

Pecyn Dogfen Cyhoeddus



At: Aelodau'r Pwyllgor Llywodraethu
Corfforaethol

Dyddiad: Dydd Mawrth, 26 Awst
2014

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Annwyl Gyngorydd

Fe'ch gwahoddir i fynychu cyfarfod y **PWYLLGOR LLYWODRAETHU CORFFORAETHOL, DYDD MERCHER, 3 MEDI 2014** am **10.00 a.m.** yn **YSTAFELL BWYLLGORA 1B, NEUADD Y SIR, RHUTHUN.**

Yn gywir iawn

G Williams
Pennaeth Gwasanaethau Cyfreithiol a Democrataidd

AGENDA

RHAN 1 – ESTYNNIR GWAHODDIAD I'R WASG A'R CYHOEDD FYNYCHU'R RHAN HON O'R CYFARFOD

1 YMDDIHEURIADAU

2 DATGAN CYSYLLTIAD

Dylai'r Aelodau ddatgan unrhyw gysylltiadau personol neu sy'n rhagfarnu mewn unrhyw fusnes a nodwyd i'w ystyried yn y cyfarfod hwn.

3 MATERION BRYG

Rhybudd o eitemau y dylid, ym marn y Cadeirydd, eu hystyried yn y cyfarfod fel materion bryg yn unol ag Adran 100B(4) Deddf Llywodraeth Leol 1972.

4 COFNODION (Tudalennau 5 - 16)

Derbyn cofnodion cyfarfod y Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd ar 2 Gorffennaf 2014.

5 YSGOL UWCHRADD GATHOLIG Y BENDIGAID EDWARD JONES - DIWEDDARIAD (Tudalennau 17 - 24)

Ystyried adroddiad gan Bennaeth yr Adain Archwilio Mewnol, sy'n darparu manylion gwaith dilynol yr Adain Archwilio Mewnol yn Ysgol y Bendigaidd Edward Jones yn dilyn yr adroddiad cychwynnol ym mis Hydref 2013 a'r adroddiad dilynol cyntaf ym mis Mehefin 2014 (copi ynghlwm).

6 PROSES Y GYLLIDEB 2015/16 (Tudalennau 25 - 28)

Ystyried adroddiad gan y Pennaeth Cyllid ac Asedau sy'n rhoi diweddariad ar y broses i gyflawni'r gyllideb refeniw ar gyfer 2015/16 (copi ynghlwm).

7 ADRODDIAD BLYNYDDOL Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL

Derbyn adroddiad ar lafar gan Gadeirydd y Pwyllgor Llywodraethu Corfforaethol.

8 ADRODDIAD BLYNYDDOL RHEOLI TRYSORLYS 1 2014/15 (Tudalennau 29 - 48)

Ystyried adroddiad gan y Pennaeth Cyllid ac Asedau, ar weithgareddau Rheoli Trysorlys (copi ynghlwm).

9 CAFFAEL GWASANAETHAU ADEILADU – DIWEDDARIAD (Tudalennau 49 - 70)

Ystyried adroddiad gan Bennaeth yr Adain Archwilio Mewnol, ar waith dilynol yr Adain Archwilio Mewnol i Gaffael Gwasanaethau Adeiladu yn dilyn yr adroddiad cychwynnol ym mis Hydref 2013 ac adroddiad Swyddfa Archwilio Cymru ym mis Mawrth 2014 (copi ynghlwm).

10 ADRODDIAD AR GWMNĪAU HYD BRAICH (Tudalennau 71 - 100)

Ystyried adroddiad gan Bennaeth yr Adain Archwilio Mewnol, sy'n darparu manylion ar waith rhagarweiniol Pennaeth yr Adain Archwilio Mewnol ac yn adrodd ar fframwaith asesu ar gyfer y Cyngor i dderbyn sicrwydd o ran llywodraethu a pherfformiad ei sefydliadau 'hyd braich' (copi ynghlwm).

11 ADRODDIAD ARCHWILIO MEWNOL ADNODDAU DYNOL STRATEGOL - DIWEDDARIAD (Tudalennau 101 - 118)

Ystyried adroddiad gan Bennaeth yr Adain Archwilio Mewnol, sy'n darparu manylion gwaith diweddaraf yr Adain Archwilio Mewnol yn AD Strategol, yn dilyn yr adroddiad cychwynnol ym mis Awst 2012 a'r adroddiadau dilynol blaenorol (copi ynghlwm).

