



To: Members of the Corporate
Governance Committee

Date: 29 October 2013

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Dear Councillor

You are invited to attend a meeting of the **CORPORATE GOVERNANCE COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 6 NOVEMBER 2013** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN.**

Yours sincerely

G. Williams
Head of Legal and Democratic Services

AGENDA

PART 1 - THE PRESS AND PUBLIC ARE INVITED TO ATTEND THIS PART OF THE MEETING

1 APOLOGIES

2 DECLARATIONS OF INTEREST

Members to declare any personal or prejudicial interests in any business identified to be considered at this meeting.

3 URGENT MATTERS

Notice of items, which in the opinion of the Chair should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act 1972.

4 MINUTES (Pages 5 - 20)

To receive the minutes of the Corporate Governance Committee meetings held on:-

- (i) 4th September, 2013.
- (ii) 27th September, 2013

5 BUDGET UPDATE (Pages 21 - 24)

To consider a report by the Head of Finance and Assets (copy enclosed) which provides an update of the latest position on the process of setting the Council's budget for 2014/15, and seeks consideration of the next batch of savings to be proposed to County Council.

6 PROTOCOL FOR MEMBER REPRESENTATIVES ON OUTSIDE BODIES

To consider a report by the Head of Legal and Democratic Services (copy enclosed) on Member representatives on outside bodies.

7 CORPORATE GOVERNANCE FRAMEWORK ACTION PLAN (Pages 25 - 32)

To consider a report by the Head of Internal Audit (copy enclosed) which provides an updated action plan resulting from the review of the Council's governance framework and the Annual Governance Statement (AGS) 2012/13.

8 INTERNAL AUDIT PROGRESS REPORT (Pages 33 - 58)

To consider a report by the Head of Internal Audit (copy enclosed) which provides an update on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

9 CORPORATE EQUALITY MEETING FEEDBACK

To receive a verbal report on the Corporate Equality meeting.

10 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 59 - 62)

MEMBERSHIP

Councillors

Brian Blakeley
Stuart Davies
Peter Duffy

Martyn Holland
Gwyneth Kensler
Jason McLellan

Lay Member

Paul Whitham

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CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1a, County Hall, Ruthin on Wednesday, 4 September 2013 at 9.00 am.

PRESENT

Councillors Brian Blakeley, Stuart Davies, Martyn Holland, Gwyneth Kensler (Vice-Chair) and Jason McLellan (Chair) and Mr P. Whitham (Lay Member).
Councillor Meirick Lloyd Davies attended as an observer.

ALSO PRESENT

Corporate Director: Modernisation and Wellbeing, Head of Legal and Democratic Services (GW), Head of Internal Audit (IB), Head of Customers and Education (JW), Head of Strategic Human Resources (LA), Chief Accountant (RW), Human Resources Service Manager (CR), Corporate Complaints Officer (CO), Audit Manager (BS), Wales Audit Office Representatives (AV and GB) and Committee Administrator (CIW).

1 APOLOGIES

Apologies for absence were received from Councillors Barbara Smith and Julian Thompson-Hill

2 DECLARATION OF INTERESTS

No Members declared any personal or prejudicial interests in any business identified to be considered at the meeting.

3 URGENT MATTERS

No items were raised which in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act, 1972.

4 MINUTES

The Minutes of a meeting of the Corporate Governance Committee held on 3rd July, 2013 were submitted.

***RESOLVED** – that the minutes be received and approved as a true and correct record.*

5 CORPORATE GOVERNANCE COMMITTEE SELF ASSESSMENT

The report accompanied the Head of Internal Audit's presentation of a self-assessment of the Corporate Governance Committee's knowledge, skills and experience to carry out its role effectively, undertaken as part of the Corporate Governance Committee Members training initiative.

As part of the Council's Corporate Governance Framework, to ensure the effectiveness of the Audit Committee, an annual self-assessment was undertaken by Local Authority Audit Committees to identify any weaknesses, training and development needs. An attempt to carry out the self-assessment by questionnaire had been unsuccessful and it was confirmed that the presentation would cover the key requirements of an effective Audit Committee and identify areas for an improvement Action Plan where necessary.

The HIA felt that questions should be addressed regarding the level of assurance Members felt would be required as a Corporate Governance and Audit Committee, and if assurances being provided and from where and by who.

Members felt that assurances were provided by senior officers responding to questions presented at meetings of the Committee. Evidence of compliance and challenge were provided by Internal and External Audit and other agencies, and the HIA explained that assurances would also be provided through the Governance Framework.

The Chair suggested that the training programme provided for Elected Members following the County Council elections be repeated. The Committee agreed that a general training session be provided for all Elected Members followed by an advanced training session, and that the easy guide induction pack be re-circulated to Members. The Committee Members also suggested that training be provided for new Members appointed to the Corporate Governance Committee.

In reply to a question from Councillor B. Blakeley, the HLDS referred to the Committees' Terms of Reference and provided details the Vice Chair of the Council's membership of the Committee, which he confirmed could be reviewed.

With the aid of a power point presentation the HIA covered the key requirements of an effective Audit Committee and identified areas for improvement in the action plan where necessary.

The presentation highlighted areas pertaining to:-

- Assurance provision.
- Governance Framework.
- Partnerships.
- Internal audit.
- Challenge.
- Risk Management.
- Fraud.
- Financial Management.
- External Audit.
- Committee knowledge, support and effectiveness.

The officers provided the following responses to issues and questions raised by Members of the Committee during the presentation:-

- The HIA expressed his concerns regarding Partnership Governance and confirmed that there were areas for improvement. He outlined the work currently being undertaken to address this issue and made reference to the recent commencement of the Certificate of Corporate Governance training, which he would be participating in. Councillor M.L. Holland referred to the possible risks associated with partnership working, particular reference being made to external groups and bodies in receipt of funding from the Council.
- In reply to a question from Mr P. Whitham, the HIA confirmed that he would be examining the provision of officer training with regard to the new Partnership Framework.
- Members agreed that an annual report, similar to that produced by the Scrutiny Committees, be submitted detailing the work undertaken by the Corporate Governance Committee.
- Mr P. Whitham highlighted the need for more in depth detail in respect of follow up reports, the provision of clarity with regards to essential assurance percentages and the alternative presentation of the Annual Governance Action Plan and Annual Governance Monitoring Statement to meetings of the Committee.
- The HIA referred to the development of a Fraud Assurance Plan which would be presented to the Committee. Members agreed that officers from identified key departments be invited to attend meetings of the Committee.

Following further discussion, it was:-

RESOLVED – *that the Corporate Governance Committee:-*

- (a) receives and notes the contents of the draft Corporate Governance Framework Action Plan.*
 - (b) requests that a general training session be provided for all Elected Members, followed by an advanced session for Members of the Corporate Governance Committee.*
 - (c) agrees that a copy of the easy guide induction pack be circulated to Members.*
requests a report detailing the work of the Committee be submitted annually, and
 - (d) the Fraud Assurance Plan be presented to Committee with officers from identified key departments being invited to attend.*
- (IB, GW and RW to Action)**

6 BUDGET UPDATE

A report by the Head of Finance and Assets, which provided an update of the latest position with regard to the process of setting the Council's budget for 2014/15, had been circulated previously.

The majority of the Council's funding, approximately 78%, came from Welsh Government via the Revenue Support Grant and redistribution of NNDR. In 2013/14, the final settlement for Denbighshire was £150.821m. The remainder of the funding was provided through Council Tax, £40.7m budgeted in 2013/14. The

impact of movement on the settlement had a much more significant impact than movement on levels of Council Tax.

The CA provided an introduction and focused on the report, circulated with the papers for the meeting, which would be presented to Council on the 10th September, 2013. A report had been presented in June, 2013 outlining the latest assumptions with regard to the Council's potential revenue budget settlement and possible financial consequences. Until the Draft Local Government Settlement was published in October, the position would be unclear although all indications were that the settlement would be poor, with the WLGA having recommended that Councils assume a reduction of -4% in 2014/15. The CA explained that there were still too many uncertainties to give a precise figure but if the reduction to the Council's revenue settlement was at the level of -4% and the impact of the census change was implemented in one year, then a planning assumption of a reduction of between £8-9m would not be an unreasonable possibility. The Council would also incur inflationary pressures in areas such as pay, pensions, energy and service demand.

In response to the likely poor settlement, progress was being made with all services to identify saving proposals for the coming three year period. New saving proposals, with three services still to be reviewed, would be considered in September with the relevant Lead Members prior to presentation to elected Members at a workshop in October.

The Service Challenge process for 2012/13 and 2013/14 had identified potential savings of £1.716m for 2014/15. The proposals had been considered in detail at the Service Challenge meetings and had been confirmed at recent meetings with Heads of Service. The saving proposals had been included in Appendix 1 and had been described as Phase 1 of the process of achieving a potentially significant target for 2014/15.

The report to Council identified savings of £1.7m with £782k proposed by services and £963k of corporate led efficiencies, with £663k of the corporate efficiencies being delivered by services. Saving proposals for 2014/15 had been considered at service challenge meetings in 2011 and 2012 and been included as part of the three-year targets identified in the Medium Term Financial Plan. Formal agreement of the previously identified saving proposals would allow political and corporate effort to be focussed on the challenging task of setting the rest of the budget for 2014/15.

The corporate savings highlighted as Modernising the Council form part of a target to achieve approximately £3.0m of savings over the coming 3 years as projects are developed to deliver efficiency and to create capacity in services. A number of efficiency projects are in development, including investment in Electronic Document and Records Management (EDRMS) and Central Invoice Registration and other projects to widen the use of technology to allow savings to be delivered through reduced need to travel, greater flexibility and more efficient administration. Ultimately the modernisation saving targets will be delivered by services.

The summary of efficiency programme phase 1 2014/15 Equality Impact Assessment in relation to the impact of the savings proposals had been included as Appendix 2.

Concerns were expressed regarding the impact of non council tax payers in respect of the outcome of the census data produced, particular reference being made to transient, persons residing in caravans or holiday homes. The CA outlined the reasons for the variance in the census figures and confirmed that the Society of Welsh Treasurers were in discussion with the Welsh Local Government Association (WLGA), who were seeking mitigation in respect of the impact of the figures, and highlighted the possible need to revise the settlement figures. The CA agreed that details of the negotiations with the WLGA could be provided and he responded to a concern raised by Mr P. Whitham regarding the potential risks involved. He explained that there was a standard entry on the Finance Risk Register regarding the setting of a balanced budget, and agreed to provide Mr Whitham with further information in respect of this matter. The HLDS provided details of the entry on the Corporate Risk Register, and the HIA confirmed that Internal Audit would be examining the actions being taken and reporting on their progression.

Councillor G.M. Kensler suggested that it would be important to examine closely the ambitions of the Council prior to setting of the council tax precept, and to ensure the maximisation of external funding and the utilisation of any available grants.

The view was expressed by Councillor M.LI. Davies that further detail should be provided in respect of the loss of income resulting from the closure of various Council facilities. The CA agreed to provide a response to Councillor B. Blakeley regarding the loss of income resulting from the car park in Quay Street being closed.

Councillor S.A. Davies referred to the extension of the AONB and he expressed the view that its membership should include the two Llangollen Ward Members.

In reply to a question from the Chair, the CA provided details of the generation of budget savings and efficiencies with regard to the medium and long term plans in respect of collaboration and partnerships projects. He confirmed that at present there were no major partnership initiatives planned with regard to budget reductions.

RESOLVED – that the Corporate Governance Committee notes the latest position and proposed next steps, and the saving proposals being taken to County Council for formal approval.

7 TREASURY MANAGEMENT REVIEW/UPDATE 2012/13

A copy of a report by the Head of Finance and Assets had been circulated previously.

The Annual Treasury Management (TM) Report 2012/13, Appendix 1, outlined the Council's investment and borrowing activity during 2012/13. It provided details of the economic climate at that time and indicated how the Council complied with its

Prudential Indicators. The TM Update Report, Appendix 2, detailed the Council's TM activities during 2013/14.

The Chief Accountant explained that TM included the management of the Council's borrowing, investments and cash flow with approximately £0.5bn passing through the Council's bank accounts annually. The Council's outstanding borrowing was £133.26m, with an average annual interest rate charge of 5.77%. At any point during the year the Council would have between £20-£35m to invest which on average currently earned 0.80%.

