

# Minutes



## Governance and Audit Committee

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Date: 30 March 2023

Time: 5.00 pm

Present: Councillors R Mogford, J Jordan, S Cocks and J Harris  
Pamela Tasker (Governance Officers)

In Attendance:

Apologies: Councillors G Horton

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### 1 **Declarations of Interest**

None

### 2 **Minutes of the Last Meeting**

The Minutes of the last meeting were accepted subject to the following:

D Reed referred to grammar mistakes on pages 5 6 9 and 11.

Dr Barry referred to the actions table and mentioned that there was no form of tracking the actions from previous meetings. The Chair concurred and said that all rolling actions should be listed and ticked off as they were closed.

The Strategic Director, Transformation and Corporate advised that, actions were passed on to the relevant officers, although many of the items in the action table was recommendations rather than actions and would not necessarily provide an outcome or conclusion. This would however be looked into.

### 3 **Update on Compliments, Comments and Complaints Management Report 2022**

The Digital Services Manager introduced the report to the committee advising that this was an update on the report that was brought to Committee in September 2022. As this was an interim report a final updated version would be brought back to Committee in September 2023.

The Complaints Resolution Manager gave a summary of the update, advising that the policy had been revised and signed off by Cabinet.

Some of the improvements to the policy included simplification of the layout and reduction in size.

There was also clarification on the different processes followed between Corporate and Social Services.

In relation to corporate complaints, the timescales had been reduced from 12 months to six months, which was in line with other Local Authorities. The refusal criteria was also detailed as well as including performance monitoring details.

There were four workshops planned for delivery for staff across the Council, which would commence in May 2023.

In relation to 'My Council Services', the software used to record and monitor complaints, compliments and comments had seen an increase in comments, with over 4,000 received and upon analysis, this was in relation to requests for service. In light of this, two forms were created, one for refuse and the other for Wastesavers. This meant that requests went straight to the service area and not recorded as a comment, this had resulted in the comments being significantly reduced.

My Council Services software would be updated to reflect the new service area structures as well as in the annual report, including service area improvement brought about by compliments and complaints received.

In terms of consistency and standardisation of the complaints process, the policy provided a new uniformed approach in complaints handling and the Public Services Ombudsman for Wales was keen that the Council followed the two-step process, which was now firmly in place.

In relation to supporting and developing other service areas, the team had been working very closely to analyse compliments and complaints, recommendations of which had provided an insight into how services could be improved for residents.

In terms of reviewing the unacceptable actions by customer policy, this would need inclusion of other departments such as health and safety and customer services.

Finally, improving digital accessibility, under the digital strategy the team would be looking to support skills around digital inclusion for staff.

#### Committee Member Comments:

- Councillor Cocks considered that the report was thorough and useful and that it was good to see positive comments as well as complaints. Councillor Cocks found the Newport App useful, however referred to more marginalised people who did not have access to computers. Since the budget, there was a review in the ability of people contacting the Council by phone and the hours of availability. Mitigation measures appeared to make computers available for training people. How did this system accommodate those who did not have access to a computer or were unable to attend training sessions.

The Digital Services Manager advised that Digital Strategy made specific inclusion regarding digital skills. People could also make a complaint by phone which was a valid way of complaining and it did not have to be provided in writing. In terms of the channel shift, this brought a wider debate for the organisation however access would be provided through numerous channels.

- The Chair agreed that this was a good report with progress being made and asked to pass on thanks to the team. The issue was training and ensuring that the citizens panel was fully aware of how to raise a complaint. The advocates of representatives for people were councillors, therefore if people did have complaints, they could contact their local

councillor. It was about making every avenue possible for the people of Newport to make complaints, compliments and comments.

Secondly, the six-month report was presented and referred to figures not shown in the report, the Chair requested that the Committee get a flavour of where the council was in six months through the year and if a trend data could be provided. As an example, if the council was receiving 101 complaints regarding fly tipping, were those complaints dealt with by the relevant department and were lessons learned. It was the end result that was important and whether any action had been taken regarding the complaint which would benefit the community. Was the public getting value for money for the service and was the Council providing the right service with the resources available.

The Strategic Director, Transformation and Corporate advised that the format could be looked into however, the Committee needed to be mindful that it did not stray into role of the Performance Scrutiny Committees looking at the performance of those services. The Governance and Audit Committee role was around the application of the policy. However, the six month review was a legitimate question and this could be reviewed.