12 ADRODDIAD CYNNYDD ARCHWILIO MEWNOL (Tudalennau 119 - 184)

Ystyried adroddiad gan Bennaeth yr Adain Archwilio Mewnol (copi ynghlwm) sy'n rhoi'r wybodaeth ddiweddaraf am gynnydd diweddaraf y Gwasanaeth Archwilio Mewnol o ran cyflenwi gwasanaeth, darparu sicrwydd, adolygiadau a gwblhawyd, perfformiad ac effeithiolrwydd o ran gwelliannau.

13 ADBORTH O'R CYFARFOD CYDRADDOLDEB CORFFORAETHOL

Derbyn adroddiad ar lafar gan y Cynghorydd M.L. Holland ynglŷn â Chyfarfod Cydraddoldeb Corfforaethol.

14 RHAGLEN WAITH Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL
(Tudalennau 185 - 188)

Ystyried Rhaglen Gwaith i'r Dyfodol y Pwyllgor (copi ynghlwm).

RHAN 2 - MATERION CYFRINACHOL

Argymhellir yn unol ag Adran 100A (4) o'r Ddeddf Llywodraeth Leol 1972 bod y Wasg a'r Cyhoedd yn cael eu gwahardd o'r cyfarfod tra ystyrir yr eitem(au) busnes canlynol oherwydd ei bod yn debygol y byddai gwybodaeth eithriedig (fel y diffinnir ym Mharagraff "14 ac 15" o Ran 4 o Atodlen 12A o'r Ddeddf) yn cael ei datgelu.

15 NEUADD Y SIR – CYNLLUN ARIANNU PREIFAT. (Tudalennau 189 - 196)

Ystyried adroddiad cyfrinachol gan Bennaeth Cyllid ac Asedau, ar gynnydd y trafodaethau o ran dyfodol contract Cynllun Ariannu Preifat Rhuthun, a'r risgiau a'r broses o ran cwblhau (copi ynghlwm).

AELODAETH

Y Cynghorwyr

Joan Butterfield
Stuart Davies
Peter Duffy

Martyn Holland
Gwyneth Kensler
Jason McLellan

Aelod Lleyg

Paul Whitham

COPIAU I'R:

Holl Gynghorwyr er gwybodaeth
Y Wasg a'r Llyfrgelloedd
Cynghorau Tref a Chymuned

Mae tudalen hwn yn fwriadol wag

PWYLLGOR LLYWODRAETHU CORFFORAETHOL

Cofnodion cyfarfod o'r Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd yn Ystafell Bwyllgora 1A, Neuadd y Sir, Rhuthun, Dydd Mercher, 2 Gorffennaf 2014 am 9.30 am.

YN BRESENNOL

Y Cynghorwyr Martyn Holland, Gwyneth Kensler (Is-Gadeirydd), Jason McLellan (Cadeirydd) a Mr P. Whitham (Aelod Lleyg).

Y Cynghorydd Meirick Lloyd Davies, Dewi Owens, Barbara Smith a/ac Julian Thompson Hill.

HEFYD YN BRESENNOL

Pennaeth y Gwasanaethau Cyfreithiol a Democrataidd (GW), Pennaeth Archwilio Mewnol (IB), Prif Gyfrifydd (RW), Swyddog Gwella Corfforaethol (NK), Cydlynnydd Archwilio (RE), Cynrychiolwyr Swyddfa Archwilio Cymru (GB a NR) a Gweinyddwr Phwyllgor (CIW).

1 YMDDIHEURIADAU

Derbyniwyd ymddiheuriadau am absenoldeb oddi wrth y Cynghorwr(wyr) Joan Butterfield a/ac Stuart Davies

2 DATGAN CYSYLLTIAD

Ni wnaeth unrhyw Aelod ddatgan cysylltiad personol na chysylltiad sy'n rhagfarnu mewn perthynas ag unrhyw fater sydd i'w ystyried yn y cyfarfod.

3 MATERION BRYD

Yn unol â gofynion Adran 100B(4) Deddf Llywodraeth Leol 1972, nododd y Cadeirydd ei fwriad i gynnwys y mater canlynol i'w drafod oherwydd bod angen rhoi sylw brys iddo:-

Archwiliad o Gynllun Gwella 2014/15 Cyngor Sir Ddinbych, Tystysgrif Cydymffurfio

Dosbarthwyd copi o'r Dystysgrif Cydymffurfio i Aelodau'r Pwyllgor yn y cyfarfod. Rhoddodd y Cadeirydd grynodedb byr o gynnwys y llythyr a:-

PHENDERFYNWYD - bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn ac yn nodi cynnwys y Dystysgrif Cydymffurfio.