The governance of TM was scrutinised by the Corporate Governance Committee (CGC) who received an update on TM activities twice a year and reviewed the Annual TM Report for 2012/13. The TM team provided reports and training to the CGC in accordance with the timetable included in the report. The CGC had been required to have a certain level of understanding of the TM process which was achieved through regular updates and training sessions. The role of the CGC included understanding the Prudential Indicators, the impact of borrowing on the revenue position, wider drivers impacting on the Council's TM activities and ensuring that the Council acted in a prudent manner in relation to its TM activities.

The purpose of the Annual TM Report, Appendix 1, was to:-

- present details of capital financing, borrowing, debt rescheduling and investment transactions in 2012/13.
- report on the risk implications of treasury decisions and transactions.
- confirm compliance with treasury limits and Prudential Indicators.

The TM update report, Appendix 2, provided details of the following:-

- External economic environment.
- Risks.
- Activity.
- Controls.
- Future Activity.

The Chief Accountant referred to the four main drivers of growth and explained that consumer confidence had initiated some of the growth in recent times. He informed Members that good investment and borrowing decisions would allow for additional resources to be directed to other Council services, and confirmed that the Council had consulted with its treasury advisers, Arlingclose Ltd. The monitoring and controlling of risks to the Council had been outlined in the report. However, it would be impossible to eliminate risks completely. The Council's TM strategy and procedures were audited annually and the latest internal audit review had been positive with no significant issues having been raised.

Reference was made to the discontinuation of the Housing Subsidy System in Wales. A buyout of the Subsidy System had been negotiated with the Treasury by Welsh Government, and the impact for Denbighshire would be a capital sum of £40m which would be borrowed on as specific date. The Chief Account explained that the buyout figure would represent a better deal than the Subsidy System.

In response to a question from Councillor G.M. Kensler, the Chief Accountant summarised the effect of rent appears on Housing Revenue Accounts and outlined the steps being introduced to address the issue.

RESOLVED – *that the Corporate Governance Committee notes:-*

- (a) *the performance of the Council's Treasury Management function during 2012/13 and its compliance with the required Prudential Indicators as reported in the Annual Treasury Management Report 2012/13, and*
- (b) *the Treasury Management update report.*

8 ANNUAL COMPLAINTS REPORT

A copy of a report by the Head of Customers and Education (HCE), which provides an overview of complaints, compliments and feedback received by Denbighshire during the period 01.04.12 to 31.03.13, had been circulated with the papers for the meeting.

The HCE introduced the report and confirmed that members of the public would be encouraged to submit complaints. She explained that the number of complaints received should not be perceived as negative as this was a means of obtaining useful information which could be utilised to improve the standard of service provision. Councillor M.L. Holland expressed his support for the policy and highlighted its virtues in providing an opportunity and method of analysing complaints received.

The report provided an overview of the volumes and types of feedback received during 2012/13, information regarding the Public Service Ombudsman for Wales' annual report and accompanying letter, and details of future policy development which would impact on 'Your Voice'. Members were informed that the policy had been promoted and published as 'Your Voice'.

Headlines for 2012/13 had been detailed in Appendix 1 to the report:-

- The number of feedback recorded increased compared with 2011/12:
 - complaints by 12% from 587 to 660
 - compliments by 88% from 436 to 820
 - suggestions had remained static at 16
- The number of complaints successfully dealt with at stage 1 increased to 94.2%, up 2.6% from last year.
- Complaints dealt with within timescale continued to improve achieving 91%, although the corporate target 95% had not been achieved.
- 51% of all complaints had been upheld or upheld in part, up 13% from last year.

Members noted that 38 complaints had been made to the Public Services Ombudsman for Wales. This number was higher than the Welsh Local Authority average of 25, and details had been included in Appendix 2.

Three Section 21 reports had been issued. These reports were issued when a public body agreed to implement any recommendations made by the Ombudsman. Confirmation had been provided that he had been satisfied that no public interest had been involved. Summaries of the reports had been included as Appendix 3.

There had been fewer complaints of Members breaching the code of conduct. 4 had been received in 2012/13 compared with 9 received in 2011/12.

An outline of the proposed changes to 'Your Voice' had been included in Appendix 4. Reference was made to the 'Your Voice' revision which incorporated complaints, compliments and the feedback policy.

Details of the consultation process had been incorporated in the report and included:-

- Monthly reporting to the Senior Leadership Team.
- Quarterly reporting to Performance Scrutiny Committee.
- Annual reporting to Corporate Governance Committee.
- Consultation with Legal Services and service complaint officers regarding the changes to 'Your Voice'.

In reply to questions from the Chair and Councillor S.A. Davies, the HEC provided details of Member inclusion and involvement in the complaints process, and she outlined the coordinated approach adopted for dealing with possible vexatious complaints, which involved the nomination of a specific officer to deal with the specific issue.

In response to questions from Mr P. Whitham, it was explained that reports were submitted on a monthly basis to SLT, Scrutiny Committees and could be published on the Council's website. Complaints relating to schools, particular reference to school admissions, were monitored by the schools and it was agreed that information on trends relating to previous years could be provided for Members of the Committee and included in future reports.

RESOLVED – that:-

(a) *the Corporate Governance Committee receives and notes the changes leading to the revised complaints, compliments and feedback policy - 'Your Voice', and*

(b) *information on trends relating to previous years be provided for Members of the Committee and included in future reports.*

(JW to Action)

9 PROPOSED CORPORATE SAFEGUARDING POLICY AND PANEL

A copy of a report by the Corporate Director: Modernisation and Wellbeing (CDMW) (circulated previously) on the proposal for the adoption of a Corporate Safeguarding Policy and the establishment of a joint member/officer Corporate Safeguarding Panel (CSP).

The CDMW explained that the key responsibility to be discharged, across a complex multi-functional organisation had never been separately resourced. Successive authoritative reports over the last 10 years, which included Waterhouse, Laming, Pembrokeshire had made it abundantly clear that challenges to the resilience of safeguarding arrangements in fact arise in many different places, such that safeguarding has to be “Everybody’s Business”.

Denbighshire’s proactive approach to ensuring compliance with its safeguarding responsibilities had been outlined in the report. It was explained that despite a range of approaches Denbighshire could not be confident that robust safeguarding practice had been embedded across all the Council’s functions. Details of the development of approaches adopted to maintain a corporate profile and overview for safeguarding issues had been provided in detail.

A draft Corporate Safeguarding Policy and Guidelines, based heavily on that recently adopted in Gwynedd following an Estyn Inspection and as the result of requirements set out by the Inspectorate, had been circulated with the report. The proposal submitted would provide a logical development to the work previously undertaken with the Corporate Accountabilities Framework and on the Corporate Safeguarding Action Plan. The aim of the policy and guidelines would be to establish a structured means for ensuring that safeguarding was an issue taken on by every service in the Council as well as all elected Members.

Key aspects of the policy and guidelines were that:-

- both children and adults were covered.
- it had been based around safeguarding, not just protection.
- it included the notion of Designated Managers within every service for dealing with safeguarding matters (who receive appropriate training).
- designated managers would come together with senior officers and Lead Members to form a CSP which would be accountable to Cabinet. The CPS would be expected to produce an Annual Report for reporting internally and also to the LSCB.
- every service would be expected to have safeguarding policies and procedures covering their particular area of the business.
- the responsibilities of Elected Members would be covered.
- core dataset would be included for reporting purposes. This would include some of the usual PIs and key HR data (CRB checks, reference compliance, plus a percentage of Councillors attending safeguarding training). There would be some overlap with Corporate Plan reporting and the dataset would need to evolve to ensure it added value to current reporting.

The appendices provide further detail relating to:-

- basic information about signs of abuse and referral pathways, which would link to child and adult protection procedures.
- a useful section on Code of Conduct and Safe Working practices.
- a section setting out the training support to be provided initially, which would need to be developed over a period of time.
- cross referencing with our Safe Recruitment (Human Resources) Policies.
- guidelines for Councillors on safe contact.
- dealing with allegations of professional abuse, including links with child and adult protection procedures.

It was felt that the package would provide a credible approach to making a reality of safeguarding as a corporate concern, and would foster consistency of approach and accountability and be tailored to the issues facing particular services. The main cost implications, which would be threefold, had been outlined in the report. Confirmation was provided that the adoption of the Policy and Panel arrangements could have positive implications, especially for older people and disabled people, and no negative implications had been identified.

The Committee were informed that although guidelines were currently sparse, HR were undertaking work to produce a policy on social media use. The CDMW confirmed that the remit of the further work in this area would be incorporated in the remit of the CSP. The HLDS informed the Committee that the WLGA had produced a guidance document on Elected Members use of social media which could be of assistance.

In response to the following concern raised by Mr P. Whitham:-

- the CDMW agreed that Appendix 7 be amended to included reference to Cabinet to receiving an Annual Report from the CSP.
- the need to review the Policy and Guidelines on a regular basis, and the inclusion of a fixed review period within the Terms of Reference.
- there being no direction in the Terms of Reference to the CSP monitoring the progression of technology.

The CDMW explained that the issues raised could be addressed and that the role of the CSP included the identification of any potential gaps in the Policy.

Councillor M.L. Holland expressed the view that attendance at Safeguarding training sessions should be mandatory. However, Councillor S.A. Davies felt the decision to attend such training sessions should remain with the respective Member.

During the ensuing discussion, Members agreed that the Safeguarding Policy and Panel be reviewed after 3 years.

RESOLVED – *that the Corporate Governance Committee agrees:-*

- (a) *the adoption of the Corporate Safeguarding Policy.*
- (b) *the establishment of a Corporate Safeguarding Panel with terms of reference as included in the report, subject to the suggested amendments, and*

(c) *the Safeguarding Policy and Panel be reviewed after 3 years.*
(SE to Action)

10 CORPORATE GOVERNANCE FRAMEWORK ACTION PLAN

A copy of a report by the Head of Internal Audit Services(HIAS) on the Council's Corporate Governance Framework (CGF), which provided details of a new action plan resulting from the review of the Council's Governance Framework and the Annual Governance Statement (AGS) 2012/13, had been circulated with the papers for the meeting.

The CGC monitored the Corporate Governance Framework Action (CGF) plan on a regular basis as part of the Council's overall governance arrangements to make sure that the Council implemented the necessary improvements effectively. The Council's CGF included an annual assessment of the Council's governance arrangements and an Annual Governance Statement highlighting any significant governance weaknesses. The Framework highlighted further areas that, while not being significant weaknesses, required improvement.

The Council's Governance Group managed the CGF process and development of the Annual Governance Statement on an on-going basis during the financial year. Membership of the Group consisted of:-

- Chair of Corporate Governance Committee
- Vice-chair of Corporate Governance Committee
- Head of Legal & Democratic Services
- Head of Business Planning & Performance
- Head of Finance & Assets
- Head of Internal Audit

The Group had developed the draft Action Plan included as Appendix 1. The outline Action Plan currently had several responsibilities, timescales and progress updates which had not yet been completed and these would be added prior to the next update report and maintained on a regular basis.

The HIA provided a detailed summary of Appendix 1 and referred to Significant Governance Issues from the Annual Governance Statement 2012/13. Particular reference was made to the Strategic HR needs to implement improvements following an adverse Internal Audit report, the need to improve our information governance, management of information assets and the way employees and elected members were trained in Data Protection and Freedom of Information requirements.

In reply to a issues raised by Mr P. Whitham, the HIA agreed that Members of the Committee be furnished with the introduction dates relating to the following:-

- the re-launch of the partnership framework.
- date of the anti-fraud and corruption policy.
- update of the Financial Regulations.
- updating of the Whistleblowing policy.

Following further discussion, it was:-

RESOLVED – that:-

- (a) *the Corporate Governance Committee receives and notes the contents of the draft Corporate Governance Framework Action Plan.*
- (b) *agrees that an additional column be included indicating timescales relating to previous years, and*
- (c) *requests that Members of the Committee be furnished with the introduction dates relating to the following:-*

- *the re-launch of the Partnership Framework.*
- *date of the Anti-Fraud and Corruption Policy.*
- *update of the Financial Regulations.*
- *updating of the Whistleblowing Policy.*

(IB to Action)

11 STRATEGIC HUMAN RESOURCES INTERNAL AUDIT REPORT

A copy of a report by the Head of Internal Audit Services (circulated previously) outlined the progress within Strategic Human Resources on the Action Plan included in the Internal Audit report from October, 2012.

