GOVERNANCE AND AUDIT COMMITTEE

7 DECEMBER 2021

Present: Independent Members: Gavin McArthur (in the Chair)
             David Price, Janet Wademan
             Councillors Cowan, Cunnah, Goodway, K Jones and Williams

60   :   APOLOGIES FOR ABSENCE

No apologies for absence were received.

61   :   DECLARATIONS OF INTEREST

Prior to the meeting Hugh Thomas declared a personal interest in Agenda Item 3.
Hugh Thomas took no part in the meeting. The meeting was chaired by Gavin
McArthur.

62   :   GOVERNANCE, INTERNAL CONTROL, AND RISK MANAGEMENT
         WITHIN WASTE MANAGEMENT

The Committee received a report providing an update on governance, internal control
and risk management in Waste Management. The Committee has maintained an
interest in the internal control environment in Waste Management and Members
noted that for a number of years the service areas has received lower levels of audit
assurance. The service area has also been subject to investigations relating to
matters of financial impropriety for which the Committee received confidential
briefings.

Members were advised that Waste Management is working closely with colleagues in
the Audit team to provide higher levels of assurance. The Committee's previous
consideration of these issues was summarised in the report. Furthermore, it was
agreed that in respect of the aforementioned investigation that an independent Post
Investigation Review will be undertaken at the appropriate time. The Governance
and Audit Committee will be informed of the terms of reference and approach of the
review.

The report provided members of the Committee with details of the governance,
internal control and risk management arrangements in place within the service area.

The Chairperson welcomed Neil Hanratty, Director of Economic Development, to the
meeting. The Director was invited to give a presentation providing an overview of the
existing arrangements. Following the presentation the Chairperson opened the
debate on this item. Members were invited to comment, raise questions or seek
clarification on the issues set out in the report. The Chairperson reminded Members
to confine comments and questions to within the parameters of the Committee's
Terms of Reference. Those discussions are summarised as follows:

• Members asked for further information on the lower self-assessed rating for the
  compliance category. Officers advised that the compliance issue identified in the
  SMAS primarily related to a landfill. A risk to the authority's Environmental Permit
  had recently been identified relating to landfill aftercare. The authority is working

with specialist waste contractors and consultants in order to address concerns regarding leachate emanating from a landfill site. Compliance has been downgraded as a result of the identified risk. Key controls around other high-risk activities, such as weighbridge activity and financial management, were advised to now be embedded, as supported by recent audits. Members welcomed the update and suggested that this level of detail could have been included in the cover report.

- A Member raised concerns at the number of Internal Audit assurance ratings within the Waste Management service that were 'insufficient with major improvement needed'. A particular concern was expressed regarding the Waste Management Health and Safety audit.

  A point of order was raised at this point. A Member considered that the line of enquiry was straying into operational matters and was therefore outside the remit of the Committee. The Chairperson reminded Members of the need to confine their comments and frame any questions in the context of governance, internal controls and risk management matters.

  The Audit Manager advised that there was one outstanding action in respect of the Internal Audit on Waste Management Health and Safety details of which were provided in table 3 of the report. The action related to the 'Papertrail' system which captures health and safety data for reporting purposes.

- The Director of Economic Development accepted that historically there have been concerns regarding the Waste Management Service. Internal controls within the service area are being tightened. As issues are being identified Internal Audit are being invited to review those elements of the service. The categorisation of 'insufficient with major improvement needed' is given where there are some key actions required. A recent audit of waste collection demonstrated that the service is performing well. However, there were some issues highlighted during the audit that need to be addressed. All of the actions resulting from the audit remain within the agreed timelines, and of 82 actions 69 were reported to have been completed.

- The Director asked Members to note that none of the recent audits have returned an 'unsatisfactory' rating and fewer significant recommendations are forthcoming in each new audit. This demonstrates that there is an improved internal control system in place. The Director meets with senior managers monthly and audits are discussed in detail in terms of progress against actions. Some outstanding actions are very low risk, some require procurements to be undertaken and some have been completed and are now being monitored by Internal Audit to ensure that they are embedded before they are closed. The Director considered that a good level of progress has been achieved.

- The Director confirmed that the Health and Safety audit referred to was from 2019/20. The Chairperson asked whether officers were confident that the outstanding action, relating to the introduction of a system, would be delivered. Officers advised that the 'Papertrail' system was a system that monitors on-site compliance against safety checks. The system is over and above what is required and it demonstrates a commitment to an enhanced approach to

compliance within the service area.