The Digital Services Manager advised that the other point to make was the period of transition, the figures would be slightly misleading because they were not complete. The reason being that the complaints team at one point was an extra step in the chain rather than it going to directly to a service, it was passed on to the complaints team. That was a flavour of changes going forward and this would have an impact on the figures.

- Councillor Jordan also referred to the telephony services for those who were not able to access computers and mentioned that in Torfaen, if a customer contacted them by phone, they would be immediately transferred to a back office where someone would assist in filling out an online form. The Digital Services Manager advised that although Newport City Council did not get many requests, this service was available through the contact centre.

**Resolved:**

The Governance and Audit Committee considered the updates within the report and obtained as necessary, any assurance on progress to date.

#### 4 **Corporate Risk Register Quarter 3**

The Council's Corporate Risk Register monitored those risks that may prevent the Council from achieving its Corporate Plan or delivering services to its communities and service users in Newport. At the end of quarter three, October to December, there were 14 risks recorded in the Corporate Risk Register that were considered to have a significant impact on the achievement of the Council's objectives and legal obligations. Overall, there were seven severe risks (risk scores 15 to 25); seven Major risks (risk scores seven to 14); that were outlined in the report.

In comparison to the quarter two Corporate Risk Register, there were no new and/or escalated risks, and no risks were closed. One risk had decreased its risk score: with 13 risks remaining the same. No risks were escalated or de-escalated in quarter three. As set out in the Council's Risk Management Policy, Cabinet reviewed the Corporate Risk Register on a quarterly basis ensuring procedures were in place to monitor the management of significant risks. The Register was likely to change following the approval of the new Corporate Plan and priorities for its service delivery. The Policy and Partnership Manager highlighted that in quarter three they reassessed the risk plan and way they viewed it was slightly different based on feedback from this committee. Additionally, service areas were asked to consider the external impacts of the Council's Medium Term Financial Plan (MTFP)

alongside the increased demand of pressures on the services risk and the cost-of-living increase which impacted on businesses, residents and everyone else. Risk Assessments were reviewed by the senior management team and target risk scores were adjusted to reflect the challenging position. The Council was tolerating more risks due to the current situation. The senior management team continued to closely monitor and reassess regularly these risks and monitored the actions being taken.

#### Committee Member Comments:

- Dr N Barry thanked the Policy and Partnership Manager for the clear introduction and paper. Dr Barry realised that this was a retrospective report but was aware it was approaching the next financial year and asked if the corporate plan by ready by 1 April. The Performance and Programme Manager advised that the corporate plan was approved in November 2022 and was available online.
- Councillor Cocks referred to page 46 of the report pack and the budget, where it referred to contract inflation, what level of risk was involved in this, what was fixed and could contractors raise their prices in relation to inflation. The Head of Finance advised that the risk as of Quarter 3 was because of uncertainty of what those cost increases would be and challenges that would create on a balanced budget.

Councillor Cocks asked was it due to existing contracts. The Head of Finance advised that it was, energy in particular was highest, the general comments applied to capital projects as well as revenue due to the uncertainty of inflation. The general risk around setting the budget in an unknown environment and 60% of the costs were from the last quarter of the financial year.

- The Chair asked for clarification on a backward look report from October to December, and how could the budget be taking into consideration for February/March. The Performance and Programme Manager asked all of the risk owners and heads of service to reassess their risks and at that point of time they would be going through their budgets and could get a handle on what their future budgets would be. There were some knowns and unknowns, this was why there may be an increase in the target risk score. This was an ongoing process and risk scores were being constantly reviewed the role of the executive board was to challenge if this was a fair reflection of the risk.
- Councillor Cocks referred to Page 65 of the report relating to schools and the only risk that could be found was cost pressures in schools that were not met due to increased budget deficit. The criteria for assessing the risk included failure to deliver strategic objectives. As a governor, Councillor Cocks had seen cutbacks in teaching and school resources and wondered why this did not feature in the report. The Strategic Director, Transformation and Corporate, advised as the committee's role was to give assurance that the appropriate processes were in place. If the committee felt that there were some issues missing in service areas, this could be fed back to the service area for review. With this in mind, this would be added to the recommendations log for the Chief Education Officer to provide a response.
- Councillor Jordan referred to page 27, new risks since Quarter 2 and page 34 of the report pack gave a breakdown of new risks but it did not advise what the new risks were. The Performance and Programme Manager would provide the information to the committee as also requested by the Chair. A lot of the risks were at service level risk and were not significant enough to be raised in the corporate risk register. The Strategic Director, Transformation and Corporate explained that the Governance and Audit Committee looked at the corporate risk register signed off by Cabinet. The other figures were service plan updates that went through Performance and Scrutiny Committees.