The CGC had monitored progress on the implementation of the improvement actions identified by Strategic HR as a result of the Internal Audit review. Internal Audit had reviewed various areas of Strategic HR during 2012/13, issuing its report in October, 2012. The action plan within the report raised 11 issues, for which Strategic HR identified 45 actions with various timescales for implementation. Internal Audit followed up the action plan in February, 2013 and found that, while some progress had been made, the level of progress was “disappointingly slow” and a further progress report had been requested.

Strategic HR reported significant progress. However, the HIA had suggested that, while specific actions identified in the action plan had been completed, the effectiveness of these actions in addressing the issues in the Internal Audit report could not yet be gauged. The two services had met to discuss the outstanding issues and agreed to work closer together to provide assurance to the CGC that improvements were being made and issues addressed effectively.

It was explained that Strategic HR were going through a significant period of change and improvement and that the actions discussed in the report would form part of a larger improvement action plan, which was being project managed through the Council’s project management methodology process on Verto.

A table indicating the latest position for all 45 actions identified by Strategic HR to address the Internal Audit report action plan had been included in Appendix 1. The table detailed:-

- the issues to be addressed

- the actions identified to address the issues
- Strategic HR's update on latest progress
- comments - including an opinion on whether the actions are addressing the issue

The HIA confirmed that overall Strategic HR had made significant progress in addressing the issues raised by Internal Audit. Although virtually all of the actions had now been implemented, in some cases it would take time to assess whether these had been fully effective and some success depended on compliance within other services. To provide additional assurance Internal Audit would undertake a further review of the Strategic HR improvement project during April, 2014, which would include an assessment of the effectiveness of some of the longer term actions identified in Appendix 1. In particular, the review would examine the following areas:-

- whether employee data accuracy had improved;
- the successful implementation of new processes and procedures as part of the Systems Thinking process reviews;
- compliance with HR policies and procedures within services;
- accuracy of data sent to Payroll by HR;
- the effectiveness of the Civica Helpdesk in improving customer service;
- successful implementation of the new recruitment framework;
- development of succession plans for key posts in services.

Councillor M.L. Holland highlighted the importance of ensuring that data returned was accurate and received within the specified timescales, and he felt the introduction of automation could assist in omitting errors and improve the level of service provided. The officers provided details of the checks and procedures adopted, with the utilisation of TRENT and the inclusion of managers reports, to mitigate such problems.

In response to concerns raised by Mr P. Whitham regarding compliance with timescales regarding the provision of data from services, the officers explained that any regular non compliance would be exposed and challenged by the Service Challenge process. The HLDS explained that, as part of Service Challenge process, a report would be produced on how individual services were performing in respect of various HR issues.

The HIA confirmed that a review would be undertaken in April, 2014 with a progress report being submitted to the Corporate Governance Committee in May, 2014.

RESOLVED – that:-

- (a) *the Corporate Governance Committee receives the report and acknowledges the progress made, and*
 - (b) *agrees that a further progress report be submitted in May, 2014.*
- (IB to Action)**

12 INTERNAL AUDIT PROGRESS REPORT

A copy of a report by the Head of Internal Audit had been circulated previously.

The HIA introduced the report on the latest progress of the Internal Audit service in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

The information provided had been to the 17th March, 2013 and the CGC would receive the final outturn position in the next Internal Audit Annual Report.

The report provided an update in respect of:-

- delivery of the Assurance Plan for 2013/14
- recent Internal Audit reports issued
- management's response to issues raised
- Internal Audit's performance

A breakdown of work during 2013/14, compared to the Internal Audit Strategy, had been included in Appendix 1. It detailed assurance scores and the number of issues raised for the completed reviews, definitions used to form the audit assurance and the ratings used to assess the risk-levels for issues raised.

Details of the colours utilised for assurance ratings had been provided, together with, a list reports issued since July, 2013. Executive summary reports and action plans had been appended to the report for further information and included:-

- Carbon Reduction Commitment.
- Financial Systems Assurance Testing 2012/13.
- New Work Connections Exit Strategy.
- Fostering Service.
- Housing Services (Rents & Welfare Reform).
- Countryside Operations.
- Demarcation between the roles and responsibilities of Education Planning and Resources and Accountancy Services.

Management's response to issues raised by Internal Audit included:-

Most of the Internal Audit reports identified risks and control weaknesses and these had been rated as critical, major or moderate risk. Management had agreed actions to address the risks, including responsibilities and timescales. All instances where management failed to respond to follow up work, or where they exceed the agreed implementation date by more than three months, would be reported and the Committee would decide if further action was required. There were currently no issues to raise with the Committee and details pertaining to Internal Audit Performance had been included in the report for information.

The HIA referred to Appendix 2, which included reports, summary of reports, Audit Opinions and Action Plans, previously requested as a change to the current reporting method.

In response to a question from Mr P. Whitham, the HIA agreed to provide details on a spread sheet pertaining to Internal Audit Performance, Essential Assurance – all percentage targets.

RESOLVED – that Corporate Governance Committee:-

- (a) notes Internal Audit's progress and performance to date in 2012/13. receives the recent Internal Audit reports issued, and
- (b) details be provided pertaining to the Internal Audit Performance, Essential Assurance – all percentage targets.

(IB to Action)

13 YSGOL CLAWDD OFFA INTERNAL AUDIT REPORT

A copy of a report by the Head of Internal Audit Services (circulated previously) detailed the recent Internal Audit report on Ysgol Clawdd Offa, Prestatyn.

The CGC had requested a full Internal Audit report be presented to its September meeting as the Internal Audit Opinion indicated a Low Assurance and the Action Plan included 21 issues which were manageable at the school.

It was explained by the HIA that an escalation meeting had been held at the school and a follow up review had been requested to assist with the monitoring of progress. The HIA and Members of the Committee did express concern regarding the lack of interaction and engagement by members of the Group at the meeting. He confirmed that a copy of the follow up report would be circulated to Members of the Committee when completed, and a further report submitted to the Corporate Governance Committee in December, 2013.

RESOLVED – that:-

- (a) the Corporate Governance Committee receives and notes the contents of the report and Action Plan, and
- (b) an update report be submitted to the Corporate Governance Committee in December, 2013.

(IB to Action)

14 CORPORATE EQUALITY MEETING FEEDBACK

The Committee received a verbal report from Councillor M.L. Holland in respect of the Corporate Equality meeting.

Councillor M.L. Holland explained the importance of ensuring equality throughout the Council with regard to all aspects of the functions undertaken, and all Departments would be requested to complete Impact Equality Assessments (IEA) where applicable. The HLDS responded to concerns raised by Councillor S.A. Davies and highlighted the relevance and purpose of an EIA. He explained that templates for reports to Council and Cabinet had been amended to include an EIA, or an explanation for there being no need for one, in instances where a decision was required.

Councillor Holland referred to issues considered at the Corporate Equality meeting which included remote training for Elected Members and staff, which included iPads and Skype, and the provision of traveller and gypsy sites within the County.

RESOLVED – *that the Committee receives and notes the report.*

15 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

The Corporate Governance Committee's Forward Work Programme (FWP) (previously circulated) was presented for consideration.

The HLDS explained that the issue of the requirement for the attendance of Lead Members at Committee meetings had been raised at the Scrutiny Chairs and Vice Chairs Group. The Corporate Governance Committee agreed that the FWP could identify the need for the attendance of a Lead Member at a meeting depending on the nature of the report being presented.

Members considered the FWP for November, 2013 and agreed that Councillor J. Thompson-Hill be invited to attend the meeting for the Budget Update item.

The Committee confirmed the Forward Work Programme subject to the following:-

- An update report on the Internal Audit Report on Ysgol Clawdd Offa, Prestatyn and the Corporate Risk Register Report be presented to the December, 2013 meeting of the Corporate Governance Committee.

RESOLVED – *that, subject to the above, the Committee approves the Forward Work Programme.*
(IB & GW to Action)

Meeting ended at 13.10 p.m.

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.

Report To: Corporate Governance Committee

Date of Meeting: 6th November 2013

Lead Officer: Head of Finance & Assets

Report Author: Chief Accountant

Title: Budget 2014/15 - Update

1. What is the report about?

The report provides an update of the latest position with regard to the process of setting the council's budget for 2014/15 and to consider the next batch of savings intended to be proposed to County Council for approval on 3rd December 2013. The saving proposals are attached as Appendix 1.

2. What is the reason for making this report?

The Corporate Governance Committee has an oversight role with regard to the budget process.

3. What are the Recommendations?

That the Committee note the latest position and proposed next steps and considers the next phase of saving proposals being taken to County Council for formal approval in December.

4. Report details

The draft Local Government Settlement for Wales 2014/15 was published on 16th October 2013. The headline figures are:

- Average cash reduction across Wales of -3.5%
- Denbighshire has the worst settlement in Wales at -4.6%
- A damping mechanism has been applied to lessen the impact in 2014/15 but this will have an impact in 2015/16

At the time of writing the report, there are still uncertainties around some of the detail within the Settlement – specifically to do with the Council Tax Reduction Scheme funding and the treatment of additional Pupil Deprivation grant funding in relation to the requirement to protect school budgets. It is hoped that details will become clearer following a meeting of the Society of Welsh Treasurers on 25th October. In addition to the above, details are awaited of an actuarial review of the Clwyd Pension Scheme. It is expected that the review will increase employer's costs. The draft Settlement and other pressures mean that a savings target of approximately £8.5m has been set, though this may change as details become clearer. A more current update will

be presented to the Corporate Governance Committee on the day of the meeting.

The budget process has so far resulted in savings of £1.7m for 2014/15 being approved by County Council in September. On 21st October, a member workshop was held which presented additional proposals amounting to £4.5m. Each proposal was presented to elected members by lead cabinet members, providing details of the saving, the impact and an assessment of risk. The intention is to take this tranche of savings to County Council in December for approval. This will then mean that further savings required to balance the 2014/15 budget can be considered separately at the next member workshop arranged for 9th December and presented to County Council for approval in January/February 2014.

It is important that elected members have the opportunity to raise questions or concerns about any of the savings proposed for approval in the enclosed appendix. Both the Lead Member and Head of Finance & Assets are happy to discuss any of the proposals in more detail before presenting the report to County Council for approval.

5. How does the decision contribute to the Corporate Priorities?

The budget underpins the delivery of all priorities and council services.

6. What will it cost and how will it affect other services?

The appendix identifies savings of £4.5m for 2014/15. Savings of £1.7m have previously been agreed. The saving target for 2014/15 could be £8.5m.

7. What consultations have been carried out?

The saving proposals included as Appendix 1 have been proposed by Heads of Service. A series of meetings with services and finance have taken place, including meetings with the relevant lead members present. The saving proposals were discussed in detail at a member workshop in October. The proposals have been circulated to all elected members with an offer to discuss any of the proposals in detail before submission to County Council.

8. Chief Finance Officer Statement

The council faces significant financial challenges over the coming years. Formal agreement of the next phase of saving proposals will allow political and corporate effort to be focussed on the difficult task of identifying and agreeing the remaining measures required to set the budget for 2014/15.

9. What risks are there and is there anything we can do to reduce them?

The service and financial impact of all proposals must be properly considered as part of the budget setting process.