4 COFNODION

Cyflwynwyd Cofnodion cyfarfod y Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd ar 21 Mai, 2013.

Materion yn codi: -

8. Deddf Diogelu Data - Mewn ymateb i gwestiwn gan Mr P. Whitham, cadarnhaodd y Pennaeth Gwasanaethau Cyfreithiol a Democrataidd y byddai'r adroddiad yn ymwneud â rheoli ac atal a lleihau ceisiadau yn rhagweithiol, gan y Rheolwr Gwybodaeth Corfforaethol, yn cael ei gynnwys yn rhaglen gwaith i'r dyfodol y Pwyllgor Llywodraethu Corfforaethol.

11. Cyflawni Llywodraethu Da a Gwelliant Parhaus - Darparodd y Cynghorydd J. Thompson-Hill gadarnhad fod y Cabinet, ar 27 Mai, 2014, wedi cymeradwyo'r cynnig ar gyfer uno Unedau Caffael Sir Ddinbych a Sir y Fflint, ynghyd â'r mater tair Sir ehangach gan gynnwys Cyngor Sir Gwynedd. Cafwyd cadarnhad hefyd y byddai'r Pwyllgor Llywodraethu Corfforaethol yn cael ei gynnwys yn y broses ymgynghori o ran Rheolau Gweithdrefn Contract.

PENDERFYNWYD – y dylid derbyn a chymeradwyo'r Cofnodion fel cofnod cywir.

5 PROSES Y GYLLIDEB 2015/16

Roedd adroddiad, ac atodiad cyfrinachol, gan y Pennaeth Cyllid ac Asedau, a oedd yn rhoi diweddariad ar y broses i gyflawni'r gyllideb refeniw ar gyfer 2015/16, wedi ei ddsbarthu eisoes.

RHAN II

GWAHARDD Y WASG A'R CYHOEDD

PENDERFYNWYD - dan ddarpariaethau Adran 100A Deddf Llywodraeth Leol 1972 i wahardd y Wasg a'r Cyhoedd o'r cyfarfod ar gyfer yr eitemau a ganlyn, ar y sail ei bod yn debygol y bydd gwybodaeth eithriedig yn cael ei datgelu, fel y'i diffinnir ym mharagraffau 14 a 15, Rhan 4, Atodlen 12A Deddf Llywodraeth Leol 1972.

Eglurodd y Cynghorydd J. Thompson-Hill bod diweddariad pellach wedi'i ddarparu i sesiwn Frifio'r Cabinet a bod pob cyfarfod cyllideb Rhyddid a Hyblygrwydd wedi ei gwblhau. Fodd bynnag, roedd elfennau o'r Adran Amgylchedd a Phriffyrdd wedi eu gohirio. Roedd y rhestr o gyfarfodydd wedi eu cynnwys yn Nhabl 2 yn yr adroddiad, a byddai cam nesaf y broses yn cynnwys y tri Gweithdy Cyllideb i Aelodau. Roedd manylion digwyddiadau, dyddiadau a statws allweddol wedi eu cynnwys yn yr adroddiad.

Ym mhob cyfarfod, roedd dadansoddiad manwl o'r gyllideb gwasanaeth wedi ei ystyried a set o ganlyniadau wedi'u cytuno. Roedd enghraifft o'r dadansoddiad gwasanaeth a'r canlyniadau sy'n ymwneud â Gwasanaethau Oedolion a Busnes wedi ei hamgáu fel Atodiad 1 ac Atodiad 2. O'r canlyniadau, roedd cyfres o daflenni gwybodaeth manwl wedi eu cynhyrchu i amlygu ystod ac amseriad arbedion posibl, yr effaith, risgiau a gofynion ymgynghori a awgrymir, gydag enghraifft wedi'i chynnwys yn Atodiad 3. Cadarnhaodd y Cynghorydd Thomson-Hill y byddai manylion yn ymwneud â phob un o'r gwasanaethau priodol yn cael eu darparu yng Ngweithdai'r Gyllideb i Aelodau, a amlinellwyd manylion y broses i'w mabwysiadu.

Mewn ymateb i gwestiynau gan Aelodau, eglurwyd y byddai'r wybodaeth i gael ei chyflwyno i weithdai'r gyllideb ym mis Gorffennaf yn seiliedig ar yr atodiadau amgaeedig, a fyddai'n rhoi manylion pob un o'r gwasanaethau perthnasol. Byddai barn y Pwyllgor Llywodraethu Corfforaethol, mewn perthynas â fformat a manylder y wybodaeth a gynhwysir yn yr atodiadau, yn allweddol o ran llywio'r broses wrth iddi barhau i ddatblygu.