- D Reed referred to page 65 of the report pack and asked what happened if schools could not set appropriate budgets. The Head of Finance advised that all budgets were based on assumptions and therefore officers tried to get as much certainty they we could, if these assumptions were incorrect there was an in-year budget challenge to manage. There was always a possibility that some of the assumptions may not be correct and secondly schools would have to deliver those efficiency savings. Until governing bodies had met and agreed their budget, then we would not be sure if this was something they were able to do. Schools were however on the corporate risk register and on the radar and to that extent, the process was working.
- The Chair asked, if a school was to go into a negative situation, how long did the school have to put it right. Did the Council have a policy in place to allow it to be in a negative situation for two to three years with a provision that they must get back to a balanced budget. This this could lead to a lot of schools in negative situation in the next 6-9 months. The Head of Finance advised that it was on the list because it was working well. There was a protocol and framework for schools getting licenced deficits. School reserves had increased over the last two to three years and they would fully expect to see those reserves fully utilised. The key was to understand if it was a one off or could the base budget not be sorted. The next step was close working with schools to see what the issue was and working together to try to resolve this. Schools were the biggest budget area within every council and there were challenges ahead, but the process was working fine.
- D Reed referred to the schedule on page 44, which was really helpful and could see where the risk was going and what was expected.

**Resolved:**

The Governance and Audit Committee considered the contents of the report and assessed the risk management arrangements for the Authority, providing any additional commentary and/or recommendations to Cabinet, this included the comments discussed in relation to Education to be fed back to Cabinet.

**5 Lessons Learned 2021/22**

The Head of Finance explained that the above report presented the findings of an initial lessons learned review carried out by finance officers following the 2021/22 accounts closedown. It gave an assessment on the findings of the lessons learned review and the plans in place to implement for 2022/23 and the key risks to the closedown process for 2022/23. The report showed full conversations with Audit Wales and listed small things and report brought bigger issues.

The Senior Finance Business Partner (Chief Accountant) highlighted that following the closedown of the 2021/22 accounts, a lessons learned review was undertaken to put into place further improvements for the closedown of the accounts process. The lessons learned review was taken as a matter of course, and with the issues that arose from the audit of the 2021/22 accounts, this review was of high importance to ensure improvements for 2022/23 were delivered.

Committee Member Comments:

- D Reed referred to the Related Party relationships, page 76 of the report pack and that it was the second year that Audit Wales had flagged this as a weakness. Was this difficult to complete for councillors. The Senior Finance Business Partner (Chief Accountant) considered that the election last year might have been the reason that all were not

returned. D Reed asked that on the basis of the response it would not be as difficult to see a better response in the next year.

D Reed also referred to the Accruals, on page 73 of the pack, that most schools were not on the council system regarding purchase orders and what action what was being done. The Senior Finance Business Partner (Chief Accountant) advised that there was a new finance system in place which should be going live by end of next year and officers would be working with schools to bring them online; all schools were on board with the new system.

D Reed asked that with reference to all topics highlighted in the lessons learned report, if there was there an action plan underneath the report where everything was being adopted, in a similar way as risk mitigating action. The Senior Finance Business Partner (Chief Accountant) mentioned that there was nothing formalised, but this was something that would be reviewed as an ongoing basis. Part of this would be looked at by Audit and Audit Wales. There was a document that formed the basis of this report which would also be part of the review. The Head of Finance thanked D Reed for his comments and suggested an action plan would be a simple but effective tool and would take on board these comments.

- The Chair agreed with D Reed's comments and suggested that whilst there was a lot of detail in the report, it needed a simpler format, and an action plan was essential.

The Chair referred to assurance regarding capacity; Information from Third Parties - transport and Leasing and IFRS. It was pleasing to hear that there was an additional member of staff but still needed the assurance, as there may be a gap in the process and with the action plan, the gap could be filled.