BUDGET WORKSHOP 21/10/2013 MEDIUM TERM FINANCIAL PLAN : SAVING PROPOSALS 2014/15

<u>Service Area</u>	<u>Description</u>	<u>Phase 1</u>		<u>Phase 2</u>	
		<u>Savings Agreed</u>		<u>Savings Proposed</u>	
		<u>2014/15</u>		<u>2014/15</u>	<u>2015/16</u>
		<u>£k</u>		<u>£k</u>	<u>£k</u>
<u>CORPORATE EFFICIENCIES</u>					
Reduce Contingency for balances and impact of Recession	Phase out budget provision over 3 years	300			
Workforce Efficiencies	Includes Removal of Essential Car User Allowance	363			
Modernising the Council	Agreed target per 2013/14 Budget only - further projects being developed and will be apportioned to Services	300			
Removal of one-off funds	Social Care Additional Funds in 12/13			905	
Carbon Reduction Commitment	Dropping out of payment scheme			150	
Capital Financing Budget	Repayment of loans to generate ongoing revenue saving			250	
Single Status	Scheme now fully implemented, no additional budget needed			250	
Property Running Costs	Energy efficiency, NNDR reductions			100	
LDP contribution	Reduce Corporate contribution to LDP from £25k p.a to £15k p.a			10	
		963		1,665	0
<u>SERVICE EFFICIENCIES</u>					
<u>Communication, Marketing & Leisure</u>					
Modernise Library Service Provision	Better use of space eg Gallery, Museum, TIC, location and suitability of some buildings etc	30			
Scala	Reduced Council subsidy	12			
Clwyd Leisure	Reduced Council subsidy	50			
ECTARC	Reduced Council subsidy	10	20		
Ruthin Craft Centre	Reduce Council's financial support	20			
Llangollen Pavilion	Reduce Council's financial support	25			
Youth Services	Reconfiguration of elements of the service			40	
		147		60	0
<u>Highways & Environmental Services</u>					
Renegotiate recycle and disposal contracts	Contracts currently being tendered - increased competition likely to drive down prices	27			
Environmental Services	Other Small savings	10			
WAG Waste Target Pressures	Increase in Landfill Tax, costs of collection etc	-50			
Reduced subsidy of School Meal Service	Increased take up of meals	50			
Management Restructure	Integration of Environment & Highways into one structure			400	
Emergency Planning	Savings arising from joint service with Flintshire			30	
Waste Management	Efficiencies from investment in transfer station and reduced contribution to Sustainable Waste Management Grant reserve			200	
Fleet Efficiencies	Reduction in vehicle numbers			80	
Building Cleaning	Renegotiation of Contracts			100	
		37		810	0
<u>Planning and Public Protection</u>					
Review Pest Control	Only carry out statutory part of function	20			
Review of Planning Policy Service	Reduce LDP contribution	10	10		
Review of CCTV service	Reduction of overtime costs and collaborative project	0	65		
Review of Management	Management Restructure	30			
		60	75		0
<u>Adults & Business Services</u>					
Cefndy Healthcare	Planned reduction in Council subsidy	31			
Older People					
Impact of investment in reablement	Reduced need for care services as more people are able to live independently for longer	75			
Residential Care - Impact of Extra Care	Less people needing residential care due to preventative services and more independent living opportunities	150			
Reablement Intervention	Reduce need for care services through targetted intervention	13			
Telecare	Regional partnership will reduce running costs	10			
Other Adult Services					
Systems Thinking and Vacancy Control	Process improvements to reduce admin and other costs	90			
Social Care Regional Board - Procurement Hub	Better commissioning of high cost placements	18			
Service Managers	Streamline Management structure			60	
Day & Work Opportunities	Modernise Day & Work Opportunities (Learning Disability)			50	
Mental Health Services	Reduce management commitment within service			46	
Welfare Rights Service	Channel Shift			50	
Community Development	Refocus service delivery			25	
		387		231	0
<u>School Improvement & Inclusion</u>					
Special Education	Review of Recoupment and Out of County Placements			200	
Pupil Support	University related fees			8	
ABA	Specific budget no longer required			25	
Training	20% reduction in budget			6	
Outreach	Budget Re-aligning			5	
Music & Arts	Review of Service Provision			52	
		0		296	0
<u>Customers & Education Support</u>					
Supplies & Services	Targeted reduction in spend			30	
		0		30	0
<u>Children's Services</u>					
Budget used to fund external placements for looked after Children to reflect revised demand	Currently exceptionally high due to type of placements. These will change as certain individuals become adults	64			
West Rhyl Young Peoples Project	Reduce / remove grant funding	41			
Social Care Regional Board - Procurement Hub	Better commissioning of high cost placements	17			
Outcome Agreement	Funding no longer needed in CS			69	
Tir Na Nog	Reconfigure service provision			64	
Staffing Budgets	Adjust budgets to account for staff turnover			195	
		122		328	0

Housing & Community DevelopmentReview of Economic & Business Development
Non HRAReview of Management Structure
Review of commissioning

20	30	40
	10	10
20	40	50

Finance & AssetsProperty Services
Finance
Internal AuditManagement Restructure and review of process / admin
Includes not replacing vacant posts and reduction in hours

0	100	50
	75	75
	25	
0	200	125

HRTraining
Occupational Health
Lead Business Partner
Capital FinancingRe provision of service

Investment repaid following 2010 Restructure

	10	15
	3	
	3	
	12	
0	28	15

Legal & Democratic ServicesRegistration of Electors
Registrar
Civics
Legal Library
AdministrationReduce expenditure on publications
Review administration provision

	30	
	20	
	5	
	8	
	20	
0	83	0

Business Planning & PerformanceImprovement Team
Partnership & Communities Team
Programme Office
Partnership & Communities TeamDelete Vacant Manager Post
Delete Performance Officer Post
Reduce Core Funding
Restructure Phase 2 (net savings)

	54	
	45	
	13	
		35
0	112	35

ICT & Business Transformation

0	0	0
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SchoolsSchool Reorganisation
School Reorganisation
Schools
School ReorganisationNon-pupil related elements of budget (Area 2)
Saving related to Formula Review for Middle Schools
Release of Non-delegated contingency fund
Non-pupil related elements of budget (Area 1)

	150	
	80	
	200	
	88	62
0	518	62

Total Service Savings

773	2,811	287
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Total Council Savings

1,736	4,476	287
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Total Savings Identified
Further Corporate Savings
TOTAL

6,212	287
250	
6,462	287

Includes Modernisation Targets of**300** (to be reviewed)

Report To: Corporate Governance Committee

Date of Meeting: 6th November 2013

Lead Member / Officer: Gary Williams, Head of Legal and Democratic Services

Report Author: Gary Williams

Title: Protocol and Guidance for Elected Members Appointed to Outside Bodies

1 What is the report about?

- 1.1 The Committee has previously requested a report on the guidance to Members relating to their position when representing the Council on outside bodies, in particular with regard to the need for such Members to report back to the Council on their activities with that body

2 What is the reason for making this report?

- 2.1 To ask the Committee to consider the issues relating to Members' reports on their activities with outside bodies.

3 What are the Recommendations?

- 3.1 That the Committee consider the issues relating to Members' reports on their activities with outside bodies.

4 Report details.

- 4.1 Alongside their involvement in the Council itself, it is possible for Members to be involved in a wide range of outside bodies including community organisations, charitable trusts, sports and recreation clubs, housing associations and companies. Sometimes Members will be appointed to sit on these organisations by the Council itself or in other cases, the Member may be appointed independently of any Council involvement.
- 4.2 This is an important distinction. Members who are appointed to sit on outside bodies by the Council are treated differently under the Code of Conduct to those who are appointed independently of any Council involvement insofar as declarations of interest are concerned.
- 4.3 In addition, Members who are appointed to an outside body by the Council may have the benefit of an indemnity in certain circumstances by the Council which they would not have if they had been appointed independently of any Council involvement.

- 4.4 The distinction is also important in respect of Members' attendance at a meeting of an outside body to which a Member has been appointed by the Council can be counted as an attendance by the Member for the purposes of the Local Government Act 1972 in determining whether a Member is disqualified for non attendance.
- 4.5 The role of a Member in relation to an outside body will vary depending on the body. Some Members will become directors of companies, trustees of charitable trusts, members of management committees in a decision making capacity or may merely be non decision observers or representatives. Each of these different roles carries different legal obligations and may attract different levels of indemnity cover.
- 4.6 Members have an important role in representing the Council on outside bodies and the Council can gain a number of benefits from Members being involved in such bodies:
- To provide knowledge, skills and expertise which may not otherwise be available.
 - To provide local accountability or democratic legitimacy to the appointment of an elected representative.
 - To ensure that good relationships can be maintained with the body.
 - To deliver a partnership project that requires the input of other organisations or community groups.
 - To protect the Council's investment or asset, i.e. if the Council provided grant funding or provides funding for service delivery.
 - To lever in external funding which would not be available to the Council on its own.
- 4.7 In order to ensure that Council representation on an outside body remains relevant and provides the benefits listed above it is important that anyone that is appointed to an outside body provides information and reports periodically to the Council on what that organisation is doing.
- 4.8 It is also important that where the Council is funding the outside body to any extent, Members are aware of the use that is being made of that funding.
- 4.9 There are a number of ways in which such reporting back could take place. In some authorities Members are invited to report back on the activities of outside bodies on which they represent the Council through regular briefing notes/members' newsletters in order that other Members of the Council are aware of and understand the work being done by those outside bodies. In other authorities Members report back to the Council through more formal means either by reports to Cabinet, Scrutiny, Council or Informal Council. It is suggested that a one size fits all approach is not appropriate. Clearly some outside bodies have a more significant impact on the Council's resources and policy priorities than others.

- 4.10 The list of outside bodies to which the Council has appointed Members is attached at Appendix 1 to this report. There is a wide range of bodies to which Members have been appointed. Clearly some of these bodies will have a greater impact on the Council's priorities and communities than others. Some bodies will be in receipt of substantial financial support from the Council and others will have less or none.
- 4.11 In considering what reporting requirements to place on Members of outside bodies the committee may wish to consider the most appropriate frequency and forum for such reports.
- 4.12 The practice of other authorities appears to vary. Many authorities do not have any formal mechanism for Members to report on their activities. Some authorities require Members on outside bodies to complete template proforma reports which are circulated for information to the other Councillors or placed in a single location to which Councillors have access.
- 4.13 There are some authorities that categorise the outside bodies to which they appoint Members and have different reporting requirements depending on the category in which the particular outside body has been placed.
- 4.14 Examples of categories that have been used elsewhere are:
- Bodies which set a precept that the Council collects
 - Bodies to which the Council pays a subscription to be a member
 - Bodies which receive a grant or other financial assistance from the Council
 - All other outside bodies
- 4.15 It may be that all representatives on outside bodies are required to complete annual proforma reports which could be the subject of a corporate report to Cabinet when it is considering appointments to outside bodies. Where the Council has more than one representative on a body a single agreed report could be made.
- 4.16 Members may wish to require additional, more detailed reports for some bodies or categories of bodies and identify a forum for such reports e.g. Scrutiny, Cabinet, Council etc.
- 4.17 Members should be aware that the Council is required to have in place arrangements for Members to submit annual reports on their activities as Councillors. It is not mandatory in law for such reports to be completed. A proforma report is provided for those reports. Members may wish to have an annual report on outside bodies proforma circulated at the same time as the Councillors' Annual Reports in order that these be completed at the same time.
- 4.18 Members should also be aware that representatives on outside bodies are not necessarily appointed to act solely in the interests of the Council. Trustees and Directors will owe duties in law to the body to which they are appointed. Members appointed to such bodies may be bound by obligations of

confidentiality to the outside body which may mean that some aspects of the body's business may not be included in any report.

- 4.19 The Committee is requested to consider the issues set out in this report and indicate their preferences in order that a fuller consultation take place with all elected Members.

5 How does the decision contribute to the Corporate Priorities?

- 5.1 The work of outside bodies can contribute to the delivery of the Council's priorities and regular information on their activities may assist the Council in planning future activity.

6 What will it cost and how will it affect other services?

- 6.1 There will be some additional staff time incurred in administrating the reporting process. This should be contained within existing budget.

7 What consultations have been carried out and has an Equality Impact Assessment Screening been undertaken?

- 7.1 This report is the beginning of a consultation with Members. There is no need for an Equality Impact Assessment.

8 Chief Finance Officer Statement

- 8.1 The recommendations of this report do not appear to have any financial consequences.

9 What risks are there and is there anything we can do to reduce them?

- 9.1 The risk of not receiving regular reports is that Members continue to be appointed to outside bodies that cease to be relevant to the Council's objectives and take up Members' time unnecessarily.

10 Power to make the Decision

- 10.1 Section 111 Local Government Act 1972.