Darparodd y PG yr ymatebion canlynol i gwestiynau a godwyd gan Aelodau:-

- O ran Atodiad 1 a'r ffaith fod y golofn "canran bras yr adnoddau a ddyrennir i gydran" wedi ei gadael yn wag, roedd dau ddull gwahanol wedi eu mabwysiadu ar gyfer y ddau ymarfer peilot. Eglurwyd nad oedd y ffordd yr oedd y gyllideb wedi ei strwythuro bob amser wedi rhoi adlewyrchiad clir o'r gweithgaredd a bod y farn hon wedi ei gadael i Benaethiaid Gwasanaeth.
- Nodwyd pryderon a fynegwyd mewn perthynas ag anghysondeb y manylion a ddarparwyd mewn perthynas â'r ffigurau a gynhwyswyd o dan wahanol benawdau a gwasanaethau. Teimlai Mr Whitham y dylai sylw neu eglurhad gael ei gynnwys at ddibenion eglurder.
- Cytunodd y PG i edrych ar y posibilrwydd o ddarparu manylion i Weithdai'r Aelodau ar raniad grant ac incwm arall. Pwysleisiodd yr Aelodau bwysigrwydd cael gwybod am ffynhonnell incwm ar gyfer darpariaeth gwasanaeth a'i gynaliadwyedd.
- Hysbyswyd yr Aelodau, er bod nifer o fodiwlau o'r system PARIS yn gweithredu'n foddhaol, nad oedd y modiwl cyllideb wedi ei gyflwyno eto.
- Cyfeiriodd y Cynghorydd M.L. Holland at yr angen i sicrhau bod unrhyw systemau newydd a gyflwynir yn cael eu defnyddio'n llawn gan y Cyngor, cymeradwyodd y PG y farn bod adolygiad o reolaeth y Cyngor o systemau a phrosesau TG yn cael ei wneud, o bosibl gyda throsolwg y Pwyllgor Llywodraethu Corfforaethol.
- Mewn ymateb i bryderon a godwyd gan y Cynghorydd G.M. Kensler mewn perthynas â materion Hawliau Lles, eglurodd y PG mai un o'r canlyniadau oedd cynnal adolygiad o grantiau a delir drwy'r gyllideb Gofal Cymdeithasol.
- Cyfeiriodd Mr P. Whitham at reolaeth yr elfen risg o'r posibilrwydd na fydd y Cyngor yn gallu bodloni disgwiliadau'r cyhoedd yn y dyfodol yn wyneb y gostyngiad o ran adnoddau sydd ar gael, a'r angen i roi gwybod i'r cyhoedd am yr amgylchiadau i liniaru unrhyw risg yn y dyfodol.

Yn ystod y drafodaeth a ddilynodd gofynnodd y Cadeirydd bod yr Aelodau yn cael copïau papur o'r adroddiadau sydd i'w chyflwyno i'r Gweithdai Aelodau.

PENDERFYNWYD - bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn ac yn nodi cynnwys yr adroddiad.

Ailddechreuodd y Pwyllgor **RHAN I** ar yr adeg hon yn y cyfarfod.

RHAN I

6 DATGANIAD CYFRIFON DRAFFT

Roedd adroddiad gan y Pennaeth Cyllid ac Asedau, a oedd yn rhoi trosolwg o'r Datganiad Cyfrifon drafft 2013/14 a'r broses sy'n sail iddo, eisoes wedi'i ddsbarthu.

Datganodd y Cynghorydd G.M. Kensler a Mr P. Whitham gysylltiad personol â'r eitem hon fel Aelodau o Gronfa Bensiynau Clwyd.

Eglurodd y Pennaeth Cyllid ac Asedau y byddai'r cyfrifon wedi'u harchwilio yn cael eu cyflwyno i'r Pwyllgor ar 26 Medi 2014. Roedd cyflwyno'r cyfrifon drafft yn rhoi arwydd cynnar o sefyllfa ariannol y Cyngor a gallai dynnu sylw at unrhyw faterion yn y cyfrifon neu'r broses cyn i'r cyfrifon gael eu harchwilio. Roedd yn rhaid i'r cyfrifon wedi'u harchwilio gael eu cymeradwyo yn ffurfiol gan Aelodau ar ran y Cyngor ac mae'r rôl hon wedi ei dirprwyo i'r Pwyllgor Llywodraethu Corfforaethol. Byddai'r cyfrifon drafft wedi eu cwblhau erbyn 30 Mehefin. O ystyried rôl y Pwyllgor wrth gymeradwyo'r cyfrifon terfynol, roedd yn fuddiol i roi'r wybodaeth ddiweddaraf a throsolwg ar y cam drafft i'w ystyried cyn cyflwyno'r cyfrifon terfynol ym mis Medi.

