godre'rgrai the options appraisal around the risk of the spoil around the back of Godre'rgrai not having been done at the time this review was commissioned had been addressed. There had been a report to the Streetscene and Engineering Cabinet Board on 21st May where the

Council commissioned specialist Civil Engineering advice on those options and once that report had been received it would go back to the Streetscene and Engineering Cabinet Board for a decision to be taken on what the next course of action would be in relation to that site.

Cefn Coed Museum

Cabinet had already been provided by a full position statement to ensure there was no confusion about what had happened to the Welsh Government Grant for the Cefn Coed Museum. There had been lengthy scrutiny of the report and the local member had participated in the meeting. A Steering Group had now been set up under the Chairmanship of the Director of Education, Leisure and Lifelong Learning to look at further options that could be brought forward in respect of Cefn Coed Museum.

The Chief Executive emphasised that in all three cases the documentation produced by the external reviewers had been shared with the Public Services Ombudsman and the Auditor General.

The Chief Executive explained that the external reviewers had also been asked to look at Member and Officer relationships. Refresher training had been arranged, funded by the Welsh Local Government Association to ensure the Member-Officer protocol is clearly understood and applied in practice. Members noted that the Auditor General had suggested that the Internal Audit Service make provision within their Internal Audit Programme to test the new arrangements that had been put in place once they had bedded in. The Chief Executive highlighted that there would be a Progress Report on how these actions had progressed and the testing done by the Internal Audit Service would come back to Governance and Audit Committee for assurance purposes.

Members questioned how the audit process would test procedures. The Chief Executive explained that the Council's Internal Audit Service would have an input into the way in which we were proposing to change the current arrangements, so they could comment, challenge and test the changes before putting them in place. Audit Wales colleagues would also be asked to comment on the changes we are proposing to make before implementation. It was noted that after changes had some time to bed in they would take a number of transactions and test them against the processes to check the Council were working in accordance with the processes that had

been designed. A report would be developed which would show the findings and whether there were any further recommendations that needed to be made. This would be expressed in the reports at Governance and Audit Committee.

The Audit Manager explained that audit would be involved in reviewing the new protocols going forward and challenging them as they needed to be measurable. The Audit Manager would attend CPSPG meetings as an observer to issue any guidance and recommendations from an audit perspective and follow up reports would be issued, therefore it would be a combination of reviewing the documentation, attending the meetings, issuing reports and recommendations, this would be a rolling programme.

The Chair thanked the external reviewers for their reports and presenting at today's committee and also thanked the Chief Executive and the external reviewers for their work.

RESOLVED:

1. That the reports provided by the external reviewers, be noted.
2. That the action plan that has been developed to respond to the findings and recommendations presented in the review reports, be noted.
2. That the Internal Audit Service will be asked to include provision within the forward audit programme to periodically test how the changes described in the action plan are being implemented and to support the Governance and Audit Committee in monitoring the progress being made, be noted.

7. **ADJOURNMENT OF MEETING**

Short adjournment of the meeting.

8. **MINUTES OF PREVIOUS MEETING**

RESOLVED: That the minutes of the meetings held on 23 April 2021, be approved.

9. **CLOSURE OF ACCOUNTS 2020/2021**

Members questioned how much do we owe as a Council. Officers agreed to circulate a comprehensive response to all Members after the meeting.

RESOLVED: That the Council's Draft (unaudited) Statement of Accounts for 2020/2021, be noted.

10. **2020/21 INTERNAL AUDIT ANNUAL REPORT**

Officers explained that the Internal Audit Annual Report was in relation to last financial year. It was noted that Audit reported to committee in September 2020 that the focus of the internal audit work for the year would be on high risk areas and areas where controls may have changed as a result of homeworking. The Head of Internal Audit's annual opinion based on the overall coverage of internal audit work and considering other sources of assurance is that **reasonable assurance** can be given that there have been no major weaknesses noted in the relation to the internal control systems, governance arrangements and risk management processes operating within the Council.

RESOLVED: That the 2020/2021 Internal Audit Annual Report, be noted.

11. **INTERNAL AUDIT UPDATE REPORT**

Officers highlighted that Appendix 1 of the circulated report, School Based Staff DBS Check (R4) was an interim report, work had not yet been completed and was on-going. It was noted that in relation to the risk category it shown as N/A this signified not applicable, due to the interim nature of the report, and officers acknowledged that is was misleading and could have been interpreted as no assurance.

Officers went onto give an overview of what had happened to date and deadlines. Officers highlighted that they had been unable to visit schools due to Covid, therefore work had been carried out remotely. With reference to the DBS Check in schools, Schools utilise the Councils Human Resources (HR) Vision System but not the IDocs System which HR use, this meant that in order to confirm some elements of compliance with DBS guidance further documentary

evidence is required directly from the schools. It was noted that in relation to ninety-nine members of new staff it had not been possible confirm that the all elements of the DBS guidance had been followed and the schools had been contacted and asked to provide the documentary evidence required, consequently there was no assurance rating as yet. It was highlighted that the ninety-nine members of staff fell across forty-four different schools, each school had been contacted and given a deadline to respond and to date approximately 50% of schools had responded to the initial e-mails. On receipt of further responses a final report will be issued detailing the results of the testing based on all of the evidence available and with an assurance rating applied.

It was noted that any schools that had not responded would be contacted with a reminder e-mail next week, then further to that the schools would have a telephone call.

Members questioned if schools had not communicated with audit would an Officer visit the school over the school holidays. Officers explained that regarding school administrative staff working over summer, staff were on different contracts in different schools and admin staff were not always available during school holiday periods, but if schools had not responded officers could visit and to view their paperwork if admin staff were working in schools.

Members were pleased to see substantial assurance regarding the Covid Self Isolation Support Scheme that was specifically associated with Covid, they agreed that this had been well administered and thanked officers.

It was noted that all reports going forward would have the new assurance rating, and for consistency every report issued from the end of May had the new assurance rating applied. It was highlighted that the concept was the same it is just the wording had changed.

RESOLVED: That the Internal Audit Update Report undertaken since the last Audit Committee in April 2021, be noted.

12. **ACCESS TO MEETINGS**

RESOLVED: That pursuant to Section 100A(4) and (5) of the Local Government Act 1972, the public be excluded for the following items of business which involved the likely disclosure of exempt information as defined in Paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the above Act.

13. **PRIVATE INTERNAL AUDIT REPORT**

Members received an update on all audits undertaken since the Audit Committee meeting held during April 2021, which had a risk rating of 3, 4 or 5 applied and all special investigations, as detailed in the private circulated report.

RESOLVED: That the report be noted.

CHAIRPERSON