Full Name of Organisation		Councillors Appointed
Bangor University Court	<i>Llys Prifysgol Bangor</i>	G Kensler [Plaid]
Betsi Cadwaladr Community Health Council (Denbighshire Local Committee)	Cyngor Iechyd Cymunedol Betsi Cadwaladr (Pwyllgor Lleol Sir Ddinbych)	R Bartley [Ind - term will expire end of Feb 2014], B Blakeley [Lab] 1 vacancy as Ann Davies completed her maximum term of office in Sep 2013
Bodelwyddan Castle Trust [Trust]	<i>Ymddiriedolaeth Castell Bodelwyddan [Ymddiriedolaeth]</i>	H Jones [Plaid], D Simmons [Lab]
Brickfields Pond Local Nature Reserve Management Advisory Group	<i>Grŵp Rheoli Ymgynghorol Gwarchodfa Natur Leol Pwll Brickfields</i>	P Jones [Lab], M McCarroll [Lab]
Cadwyn Clwyd Cyfyngedig [Company Ltd by Guarantee]	<i>Cadwyn Clwyd Cyfyngedig [Cwmni Cyfyngedig trwy Warant]</i>	T R Hughes [Plaid]
Canolfan Seion (Denbigh Management Committee)	Canolfan Seion (Pwyllgor Rheoli Dinbych)	C Hughes [Lab]
Clwyd Alyn Housing Association - Llys Marchan Residential Home Advisory Committee	<i>Cymdeithas Tai Clwyd Alyn—Pwyllgor Ymgynghorol Cartref Preswyl Llys Marchan</i>	B Feeley [Ind]
Clwyd Leisure Ltd	Hamdden Clwyd Cyf.	W Mullen-James [Lab], P Penlington [Lab] - Appointments withdrawn
Clwyd Pension Fund	Cronfa Bensiwn Clwyd	H Jones [Plaid] with J Thompson-Hill [Con] substitute
Clwydian Range AONB - Joint Advisory Committee [Joint Committee]	AHNE Bryniau Clwyd – Cydbwyllgor Ymgynghorol [Cydbwyllgor]	M Holland [Con], H Jones [Plaid], M Parry [Con]
Deeside and Yale College - Shadow Board	Coleg Glannau Dyfrdwy a Choleg Iâl – Bwrdd Cysgodi	R Hughes [Plaid]
Deeside College Governing Body	Corff Llywodraethu Coleg Glannau Dyfrdwy	R Hughes [Plaid]
Denbigh Lower Park Association	<i>Cymdeithas Parc Isaf Dinbych</i>	R Bartley [Ind], G Kensler [Plaid]
Denbighshire Care & Repair Agency - Strategic Business Planning Committee	<i>Asiantaeth Gofal a Thrwsio Sir Ddinbych – Pwyllgor Cynllunio Busnes Strategol</i>	B Cowie [Ind], C Williams [Plaid], C Hughes [Lab]
Denbighshire Community Chest Panel	<i>Panel Cist Gymunedol Sir Ddinbych</i>	G Kensler [Plaid], C Williams [Lab]
Denbighshire Enterprise Agency	<i>Asiantaeth Mentrau Sir Ddinbych</i>	R Bartley [Ind], M Davies [Plaid], M Holland [Con], M McCarroll [Lab], D Owens [Con], H Williams [Con]
Denbighshire Rural Development Plan Partnership	<i>Partneriaeth Cynllun Datblygu Gwledig Sir Ddinbych</i>	H Jones [Plaid], M Parry [Ind], C Williams [Plaid], E Williams [Plaid], + M Davies [Plaid]

European Centre for Training and Regional Co-operation [Trust]	<i>Canolfan Ewropeaidd ar gyfer Hyfforddi a Chydweithio Rhanbarthol [Ymddiriedolaeth]</i>	T R Hughes [Plaid]
Heather & Hillforts Partnership Board	<i>Bwrdd Partneriaeth Grug a Bryngaerau</i>	T R Hughes [Plaid], M Holland [Con]
Joint Community Safety Partnerships - Strategic Group	<i>Cydbwyllgor Partneriaethau Diogelwch – Grŵp Strategol</i>	B Cowie [Ind], D Smith [Ind]
Llandrillo College Governing Body [Now Local College Councils for Rhyl and Denbigh sites]	<i>Corff Llywodraethu Coleg Llandrillo [Cyngor Coleg Lleol ar gyfer safleoedd y Rhyl a Dinbych]</i>	B Mellor [Lab] for Rhyl LCC, R Davies [Ind] for Denbigh LCC,
Llangollen Silver Band	<i>Band Arian Llangollen</i>	T R Hughes [Plaid]
Local Access Forum	<i>Fforwm Mynediad Lleol</i>	M Holland [Con]
Marine Lake User Forum	<i>Fforwm Defnyddwyr Marine Lake</i>	I Armstrong [Lab] with A Roberts [Plaid] as named substitute
Menter Iaith Sir Ddinbych	<i>Menter Iaith Sir Ddinbych</i>	H Jones [Plaid]
Mersey Dee Alliance	<i>Cynghrair Merswy a Dyfrdwy</i>	H Evans [Ind], with J Thompson-Hill [Con] and C Williams [Plaid] as named substitutes
North and Mid Wales Trunk Road Agency [Joint Committee]	<i>Asiantaeth Cefnffyrdd Gogledd a Chanolbarth Cymru [Cydbwyllgor]</i>	D Smith [Ind]
North Wales Economic Ambition Board	<i>Bwrdd Uchelgais Economaidd Gogledd Cymru</i>	H Evans [Ind]
North Wales Economic Forum	<i>Fforwm Economaidd Gogledd Cymru</i>	H Evans [Ind]
North Wales Fire Authority (Executive Panel) [Joint Committee]	<i>Awdurdod Tân Gogledd Cymru (Panel Gweithredol) [Cydbwyllgor]</i>	R Davies [Ind], M Lloyd-Davies [Plaid], P Owen [Con]
North Wales Fire Authority [Joint Committee]	<i>Awdurdod Tân Gogledd Cymru [Cydbwyllgor]</i>	Paul Penlington [Lab], R Davies [Ind], M Lloyd-Davies [Plaid], P Owen [Con]
North Wales International Music Festival	<i>Gŵyl Gerdd Rhyngwladol Gogledd Cymru</i>	M L Davies [Plaid] D Owens [Con]
North Wales Police and Crime Panel	<i>Panel Heddlu a Throsedd Gogledd Cymru</i>	B Cowie [Ind]
North Wales Police Authority [Joint Committee]	<i>Awdurdod Heddlu Gogledd Cymru [Cydbwyllgor]</i>	B Cowie [Ind]
North Wales Police Authority Joint Appointments Committee [Joint Committee]	<i>Cydbwyllgor Penodiadau Awdurdod Heddlu Gogledd Cymru [Cydbwyllgor]</i>	J Butterfield [Lab], S Davies [Ind]
North Wales Psychiatric Fund (Ablett Fund)	<i>Cronfa Seiciatrig Gogledd Cymru (Cronfa Ablett)</i>	R Bartley [Ind]
North Wales Residual Waste Joint Committee [Joint Committee]	<i>Cydbwyllgor Gwastraff Gweddilliol Gogledd Cymru [Cydbwyllgor]</i>	E Williams [Plaid], D Smith [Ind]

North Wales Safer Communities Board	<i>Bwrdd Cymunedau Diogelach Gogledd Cymru</i>	D Smith [Ind]
Scala Prestatyn Ltd	Scala Prestatyn Cyf.	G Sandilands [Lab]
St Kentigern Hospice, St Asaph [Trust]	<i>Hosbis Sant Kentigern, Llanelwy [Ymddiriedolaeth]</i>	D Owens [Con] with A Jones [Ind] as named substitute
Taith Joint Committee [Joint Committee]	Cydbwyllgor Taith [Cydbwyllgor]	D Smith [Ind], H Hilditch-Roberts [Ind]
Third Sector Liaison Group	<i>Grŵp Cyswllt Trydydd Sector</i>	B Feeley [Ind], H Irving [Con]
Tourism Partnership North Wales	<i>Partneriaeth Twristiaeth Gogledd Cymru</i>	H Jones [Plaid]
Upper Denbigh Community Partnership, Management Committee	<i>Partneriaeth Cymuned Dinbych Uchaf, Pwyllgor Rheoli</i>	G Lloyd Williams [Lab], C Hughes [Lab]
Valuation Tribunal for Wales, North Wales Region - Joint Appointing Panel	<i>Tribiwnlys Prisio Cymru, Rhanbarth Gogledd Cymru – Cyd Banel Penodi</i>	Cefyn Williams [Plaid]
Welsh Joint Education Committee	Cydbwyllgor Addysg Cymraeg	E Williams [Plaid]
Welsh Local Government Association - Co-Ordinating Committee	Cymdeithas Llywodraeth Leol Cymru – Pwyllgor Cydlyn	H Evans [Ind]
Welsh Local Government Association - Council	Cymdeithas Llywodraeth Leol Cymru – Cyngor	H Evans [Ind], J Thompson-Hill [Con]

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**DRAFT
DENBIGHSHIRE COUNTY COUNCIL**

ANNUAL REPORT – COUNCIL REPRESENTATIVE’S ON OUTSIDE BODIES

20 /20

Name(s) of Representative(s):			
Name of Organisation:			
No. of Meetings Held:		No. of Meetings Attended	
Please give a brief description of the purpose/aims of the Organisation:			
Please give details of the key activities/achievement/outcomes during the year:			
Do you wish to continue as the Council’s representative:			
Any other comments:			

Please return this form byto

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Report To: Corporate Governance Committee

Date of Meeting: 6 November 2013

Report Author: Head of Internal Audit Services

Title: Corporate Governance Framework Action Plan

1. What is the report about?

This report provides the Committee with an updated action plan resulting from the review of the Council's governance framework and the Annual Governance Statement (AGS) 2012/13.

2. What is the reason for making this report?

Corporate Governance Committee will monitor the Corporate Governance Framework Action plan on a regular basis as part of the Council's overall governance arrangements to make sure that the Council implements the necessary improvements effectively.

3. What are the Recommendations?

Committee considers and comments on the draft Corporate Governance Framework Action Plan and whether it needs any further information on any of the areas covered by the Action Plan.

4. Background

3.1. The Council's Corporate Governance Framework includes an annual assessment of the Council's governance arrangements and an Annual Governance Statement that highlights any significant governance weaknesses. The Framework also highlights further areas that, while not being significant weaknesses, still need improvement.

3.2. The Council's Governance Group manages the Corporate Governance Framework process and development of the Annual Governance Statement on an on-going basis during the financial year. This Group consists of:

- Chair of Corporate Governance Committee
- Vice-chair of Corporate Governance Committee
- Head of Legal & Democratic Services
- Head of Business Planning & Performance
- Head of Finance & Assets
- Head of Internal Audit

3.3 The Governance Group has developed the Action Plan in Appendix 1, which has been updated since our last report to show progress to date

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Appendix 1 - Corporate Governance Framework Action Plan

Red - No started Amber - In progress Green - Complete

Improvement Area from AGS	Responsibility	Timescale	Progress	RAG Status
Significant Governance Issues from the Annual Governance Statement 2012/13				
Strategic HR needs to implement improvements following an adverse Internal Audit report.	Head of Strategic HR	December 2013	Head of Strategic HR & Head of Internal Audit provided separate progress report to Corporate Governance Committee 4 September 2013	Amber
We need to improve our information governance, management of information assets and the way we train employees and elected members in Data Protection and Freedom of Information requirements.	Head of Business Planning & Performance	April 2014	<ul style="list-style-type: none"> Reviewed Data Protection training and rolling out Developed Information Risk Policy, ready to launch Progressing roll out of EDRMS Corporate Filing programme 	Green
Governance Principle 1 - Focusing on the purpose of the Council and on outcomes for the community and creating and implementing our medium and long term vision				
We still have work to do to develop how we will deliver some of our corporate priorities	Head of Business Planning & Performance	n/a	<ul style="list-style-type: none"> Progressed as far as possible. Priorities expanded upon, with proposed outcomes, actions etc. Progress being monitored in performance reports. Economic Ambition Strategy developed and will soon be agreed 	Green
We need to improve co-ordination of the various self-assessments that we carry out.	Head of Business Planning & Performance	31/01/14	To be discussed with Head of Internal Audit services to agree a new approach for the 2013/14 self-assessment and Annual Governance Statement.	Amber
Within our financial planning, we need to develop a more strategic approach to the efficiency programme for the difficult years ahead.	Head of Finance & Assets	n/a	<ul style="list-style-type: none"> Three workshops a year with members programmed on financial planning. SLT session in November 2013 to look at 2015/16 and beyond. 	Green
Heads of Service are developing new service standards to improve customer service further.	Head of Customers & Education Support	31/03/14	<ul style="list-style-type: none"> Not all services have robust standards in place as yet. Will be subject to Internal Audit review during 2013/14 	Amber

