

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1a, County Hall, Ruthin on Friday, 27 September 2013 at 9.30 am.

PRESENT

Councillors Brian Blakeley, Stuart Davies, Martyn Holland, Gwyneth Kensler and Jason McLellan (Chair)

ALSO PRESENT

Deputy Monitoring Officer/Solicitor (LJ); Head of Finance and Assets (PM); Chief Accountant (RW); Capital Finance Manager (VH); Technical Accountant (SJ); Head of Business Planning and Performance (AS); Corporate Programme Office Manager (KA) and Committee Administrator (KEJ) together with Wales Audit Office Representatives (GB, NR & AV).

1 APOLOGIES

Councillor Julian Thompson-Hill, Lead Member for Finance and Assets

The Head of Finance and Assets apologised that he would be unable to stay for the duration of the meeting.

2 DECLARATION OF INTERESTS

Councillor Gwyneth Kensler declared a personal interest in Twm o'r Nant, Denbigh which had been referenced in the Statement of Accounts 2012/13.

3 URGENT MATTERS

No urgent matters had been raised.

4 APPROVAL OF THE STATEMENT OF ACCOUNTS 2012/13

The Head of Finance and Assets (HFA) introduced the report (previously circulated) presenting the Statement of Accounts 2012/13 for formal approval. The Audit of Financial Statements Report produced by the Welsh Audit Office (WAO) had also been attached to the report.

The HFA highlighted the significance of the document and the assurance provided by the WAO following their audit work. He also took the opportunity to express his appreciation for the excellent work undertaken by the finance team.

The Chief Accountant (CA) delivered a presentation on the Statement of Accounts which provided –

- an overview of the accounts and main financial statements

- an outline of the processes involved including legislative requirements and timescales together with members' role within that process
- illustrated how particular figures reported in the Revenue Account had been reflected within the financial statements, and
- highlighted key areas for attention including Movement in Reserves; Income & Expenditure Statement; Balance Sheet and Cash Flow Statement.

In closing the CA advised that no significant issues had emerged from the WAO audit which provided assurances in terms of process and compliance.

Mr. A. Veale, WAO referred to the WAO's role within the overall process and their responsibility to report on the financial statements. He presented an overview of the report findings with particular reference to the following –

- the Appointed Auditor intended to issue an unqualified audit report once the Letter of Representation had been provided
- a summary of the corrections made to the draft financial statement
- there were no other significant issues arising from the audit
- financial reporting and draft financial statements had been prepared to a high standard and no material weaknesses had been identified in internal controls
- closure of the audit could not be certified until the WAO formally responded to correspondence received from the public in relation to the draft accounts.

In response to questions Mr. Veale elaborated upon the misstatements that had been corrected by management. It was noted that although there were some large figures in terms of adjustment they were purely presentational and did not have a financial impact on the accounts. Responding to concerns regarding the delay in certifying the accounts, Mr. Veale explained the basis of any public objection and subsequent procedures to investigate and respond to ensure closure of the audit as quickly as possible. In terms of feedback there were elements of confidentiality and a report back was dependent on the findings of the investigation work. Members noted that delays in certification were not uncommon and that other Welsh councils were in a similar position.

The CA responded to general questions regarding matters associated with the accounts in term of definitions used and specific budget lines including earmarked reserves. In terms of governance the lack of local authority representation on the Boards of Related Companies who received council subsidies was highlighted and it was suggested it may be useful to revisit the Partnerships Framework. It was agreed that the matter be put on the agenda for the next Governance Group meeting scheduled before the committee's next meeting in November 2013. **[IB to action]**

The committee was satisfied that a high level of assurance had been provided in terms of the financial accounting process and compliance. On behalf of the committee, the Chair thanked the finance officers for their hard work and diligence and the WAO officers for their input and report. The committee agreed to continue with the practice of receiving the draft accounts in their June/July meeting in future years and to receive the WAO audit report alongside the accounts in September. **[PM & RW to action]**

RESOLVED that –

- (a) *the Statement of Accounts 2012/13 as set out in Appendix 1 to the report be approved, and*
- (b) *the Chair and Chief Finance Officer sign the Accounts and the Letter of Representation. [JMc & PM to action]*

5 WALES AUDIT OFFICE IMPROVEMENT ASSESSMENT LETTER

A report by the Corporate Improvement Manager was submitted (previously circulated) presenting the latest Improvement Assessment Letter for Denbighshire County Council issued by the Wales Audit Office (WAO) on 12 September 2013.

Mr. G. Bury, WAO highlighted the overall conclusion that the Council had discharged its improvement planning duties under the Measure and had acted in accordance with Welsh Government guidance. He summarised the contents of the Improvement Letter advising that there were no recommendations or new proposals for improvement. The following issues were highlighted –

- the concept of the ‘excellence threshold’ was clearly understood by senior management but was less clear for some staff in individual services
- the range of outcomes set for Improvement Objectives varied and there may be merit in looking at a greater range of outcome measures and a wider focus for measuring success for particular objectives
- Improvement Objectives were clearly linked to the Medium Term Financial Plan but delivery could be hampered depending on the final settlement from the Welsh Government.

Progress would continue to be monitored and reported upon in the Annual Improvement Report for the Council to be published at the end of March 2014.

The Head of Business Planning and Performance (HBPP) welcomed the Improvement Assessment Letter and highlighted the open and transparent relationship with the WAO. He responded to issues raised and defended the use of different ranges and measures depending on the complexity of relevant indicators.

Members discussed the draft Economic and Community Ambition Strategy and the complicated set of outcome indicators to measure its success. The HBPP advised that much of that Strategy’s work was dependent on partners and contained elements which the Council had no control or influence over which complicated matters further. The draft Strategy would be submitted to Full Council in November and members would be asked to prioritise activities in order to simplify the process and set measurable objectives. Councillor Gwyneth Kensler highlighted the financial challenges facing local authorities and felt that less money should be spent on bureaucracy and measuring with more spent on services and delivery. The HBPP highlighted the need for a simple measuring process to ensure services were being effective. In response to questions Mr. Bury advised that he would report further on the performance of services in the Annual Improvement Letter.

The committee was pleased to note the positive report and it was –

RESOLVED that the latest *Improvement Assessment Letter* issued by the *Wales Audit Office* be received and noted.

The meeting concluded at 11.05 a.m.