Finally, the Chair mentioned the Related Party forms not being handed in by councillors and whether this should be enforced. The Chair was concerned that Audit Wales had picked this up on a second occasion. If this was also an issue in the future, the Chair would write to the Leaders of each group to ensure that these forms were completed. The Head of Finance also mentioned that the forms were being submitted with a deadline in late April and any councillors outstanding would have the opportunity to complete their forms at April Council.

**Resolved:**

The Governance and Audit Committee noted the lessons learned process that was carried out to date and the planned improvement following this review.

## 6 **Audit Wales NCC Outline Audit Plan 2023**

The above document was prepared as part of the work performed in accordance with statutory functions by Audit Wales. The Outline Audit Plan specified the statutory responsibilities as an external auditor and the obligations fulfilled under the Code of Audit Practice.

Members of the Committee might have noted the slightly different format by comparison to last year, as this was because it was an outline plan and not the final plan, which would be presented in the summer.

The Audit Wales Officer provided the Committee with the headlines of the Outline Plan. A detailed Audit Plan would be shared later in the year following the completion of planning work. This would set out the estimated audit fee and the work that intended to be

undertaken by the Audit Team to address the audit risks identified and other key areas of audit focus during 2023.

The document also outlined the Audit timeline of key dates for delivery of audit work and planned outputs, along with the key changes to ISA 315 and the potential impact on Newport City Council. Fundamental change in planning the risk assessment process. This was set out in detail in Appendix 1.

In terms of main headlines of this outline plan, on page 85 of the report pack set out the fact that they could not yet confirm the estimate for the year. Reference was made to published fee scheme, which was approved by the Senedd earlier this year, which exceeded expectations of fees this year due to the introduction of ISA 315, in the region of 12/18%. The exact fee estimate would be confirmed later in the year, which only affected the financial work. There was an element of inflationary increase follow in due course.

Key team members were also set out in the document. The only point to flag up with the committee was the new Audit Lead, Katherine Watts was welcomed to the team.

The proposed audit timeline was also set out and for the financial audit, the proposal was to target completion of audit and certification of accounts by the end of November 2023, this was recently communicated to Section 151 officers throughout Wales and AW were in discussion with finance teams to discuss practicalities.

In terms of performance audit programme, the timelines were to be confirmed at this stage.

#### Committee Member Comments:

- Councillor Cocks considered that most Local Authorities were experiencing a similar state of financial crisis. Councillor Cocks went on to say, all credit was due to officers of the council putting together the budget. It did however feel like a strange time to increase audit demands under the current circumstances. The Audit Wales Officer appreciated the comments made and understood the financial pressures faced by Local Authorities. The issue faced by Audit Wales was the introduction of new ISA 315 and was therefore not a choice and had horrendous timing under the circumstances. Audit Wales had to comply with new standards which also brought in additional work but fully understood and empathised with the points made by the Councillor.
- The Chair thanked the Wales Audit Officer for his presentation and considered that the Thematic Review would be interesting regarding the financial sustainability in Local Government and awaited the update in due course.

#### **Resolved:**

The Governance and Audit Committee noted the Audit Wales NCC Outline Audit Plan for 2023.

## **7 Work Programme**

The purpose of a forward work programme helped ensure Councillors achieved organisation and focus on the undertaking of enquiries through the Governance and Audit Committee function. This report presented the current work programme to the Committee for information and detailed the items due to be considered at the Committee's next two meetings.

The Chair referred to 25 May meeting and whether the Director of Social Services could provide a written update for this Committee.

In relation to the PTU taxi contract, the Chair requested comments from the Director of Social Services and Chief Education Officer for May's Committee.

The Chief Internal Auditor advised the Chair that the Director of Social Services had provided a letter which would be shared with Committee members, but he was still awaiting comments from the Chief Education officer and would chase this. The Chair suggested that both of the comments be brought to meeting rather than circulated individually.

D Reed mentioned that these issues could be picked up in the action table.

**Resolved:**

The Governance and Audit Committee endorsed the proposed schedule for future meetings, confirmed the list of people it would invite for each item and indicated whether any additional information or research was required.

Finally, the Chair and the Head of Finance wanted to thank Andrew Wathan, Chief Internal Auditor and Jan Furtek, Audit Manager for their service over the years.

The Chair thanked Andrew for his quality of work which was outstanding and thanked Jan for his hard work and congratulated both of them and wished them luck on their future endeavours.

Andrew Wathan thanked the committee.

The meeting terminated at Time Not Specified