Improvement Area from AGS	Responsibility	Timescale	Progress	RAG Status
We still have work to do to improve how we manage customer complaints.	Head of Customers & Education Support		<ul style="list-style-type: none"> The policy has been revised and re-launched with officers, elected members and the public. Procedures are in place to record and monitor complaints in all services and further work has to be done to analyse and use the information to review service delivery. Will be subject to Internal Audit review during 2013/14 	Amber
The configuration of Denbighshire's strategic partnerships is not yet right and requires further work.	Head of Business Planning & Performance	n/a	We have now discontinued CYPP and HSCWB partnerships and the main groups reporting to them. Instead we have a Single Strategic Partnership Board supporting the LSB. No further rationalisation is planned.	Green
We need to re-launch our partnership framework to make sure that everyone is aware of it and uses it.	Head of Business Planning & Performance	n/a	Partnership framework launched on Intranet and issued to SLT to cascade. No further action planned.	Green
We are improving our procurement strategy, systems and processes to achieve more financial savings.	Head of Finance & Assets	31//03/14	<ul style="list-style-type: none"> Re-writing procurement strategy. Members of National Procurement Service and Welsh Purchasing Consortium. Developing e-sourcing and e-invoicing. Undertaking KPMG procurement health check. Draft Contract Procedure rules at consultation stage. Developing four counties procurement project and category management project. 	Amber
We are strengthening the service performance challenge process for 2013.	n/a	n/a	New process now in place and service challenges commenced. No further action planned.	Green
We will continue our work to fully embed programme and project management into our culture.	Head of Business Planning & Performance	n/a	This is an on-going process but is now well established, with several officers trained in project management, use of Verto to record projects and regular reporting to CET. No further action planned.	Green

Improvement Area from AGS	Responsibility	Timescale	Progress	RAG Status
Governance Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles				
We are developing a performance management framework for elected members.	Cabinet Lead Member for Modernising & Performance	31/03/14	<ul style="list-style-type: none"> There is an annual report from Scrutiny to Full Council on the performance of Scrutiny. Work is on-going in respect of the framework for reporting on the activities of members in other forums. 	Amber
While we now have a partnership framework, we need to make sure that all current partnerships meet its requirements.	Head of Business Planning & Performance	n/a	This will be covered during Internal Audit work on partnerships on a regular basis.	Amber
We need to review the role of the S151 Officer to ensure that it meets recommended standards and good practice.	Head of Internal Audit Services	March 2014	Internal Audit review being prepared to measure S151 role against CIPFA guidance. Likely to be completed during autumn 2013.	Amber
Governance Principle 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour				
We need to update our anti-fraud and corruption policy.	Head of Legal & Democratic Services	January 2014	The policy remains to be reviewed. An updated policy will be presented to Corporate Governance Committee in January 2014	Amber
We are updating our Financial Regulations.	Head of Finance & Assets	31/12/13	Draft version being reviewed with Chief Accountant.	Amber
We are undertaking a self-assessment to ensure that the Corporate Governance Committee operates effectively as an audit committee.	Head of Internal Audit Services	December 2013	Assessment postponed from July 2013 to September 2013 Committee meeting. Action plan will be developed from outcome by December 2013.	Amber
Governance Principle 4 - Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk				
We need to promote our scrutiny function among our stakeholders and provide further training for elected members. We will also implement any improvements arising from a recent peer review.	Head of Legal & Democratic Services	March 2014	<ul style="list-style-type: none"> The results of the WAO review of Scrutiny will be fed back at an event in Cardiff on 28 November. The Constitution Review Group will meet to discuss the findings of the review and any changes required to assist public engagement. 	Amber

Improvement Area from AGS	Responsibility	Timescale	Progress	RAG Status
Our Corporate Self-assessment recognised some improvements needed in risk management and we will implement these and any additional issues arising from the recent Internal Audit review.	Head of Business Planning & Performance	n/a	All improvements in risk management now implemented and further work on-going on risk appetite.	Green
We will update Internal Audit's Charter and carry out a self-assessment of the service to ensure that it complies with the new Public Service Internal Audit Standards.	Head of Internal Audit Services	March 2014	Internal Audit Charter updated and approved by Corporate Governance Committee. Self-assessment planned for later in 2013.	Amber
We are strengthening our research and intelligence functions to be more proactive in the way that we consider the external environment to support decision-making and strategic planning.	Head of Business Planning & Performance	n/a	Research and development team now in place and working effectively. No further action planned.	Green
We are updating our Whistleblowing policy.	Head of Legal & Democratic Services	December 2013	The revised draft Policy has been the subject of consultation with trade unions and will be placed before Council in December 2013 for approval.	Amber
Governance Principle 5 - Developing the capacity and capability of members and officers to be effective				
We need to do more to improve the flexibility of our workforce to enable us to use them in the areas of greatest need.	Head of Strategic HR	n/a	<ul style="list-style-type: none"> After some initial research, the Modernisation Board decided that this was no longer viable, and the project to introduce job families and look at peaks and troughs in demand was stopped. Employees who find themselves at risk of redundancy are redeployed where possible. 	n/a
We are developing a new training programme for elected members based on a needs assessment.	Cabinet Lead Member for Modernising & Performance	January 2014	<ul style="list-style-type: none"> Members have held a workshop to discuss training needs and a survey of members' requirements has been conducted. The results of this process will be analysed and a training programme produced to reflect members' needs. 	Amber

Improvement Area from AGS	Responsibility	Timescale	Progress	RAG Status
There is still work to do to ensure that officer performance appraisals are completed at least once a year.	Head of Strategic HR	March 2014	<ul style="list-style-type: none"> Improvements have been made to the performance appraisal system to improve functionality and reporting accuracy. The completion rates of performance appraisals now forms part of the quality assurance provided to the Service Challenge panel for each service. 	Amber
Governance Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability				
We need to make sure that our employees are fully aware of the requirements of equalities legislation.	Head of Business Planning & Performance	31/03/14	<ul style="list-style-type: none"> Respect Booklet launched. Will be subject to Internal Audit review in January 2014. 	Amber
The Consultation & Engagement Strategy needs to become embedded in our service delivery.	Head of Business Planning & Performance	n/a	Work on this is continuing and is being supported through the roll out of The Denbighshire Way and the LSB engagement strategy.	Green
We will roll out the Denbighshire Volunteering Strategy.	Head of Strategic HR	To be agreed	Funding has been secured for 12 months to roll out the strategy. Recruitment is currently underway for the post	Amber
We need to further improve the way we engage with business groups.	Head of Business Planning & Performance	n/a	Work is progressing through the Economic Ambition Strategy.	Green

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Report To: Corporate Governance Committee

Date of Meeting: 6 November 2013

Report Author: Head of Internal Audit Services

Title: Internal Audit Progress Report

1. What is the report about?

This report updates the Committee on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

2. What is the reason for making this report?

To bring the Committee up to date regarding:

- delivery of our Assurance Plan for 2013/14
- recent Internal Audit reports issued
- management's response to issues we have raised
- Internal Audit's performance

3. What are the Recommendations?

- Committee considers and comments on Internal Audit's progress and performance to date in 2013/14
- Committee considers and comments on recent Internal Audit reports issued and follow ups carried out

4. Internal Audit Progress

Delivery of the Internal Audit Assurance Plan 2013/14

- 4.1. Appendix 1 provides a breakdown of our work during 2013/14, compared to the Internal Audit Strategy. It includes assurance scores and number of issues raised for the completed reviews, definitions used to form our audit assurance and the ratings used to assess the risk-levels for issues raised.

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Summary of Recent Internal Audit Reports

1. Our reports use colours for assurance ratings as follows:

Green	High Assurance	Risks and controls well managed
Yellow	Medium Assurance	Risks identified but are containable at service level
Amber	Low Assurance	Risks identified that require meeting with Director/Lead Member
Red	No Assurance	Significant risks identified that require member / officer case conference

2. Since my report in September 2013, we have issued the following reports. Executive summary reports and action plans are appended to this report for further information.

Audit Report	Audit Opinion	Issues Raised			Comments
		Critical Risk (Red)	Major Risk (Amber)	Moderate Risk (Yellow)	
Settlement Agreements	n/a	0	3	0	No formal opinion issued as only a summary report
Deputy for Finance (Court of Protection)	Medium	0	0	4	
Ysgol Brynhyfryd, Ruthin	Medium	0	0	2	

Management's response to issues raised by Internal Audit

3. Most of our Internal Audit reports identify risks and control weaknesses. We rate these as critical, major or moderate risk. Management agrees actions to address the risks, including responsibilities and timescales.
4. We report all instances where management fails to respond to our follow up work or where they exceed the agreed implementation date by more than three months. This Committee decides whether it needs to take further action, e.g. by calling the relevant people to its next meeting or asking for a written report to explain lack of progress.
5. Since my last report to this Committee, we have followed up the following reports. Members will note that we have not received a response to three action plan follow ups that we requested on 1 October 2013. We issued reminders on 23 October, but responses were not received in time for this progress report.

Audit Report	No. of Issues Followed Up	Outcome of Follow Up
Winter Maintenance	10	<ul style="list-style-type: none"> • Actions to address 9 issues fully implemented. • No progress on remaining issue, which we will follow up again in January 2014.
Housing Services	4	<ul style="list-style-type: none"> • Update requested 01/10/13 but no response by 18/10/13 deadline. • Reminder issued 23/10/13 but response not received in time for this progress report.
Housing Responsive Repairs & Voids	13	<ul style="list-style-type: none"> • Update requested 01/10/13 but no response by 18/10/13 deadline. • Reminder issued 23/10/13 but response not received in time for this progress report.
Ysgol Clawdd Offa, Prestatyn	21	<ul style="list-style-type: none"> • Follow up visit carried out and significant progress has been made with the action plan. • IA report not ready at the time of preparing this progress report but will be issued to in advance of this Committee's November meeting.
Oak Tree Centre	9	<ul style="list-style-type: none"> • Actions to address 3 issues fully implemented. • Remaining 6 issues all in progress and have new timescales but are over 3 months later than originally planned.
Carbon Reduction Commitment	1	<ul style="list-style-type: none"> • Update requested 01/10/13 but no response by 18/10/13 deadline. • Reminder issued 23/10/13 but response not received in time for this progress report.
Domiciliary Care Package Review	2	<ul style="list-style-type: none"> • Both issues addressed
Financial Systems (Ruthin) 2012/13	2	<ul style="list-style-type: none"> • Both issues addressed

Internal Audit Performance

Essential Assurance - all targets 100%

Review of agreed Financial Assurance areas in Assurance Plan by 31/03/14

So far, we have completed 75% of the planned projects, with the remaining project scheduled to be completed before 31 March 2014.

Review of agreed Grants & Certification Assurance areas in Assurance Plan by 31/03/14

So far, we have completed 80% of the planned projects, with the remaining project scheduled to be completed before 31 March 2014.

Review of agreed Corporate Governance Assurance areas in Assurance Plan by 31/03/14

Most of these projects are scheduled for later in the year to allow time for progress on the Corporate Plan. So far, we have completed 14% of the planned projects.

Review of agreed High Corporate Risk Assurance areas in Assurance Plan by 31/03/14

All eight projects are scheduled for completion by 31 March 2014.