- A Member requested further details regarding the scope and nature of the work being undertaken by Audit Wales in respect of Waste Management and whether a further report was merited due to the concerns raised by Members and members of the public over a sustained period of time. Phil Pugh of Audit Wales stated that the Audit Plan reported previously to the Committee indicates that Audit Wales will be following up on previous reports as part of their planned programme of work. The Chairperson requested that Audit Wales provide details of the scope of the planned works to the next meeting of the Committee. Phil Pugh advised that quarterly updated reported to the previous meeting of the Committee provided some level of detail – the review will assess the Council's progress in developing its Waste Strategy to help reduce waste and achieve waste targets. The Chairperson requested that Audit Wales also consider any emerging risks.

- The Director stated that the internal audit findings on Waste Collections were presented to the service area a matter of weeks prior to the meeting. There are 5 associated recommendations and all are well within the agree timelines for the service area to respond. The recommendations relate to a review of missed collections data; the use of Power BI system (software used to present data); adjusting the waste collection plan to take account of seasonality; to review drivers training; and an accounting categorisation for overtime.

- A Member raised concerns at the suggestion made that the Committee should agree the scope of work to be undertaken by Audit Wales. The Chairperson considered that Audit Wales has been requested to explain the scope of their intended work; there was no suggestion that the Committee was to approve the scope of Audit Wales' review. Phil Pugh advised that Audit Wales would seek to agree the scope of the works to be undertaken with management in the first instance. That assessment would be based on risk-areas. The agreed works are reported to the Committee in the Audit Plan. There is also liaison with Internal Audit to ensure that there is no overlap with work Internal Audit are planning to undertake.

- Members noted the high levels of sickness within the service. Members asked whether the Council's standard sickness absence procedure was being used to review sickness levels and whether those procedures are sufficient. The Director stated that sickness absence was a major concern for the service and it remains a key risk. The Director accepted that the service's sickness absence level was an outlier for the authority and this was because the work was performed outdoors and was physical in nature. The Director considered that the standard sickness absence procedure was adequate and the key issue is to ensure that the procedure is applied in a consistent manner.

- Members requested officers to comment on the use of customer satisfaction and the extent to which that is reflected in performance measures. Officers indicated that customer satisfaction is assessed as part of the annual 'Ask Cardiff' survey. Main key performance indicators (KPIs) relate to the LEAMs surveys which are independently undertaken by Keep Wales Tidy and these are cross-reference with the Ask Cardiff survey results to identify any correlations. The data is used to inform service provision and PowerBI is used to correlate source data. Officers considered that, in terms of waste collections, customer satisfaction is key and a

missed collections KPI is monitored. In the future this KPI will be factored into PowerBI as recommended by Audit Wales. Furthermore, the Waste Strategy is due to be reported to Cabinet in the near future. As part of the consultation process that will be accompanied by a survey. Customer feedback will be important in terms of shaping future service provision. A waste trial will also be undertaken in January 2022 and feedback from that trial will also be considered.

- Members noted that Waste Collections account for approximately 70% of all complaints received by the Council. Members asked to what extend the performance framework takes account of complaints received and whether complaints are cross-reference with performance measures. Officers stated that at Operational and Business Improvement meetings correspondence is monitored including complaints and the nature of those complaints.

- Members asked how confident officers were that the actions set out in table 3 of the report would be achieved by the set dates and how the Committee can be assured. The Director stated that he has a high level of confidence that those actions can be delivered within agreed timescales. The Audit Manager advised that the existing recommendations will be tracked through the Committee's recommendation tracker reports. Red and Red/Amber recommendations require evidence to be submitted prior to closure so that Internal Audit are satisfied that they have been completed. The Audit Charter requires that any audit with an unsatisfactory rating will have a systematic follow audit after six months. Any audits with a different rating will fall within the normal risk-assessment process for audit planning purposes.

- Members welcomed the progress that has been made in the service area as highlighted in table 1 of the report. A Member asked whether there was a consistent, calibrated approach to the application of senior management assurance ratings. The Director considered that there was a consistent approach and provided a summary of the processes in place.

- Members welcomed service improvements brought about by the digitisation of systems and the greater use of new technologies. Members asked the Director to comment upon journey the service area is on in terms of the introduction of new technology. The Director considered that the service area was at the start of its journey. A major step along that journey was the introduction of 'BarTec' (in-cab GPS) technology which captures data every day and which over a period of time can be used to refine how the service is delivered.

The Chairperson thanked the Director and colleagues for their report.

RESOLVED – That the report be noted.

63   :   URGENT ITEMS (IF ANY)

No urgent items were received.

64   :   DATE OF NEXT MEETING

The next meeting is scheduled to take place on 25 January 2022.

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

The meeting terminated at 3.05 pm

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