Customer Standards - all targets 100%

Contact customers at least 2 weeks in advance to arrange a suitable date for our visit

Current performance is 100%

Send customers the agreed Project Scoping Document before we commence work

Current performance is 100%

Send the customer a draft report within 10 working days of the closing meeting

Current performance is 100%

Send the customer our final audit report within 5 working days of agreeing the draft

Current performance is 100%

Appendix 1

Internal Audit Work 2013/14 – progress as at 13/10/13

Internal Audit Assurance Plan	Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Financial Assurance								
Financial systems – Ruthin based 2012/13	0	1	Complete	Medium	0	1	7	Completion of 2012/13 review
Financial systems – Rhyl based	48	41	Draft report					
Financial systems – Ruthin based	30	0	Not started					Due January 2014
Financial systems - Activedata testing 2012/13	16	14	Complete	Medium	0	0	0	
Settlement agreements	5	4	Complete	n/a	0	3	0	Summary report
Sub-totals	99	60	% Internal Audit Assurance Plan			Estimated: 4.6%		Actual to date: 5.4%
Performance	4 planned projects - 3 completed to draft report stage = 75%							
Grant & Other Certification Assurance								
Sustainability/Climate Change	3	4	Complete	High	0	0	4	
Welsh Government (WG) education grant certification	15							Completion of 2012/13 review
- Breakfast initiative Grant		5	Complete	High	0	0	0	
- Thinking & Assessment for Learning Grant		3	Draft report					
WG 6 th Form Funding – Ysgol Brynhyfryd, Ruthin	15	16	Complete	Medium	0	0	3	
WG Student Finance certification	5	6	Complete	High	0	0	0	
WG 6 th Form Funding - Denbigh High School	15	0	Not started					Due January 2014
Sub-totals	53	34	% Internal Audit Assurance Plan			Estimated: 2.5%		Actual to date: 3.0%

Internal Audit Assurance Plan	Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Performance	5 planned projects - 3 completed to draft report stage = 80%							
Corporate Governance Assurance								
Management of human resources - agency / relief staff	10	6	In progress					
Risk management	0	5	Complete	Medium	0	0	4	Completion of 2012/13 review
Procurement	20	35	Draft report					Continuation of 2012/13 review
Corporate Plan - Developing the local economy	9	0	Not started					Due January 2014
Corporate Plan - Improving performance in education and the quality of our school buildings	3	0	Not started					Due January 2014
Corporate Plan - Improving our roads	4	0	Not started					Due February 2014
Corporate Plan - Vulnerable people are protected and are able to live as independently as possible	6	0	Not started					Due February 2014
Corporate Plan - Ensuring access to good quality housing	3	0	Not started					Due March 2014
Corporate Plan - Clean & tidy streets	5	0	Not started					Due November 2014
Corporate Plan - Strategic overview	1	0	Not started					Due January 2014
Customer Service Standards	7	0	Not started					Due December 2013
Customer feedback process	10	1	Preparation					Due January 2014
Corporate Plan - Modernising the council to deliver efficiencies and improve services for our customers - Other areas	15	0	Not started					Due December 2013

Internal Audit Assurance Plan	Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Partnerships & collaboration - N. Wales Commissioning Hub	15	0	Not started					Due December 2013
Partnerships & collaboration New Work Connections Exit strategy		4	Complete	Medium	0	0	2	
Project management	20	11	In progress					
Management of human resources - disciplinaries & difficult situations	20	0	Not started					Due November 2013
Management of human resources - cessation of employment	20	0	Not started					Due March 2014
Roles & responsibilities of elected members & senior officers	5	0	Preparation					Due December 2013
Scheme of delegation for decision making	5	0	Not started					Due December 2013
S151 Officer Role	6	1	Preparation					Due November 2013
Equalities	15	0	Not started					Due March 2014
Leadership	1	0	Complete	High	0	0	0	Assurance taken from outcome of staff survey
Corporate Governance Framework	15	2	In progress					On-going work during the year
Sub-totals	215	67	% Internal Audit Assurance Plan			Estimated: 10.0%		Actual to date: 6.0%
Performance	22 planned projects - 3 completed to draft report stage = 14%							
High Corporate Risk Assurance								
Collaboration agenda	3	0	Not started					Due December 2013
Change/ modernisation projects	3	0	Not started					Due November 2013
HR framework	3	0	Not started					Due December 2013
ICT investment	3	0	Not started					Due December 2013
Corporate Risk - Safeguarding	3	0	Not started					Due December 2013

Internal Audit Assurance Plan	Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Corporate Risk - Economic Environment	2	0	Not started					Due March 2014
Corporate Risk - Arms Length Organisations	2	0	Not started					Due March 2014
Corporate Risk - BCU Health Board Partnership	3	0	Not started					Due February 2014
Sub-totals	22	0	% Internal Audit Assurance Plan			Estimated: 1.0%		Actual to date: 0%
Performance	8 planned projects not yet commenced = 0%							
Risk-based Assurance								
Corporate Health & Safety	20	24	Draft report					
Sickness absence management	25	0	Not started					Due December 2013
Travel & subsistence - pool cars	20	21	Draft report					
Welfare advice	30	39	Draft report					
Management of Council buildings	20	24	Complete					Verbal update on request of S151 Officer
Adult Services - improvement & priority areas from self-assessment 2013/14	5	0	Not started					Due November 2013
Adult Services - residential care	20	20	Draft report					
Adult Services - Deputy for Finance (Court of Protection)	12	12	Complete	Medium	0	0	4	
Children's Services - improvement & priority areas from self-assessment 2013/14	5	0	Not started					Due December 2013
Children's Services - cash payments to clients	15	1	Scoping					Due February 2014
Children's Services - performance	1	1	Completed	n/a	n/a	n/a	n/a	Review of specific performance indicator only

Internal Audit Assurance Plan	Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Library Standards	2	1	In progress					
School admissions	10	0	Not started					Due January 2014
2st Century Schools programme	10	0	Not started					Due January 2014
School themed visits - governance	20	24	In progress					
School themed visits - physical security / health & safety	30	1	Scoping					Due December 2013
School themed visits - procurement	20	1	Scoping					Due December 2013
School themed visits - safeguarding	15	1	Scoping					Due November 2013
School themed visits - School Fund management	15	1	Scoping					Due January 2014
Blessed Edward Jones School, Rhyl	15	1	In progress					
Special Education	30	0	Not started					Due March 2014
Flying Start Grant	5	0	Complete	n/a	n/a	n/a	n/a	Project no longer necessary
School Improvement performance	1	0	Not started					Due November 2013
School Improvement - review of admin, terms & conditions, TOIL & travel costs	20	7	In progress					
Fly tipping	1	1	Complete					Review of specific performance indicator only
Public conveniences	10	13	In progress					
Highways network services	10	0	Not started					Due January 2014
S106 Agreements	10	0	Not started					Due November 2013
Legal Services	25	0	Not started					Due January 2014
Coroners Service	20	0	Not started					Due February 2014
Taxi driver & vehicle licensing	25	0	Not started					Due January 2014

Internal Audit Assurance Plan	Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
IT assurance work	10	1	Not started					Date to be agreed
Fostering Service	0	8	Complete	Medium	0	0	2	Completion of 2012/13 review
Adults services - efficiency of charging processes	0	8	Complete	n/a	n/a	n/a	n/a	Completion of 2012/13 review
Modernising Education	0	4	Complete	n/a	n/a	n/a	n/a	Completion of 2012/13 review
Ysgol Clawdd Offa, Prestatyn	0	4	Complete	Low	0	7	21	Completion of 2012/13 review
Winter maintenance	0	1	Complete	Medium	0	0	10	Completion of 2012/13 review
Countryside Services	0	23	Complete	Medium	0	0	8	Completion of 2012/13 review
Housing Services	0	7	Complete	Medium	0	0	8	Completion of 2012/13 review
Consultant payments	0	7	In progress					On-going work from 2012/13
Review of corporate petty cash accounts	0	2	In progress					Issue noted during another project
Revision of schools audit programme & 6th form terms & conditions	0	3	In progress					Work needed in advance on 2014/15 projects
Sub-totals	477	261	% Internal Audit Assurance Plan			Estimated: 22.3%		Actual to date: 23.3%
Modernising & Efficiency Projects								
Leisure Services information management system	2	0	Not started					Date to be agreed
Fleet management & vehicle maintenance	15	1	Scoping					Commencement to be agreed
Reablement service	3	5	Complete					
Disabled Facilities Grants	10	3	Scoping					Commencement to be agreed
Housing responsive repairs & voids - continuation of performance measurement	10	4	In progress					

Internal Audit Assurance Plan	Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Planning & Public Protection - process reviews of various services	10	9	Complete					
IT Service Desk	10	9	In progress					Continuation of 2012/13 review
Contingency for future reviews	16							
Sub-totals	83	31	% Internal Audit Assurance Plan			Estimated: 3.6%		Actual to date: 2.8%
External Contract Work								
Natural Resources Wales	165	87						
North Wales Police	225	98						
School Fund Audits	40	13						
Sub-totals	430	198	% Internal Audit Assurance Plan			Estimated: 20.1%		Actual to date: 17.7%
Other Areas of Work & Contingencies								
Consultancy & Corporate Work	120	84						
Follow up reviews	53	34						
IA collaboration	20	10						
Frauds & Investigations	50							
- National Fraud Initiative		6						
- Council Tax complaint		6						
- THI Grants		7						
- general enquiries		7						
IA relationship management	25	8						
Sub-totals	268	162	% Internal Audit Assurance Plan			Estimated: 12.5%		Actual to date: 14.5%

Internal Audit Assurance Plan	Planned Days	Days to Date	Current Status	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
IA Support								
Management & administration	400	202						
Training & development	100	103						
Sub-totals	500	305	% Internal Audit Assurance Plan			Estimated: 23.4%		Actual to date: 27.3%
Grand Totals	2140	1118						

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Denbighshire Internal Audit Services

Caledfryn, Smithfield Road, Denbigh, LL16 3RJ

Report to: Head of Finance & Assets
Head of Strategic HR
Head of Legal & Democratic Services

Report By: Head of Internal Audit Services

Date: 23 October 2013

Subject: Settlement Agreements

Introduction

When carrying out an analysis of salary payments for 2012/13 as part of our financial assurance testing, we identified six payments as 'settlement agreements'. We looked at these in more depth to ensure that the Council has acted reasonably and to confirm, through seeking evidence, that it was correct and appropriate to consider a 'settlement agreement'.

Our work involved analysing case files provided by Legal Services and considering the overall process to ensure that:

- the Council has a formal policy/code of practice and procedures for dealing with 'settlement agreements';
- such agreements are formally considered and approved, based on a robust business case;
- relevant advice is sought in all cases; and
- all settlements made during 2012/13 were reasonable and valid.

Audit Opinion

The Council needs to formalise its arrangements for dealing with 'settlement agreements', particularly as they become higher profile and subject to Freedom of Information requests. There is no formal policy or code of practice for dealing with cases and there are no formal procedures to follow to ensure consistency, fairness and openness and to provide an approved business case for each agreement. Although we realise that each case is different, the Council is open to challenge and damage to its reputation.

While we have no reason to doubt the validity of any of the six payments we reviewed, one of the files contained very little information and we were unable to form an opinion on that case based on the evidence we have seen. Through previous discussion in Education Services, we were already aware of this particular case, so we have not pursued it further, as we know the reasons behind the agreement.

We have raised three major issues in the following action plan that need to be discussed and agreed between Legal & Democratic, Strategic HR and Finance & Assets services and implemented before the Council enters into further negotiation of any 'settlement agreements'.

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Action Plan

Audit Review of: Settlement Agreements
Date: 23 October 2013
Action Plan Owner: Head of Strategic Human Resources

Corporate Risk/Issue Severity Key	
	Critical – Significant CET and Cabinet intervention
	Major – intervention by SLT and/or CET with Cabinet involvement
	Moderate – Containable at service level. Senior management and SLT may need to be kept informed

Risk/ Issue No.	Risk/Issue	Action	Who	When
1.	The Council does not have a formal policy/code of practice or procedures for dealing with 'settlement agreements' to ensure that it deals with them fairly and consistently and can provide evidence to the public and external auditors that decisions are based on a robust process.	Develop policy and process for settlement agreements	HR Services Manager	30 November 2013
2.	Settlement agreements usually involve substantial sums of money but have no formally approved business case. As these are key financial and employee-based decisions, the Head of Finance & Assets and Head of Strategic HR should formally approve a business case that provides background evidence, legal advice and financial information. The business case should be included on the legal case file as part of the evidence.	To be included in the above policy and processes	HR Services Manager	30 November 2013
3.	Case files do not always include robust evidence. As 'settlement agreements' become higher profile and are subject to Freedom of Information requests, it is important to have robust information and evidence to support each agreement. Case files may also be inspected by our external auditors as part of their final accounts audit.	To be included in the above policy and processes	HR Services Manager	30 November 2013

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Denbighshire Internal Audit Services
Caledfryn, Smithfield Road, Denbigh, LL16 3RJ

Deputy for Finance Service (under Court of Protection)

September 2013



Brenda M Steed, CMIIA, MInstLM
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Phone No.01824 706753

Ivan Butler CMIIA, MBA, Head of Internal Audit Services

Purpose & Scope of Review

We recently undertook a review of the Deputy for Finance service (under the Court of Protection) at the request of the Head of Adult & Business Services.

The scope of our work included a review of several functions undertaken by this service, to provide assurance that a robust control framework is in place when administering financial affairs for clients under a court order under the Mental Capacity Act 2005.

Audit Opinion

The Client Finance Unit provides an excellent service to all the clients it supports. Financial management and administration is maintained to a high standard and the team undertakes all activities in the 'interests of the client' as required by the Mental Capacity Act 2005.

Many of the clients are resident in community living projects under the Learning Disability (LD) service. It is essential for both services to work cohesively to deliver support to the clients but historically this has not always been the case. LD employees need to be fully engaged with the work of the Client Finance Unit and there is scope to improve communications to help minimise the risk of income loss to clients and the Council.

The Finance Manager proactively promotes the work of the team through training and networking within the Council and externally. She has instigated several initiatives to maximise income due to clients and the Council.

The on-line banking system used by the team is secure and accessed daily to ensure that the client accounts are up to date and complete. The stability of access via a modem could be improved by exploring the option for internet access to the system.





There is scope to modernise some of the working practises of this service and other parts of Adult & Business Services. On occasions, usually in a crisis situation, high-value cash payments are made to clients. There is a risk to members of staff and vulnerable clients when handling large amounts of cash so the service should explore more secure ways of transferring money to clients.

Consideration should also be given to reducing the amount of manual records held to alleviate the problem of secure storage space. The service would benefit by using the corporate electronic records management system (EDRMS) and should be prioritised appropriately as part of the corporate project when it progresses into Social Services.

Overall, we provide assurance that the Client Finance Unit manages its risks well and has an established control framework for financial administration for clients. Our overall rating reflects the need for change to ensure continuous development on a bigger scale, for example looking for alternatives to cash payments to maximise the safety of clients and employees.

Assurance Rating

(Based on areas reviewed)

	High Assurance	Risks and controls well managed
	Medium Assurance	Risks identified but are containable at service level
	Low Assurance	Risks identified that require meeting with Corporate Director/Lead Member
	No Assurance	Significant risks identified that require member / officer case conference

Action Plan

Audit Review of: Deputy for Finance (under Court of Protection)

Date: September 2013

Action Plan Owner: Head of Adult & Business Services

Corporate Risk/Issue Severity Key	
	Critical – Significant CET and Cabinet intervention
	Major – intervention by SLT and/or CET with Cabinet involvement
	Moderate – Containable at service level. Senior management and SLT may need to be kept informed

Risk/ Issue No.	Risk/Issue	Action	Who	When
1.	There is a need to clarify the roles and responsibilities of the Client Services Officer or Team Leader (Learning Disabilities) and the Client Finance Unit when supporting clients in a community living project to mitigate previous problems and to make the support services more effective and efficient through a joined up approach.	Formally meet with the LD Service to agree a plan for improving communication channels including the attendance of LD employees at planned training/information seminars.	Craig Macleod, Alaw Pierce, Alan Roberts, Kathryn Whitfield, Coleen Campbell	30 September 2013
	Communication channels could be improved through regular dialogue between both services. The opportunity to meet as a group may help engage LD employees in understanding the implications of some of their actions that could lead to a financial loss for the client or Council.	Protocol to be drawn up between CSO & Deputy around who does what concerning finances/forms in community living projects so guidelines are clear and in writing.	Colleen Campbell & Alan Roberts	Agreement in place by 31 October 2013
	This issue relates to new and existing clients.	Update of financial guidelines for all, including agencies and a need to understand the financial process for billing within Social Services around support and Additional Housing Service Charges.	CSOs and their Manager	31 March 2014

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Risk/ Issue No.	Risk/Issue	Action	Who	When
2.	<p>There is no need for the Office Manager (Social Services, Russell House) to keep a separate petty cash account for the Client Finance Unit to make cash payments to a small number of clients who have a court order but live independently in the community.</p> <p>The process is inefficient and an added administrative task, which is only a means to an end, i.e. to move funds from one bank account to another.</p>	Office Manager to close account and to obtain money every 4 or 8 weeks direct from Finance Manager	Chris Moorcroft, Office Manager (who runs the account)	5 September 2013 (after discussion with Finance Manager on 13.8.13).
3.	The service would benefit from modernisation through implementation of an electronic document records management system (EDRMS). This will serve multiple purposes i.e. to remove the current storage problem in respect of manual records, to consider options for storing electronic financial records indefinitely and to modernise the way the service is delivered, which aligns with the Council's modernisation agenda.	<p>In the short term, contact the Revenues Manager to explore the possibility of using a room used by his team for printing/storage that would provide additional secure storage for manual records.</p> <p>Contact the Principal IT Security Officer who is leading on the corporate EDRMS project to request inclusion of this service.</p> <p>Agree scheduling for EDRMS as part of the corporate project to roll out this system.</p>	<p>Colleen Campbell</p> <p>Tony Ward</p>	<p>30 September 2013</p> <p>2014/2015 (date TBC after contact with IT Officer)</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
4.	<p>The current holding arrangements for the Client Finance Unit's petty cash account are inadequate. Two options exist - to improve the level of security by using a safe or to reduce the imprest to a level that can be stored in the lockable cash tin (the latter being the preferred option).</p> <p>Additionally, looking to modernise the way that Adult Services supports its clients through funding, there is a need to consider how the service is able to meet the demand of impromptu and high value requests for cash through alternative methods that are more secure and safer for the employees and clients involved.</p>	<p>To reduce the amount held to £1k</p> <p>Project to be included within Adult and Business Services Business Plan for 2014/2015</p>	<p>Colleen Campbell</p> <p>Phil Gilroy</p>	<p>Done on 16 August 2013</p> <p>Project included with Plan by 30 April 2014</p>

Denbighshire Internal Audit Services
Caledfryn, Smithfield Road, Denbigh, LL16 3RJ

Ysgol Brynhyfryd

October 2013



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Ivan Butler CMIIA, MBA, Head of Internal Audit Services

Purpose & Scope of Review

We carried out a review of Ysgol Brynhyfryd, Ruthin in October 2013 as part of the Welsh Government assurance requirement for secondary schools. Our review focused on the following areas:

- Governance
- Financial planning & budget monitoring
- Purchasing & payment processes
- Income & security (including lettings)
- School Fund management
- External contractors/visitors
- ICT

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Assurance Rating

(Based on areas reviewed)

High Assurance	Risks and controls well managed
▶ Medium Assurance	Risks identified but are containable at service level
Low Assurance	Risks identified that require meeting with Corporate Director/Lead Member
No Assurance	Significant risks identified that require member / officer case conference

Audit Opinion

Overall, the School has good governance arrangements, complying with the Government of Maintained Schools (Wales) Regulations 2005. Although there are two recently appointed governors who have not had Disclosure Barring Service (DBS) or Criminal Records Bureau (CRB) checks, the School is currently addressing this.

There have been some significant staffing changes since our last review. The staffing increase in the Finance team has proved beneficial through strengthening business continuity arrangements and means that a more proactive approach to budget monitoring is taken through members of staff being responsible for a particular budget area. The School manages its budget effectively through regular monitoring and, for the current year, has estimated a surplus. Although a deficit is projected for subsequent years, the School is already taking remedial action to address this.

Some improvements are needed to the School's purchasing procedures. There are a significant number of invoices not being paid within 30 days, exposing the Council to late payment charges from suppliers. The School is currently not complying with the Council's Contract Procedure Rules by not receiving quotations for work. This is particularly relevant when regularly using the same supplier, as the aggregate spend is exceeding the requirements for competition. Inviting competition will ensure that the School receives value for money. We also identified a high proportion of invoices that are being raised without a purchase order. This increases the risk of unauthorised purchasing and makes the monitoring of the budget difficult.

We have audited the School Fund for several years and the record keeping continues to be of a high standard and the Fund managed well overall.

There are good security arrangements in place for visitors. The School operates its own CCTV, which automatically deletes images, ensuring compliance with the requirements of the Data Protection Act and the Information Commissioner. Access to the School for pupils is regulated, with most external doors only opening at designated times; however, one is open at all times to accommodate 6th form pupils. Although low risk, the School should consider reviewing this area to ensure that the safety of the pupils and members of staff is not compromised.

ICT controls are good, with all systems used for school management protected through regular password changes and back-up procedures.

Overall, the results of our review are positive and, although we have raised three moderate issues, the School is currently addressing two of these.

Action Plan

Audit Review of: Ysgol Brynhyfryd, Ruthin
Date: October 2013
Action Plan Owner: Ms Eleri Jones - Headteacher

Corporate Risk/Issue Severity Key	
	Critical – Significant CET and Cabinet intervention
	Major – intervention by SLT and/or CET with Cabinet involvement
	Moderate – Containable at service level. Senior management and SLT may need to be kept informed

Risk/ Issue No.	Risk/Issue	Action	Who	When
1.	The School is processing an excessive number of stand-alone invoices. Not raising a purchase order at the time goods or services are requested increases the risk of unauthorised purchases. Additionally, commitments are not being reflected in the budget, making budget monitoring more difficult.	The School will review all stand-alone invoices to identify regular contract payments and ensure that it raised official purchase orders in future. All members of staff will be reminded of the purchasing procedure, including the requirement to obtain an official purchase order number before requesting goods and/or services from suppliers. Training will also be provided to members of staff where necessary. Stand-alone invoices will continue to be monitored and addressed accordingly.	Finance Manager, Finance Officer and Admin Officer	By November 2013

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Risk/ Issue No.	Risk/Issue	Action	Who	When
2.	The School is not following the Council's Contract Procedure Rules for aggregated supplier purchasing. The School may not therefore be achieving value for money and, if challenged, may be unable to demonstrate transparency and fairness through repeatedly requisitioning goods from the same suppliers.	The School will review its current supplier purchasing levels and, where applicable, obtain quotations for goods and/or services in accordance with the Council's Contract Procedure Rules. At the start of each financial year, the School will obtain quotations for goods and/or services that it is likely to purchase on a regular basis throughout the year e.g. stationery, printer inks, etc. The School will periodically review supplier aggregated purchasing levels throughout the financial year to ensure that it continues to comply with the rules.	Finance Manager, Business Manager and Finance Officer	By November 2013
3.	The School has processed a large number of invoices that have not been paid within 30 days. This exposes the Council to potential claims for interest charges under the Late Payments Act.	The School does not intentionally delay payment of invoices; however, it accepts that invoices have been paid late but this is largely as a result of not receiving the original invoice or because the invoice was in dispute. Dispute codes will now be used in these circumstances. Invoices received during the school summer holidays have been paid late as a result of invoices being sent to members of staff who work term time only. Invoices will now be passed to the Finance and Business Managers during the school holidays to avoid delays in payment.	Finance Manager, Business Manager, Finance Officer and Admin Officer	By October 2013

CORPORATE GOVERNANCE COMMITTEE: FORWARD WORK PROGRAMME

DATE OF MEETING	REPORT	AUTHOR
18 December 2013	<p>Standing Items</p> <p>Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report Feedback on Corporate Equality Meeting – verbal report</p> <p>Reports</p> <p>Information Legislation Contract Procedure Rules: Revised Draft Budget Update Ysgol Clawdd Offa, Internal Audit Report – Update Information Management Strategy Corporate Risk Register Report</p>	<p>Scrutiny Coordinator Corporate Information Team Manager Head of Internal Audit Services Councillor Martyn Holland</p> <p>Lisa Jones Lisa Jones Head of Finance and Assets Head of Internal Audit Corporate Information Team Manager Head of Legal and Democratic Services/Head of Internal Audit</p>
29 January 2014	<p>Standing Items</p> <p>Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report Feedback on Corporate Equality Meeting – verbal report</p>	<p>Scrutiny Coordinator Corporate Information Team Manager Head of Internal Audit Services Councillor Martyn Holland</p>

	<p>Reports</p> <p>Regulatory of Investigatory Powers Act 2000 Corporate Governance Framework Action Plan Treasury Management Update Treasury Management Strategy Statement 2014/15</p>	<p>Head of Legal & Democratic Services Head of Internal Audit Services Head of Finance and Assets Head of Finance and Assets</p>
26 March 2014	<p>Standing Items</p> <p>Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report Feedback on Corporate Equality Meeting – verbal report</p> <p>Reports</p> <p>Internal Audit Assurance Plan 2014/15</p>	<p>Scrutiny Coordinator Corporate Information Team Manager Head of Internal Audit Services Councillor Martyn Holland</p> <p>Head of Internal Audit Services</p>
21 May 2014	<p>Standing Items</p> <p>Issues Referred by Scrutiny Committees Recent External Regulatory Reports Received Internal Audit Progress Report Feedback on Corporate Equality Meeting – verbal report</p> <p>Reports</p>	<p>Scrutiny Coordinator Corporate Information Team Manager Head of Internal Audit Services Councillor Martyn Holland</p>

	Corporate Governance Framework Action Plan Internal Audit Annual Report 2013/14 Strategic Human Resources Internal Audit Report - Update	Head of Internal Audit Services Head of Internal Audit Services Head of Internal Audit Services
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NB The exact date of publication of occasional reports by for example Wales Audit Office or Annual Reports by the Ombudsman are not presently known. They will be assigned a meeting date as soon as practicable.

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