Roedd cyhoeddi'r Datganiad Cyfrifon yn ategu stiwardiaeth ariannol a llywodraethu'r Cyngor ac felly yn cefnogi holl wasanaethau a blaenoriaethau'r Cyngor. Roedd cynhyrchu cyfrifon yn cael ei adolygu'n rheolaidd gan Swyddfa Archwilio Cymru (SAC), a cheisiwyd barn broffesiynol gan nifer o ddisgyblaethau eraill y tu hwnt i gyllid, megis cyfreithiol, prisio eiddo, adnoddau dynol a phensiynau. Roedd y Datganiad Cyfrifon yn elfen allweddol o fframwaith llywodraethu'r Cyngor ac roedd yn bwysig bod Aelodau yn derbyn sicrwydd bod y cyfrifon wedi eu paratoi yn unol â'r safonau perthnasol a bod y broses sy'n sail i gynhyrchu cyfrifon yn gadarn. Hysbyswyd yr Aelodau y byddai'r Cyngor yn torri ei ddyletswydd statudol os na allai gymeradwyo'r Cyfrifon erbyn 30 Medi, 2014.

Eglurodd y Prif Gyfrifydd (PG) fod newid technegol wedi bod i'r ffordd y mae'r pensiynau'n cael eu hadrodd ac i faterion cyfrifo. Rhoddodd grynodedeb o'r Datganiad Cyfrifon 2013/14 a gwahoddodd sylw'r Aelodau at y meysydd canlynol:-

- Y Rhagair a oedd yn rhoi trosolwg o sefyllfa refeniw'r Cyngor.
- Trosglwyddo yn ôl ac ymlaen o Gronfeydd Wrth Gefn a Glustnodwyd.
- Cronfeydd wrth gefn y gellir eu defnyddio.
- Balansau Refeniw.
- Y Fantolen.
- Lwfansau Aelodau.
- Tâl Swyddogion.
- Partïon Cysylltiedig.

Cadarnhaodd Cynrychiolydd SAC (NR) bod y Datganiad Cyfrifon wedi dod i law o fewn yr amserlenni penodedig. Amlinellodd y broses hysbysebu a chyfeiriodd at y cyfle a roddwyd i'r cyhoedd gyflwyno cwestiynau penodol a pherthnasol, neu i herio'r Cyfrifon. Mewn ymateb i gwestiwn gan y Cadeirydd, cadarnhaodd y PG y

byddai trosolwg o'r cwestiynau a dderbyniwyd neu wrthwynebiadau ffurfiol yn cael eu darparu i Aelodau.

Ymatebodd y PG i gwestiwn gan y Cyngorydd G.M. Kensler a rhoddodd fanylion am y darpariaethau a gyflwynwyd i fynd i'r afael â materion hirdymor a hawliadau sy'n deillio o ddarparwr yswiriant blaenorol y Cyngor.

Awgrymodd y Cadeirydd fod yr amserlen Pwyllgor ar gyfer 2015/16 yn cael ei llunio i ddarparu amserlenni ar gyfer cyflwyno'r Datganiad Cyfrifon i'r Pwyllgor Llywodraethu Corfforaethol.

PENDERFYNWYD – *bod y Pwyllgor Llywodraethu Corfforaethol yn nodi'r sefyllfa fel a gyflwynwyd yn y cyfrifon drafft.*

7 ADRODDIAD GWELLA BLYNYDDOL SAC - 2013/14

Roedd copi o adroddiad gan y Pennaeth Busnes, Gwella a Moderneiddio, ar yr asesiad blynyddol o ragolygon y Cyngor ar gyfer gwella a wnaed gan Swyddfa Archwilio Cymru (SAC), wedi ei ddsbarthu gyda'r papurau ar gyfer y cyfarfod, ynghyd â chopi o lythyr gwaith Archwilio Perfformiad a Ffioedd 2014/15 SAC.

Cyflwynodd Cynrychiolydd SAC (GB) yr adroddiad ac eglurodd fod yr Adroddiad Gwella Blynyddol, Atodiad 1, yn darparu gwybodaeth am Adroddiad Gwella Blynyddol y Cyngor. O dan y Mesur Llywodraeth Leol, mae Swyddfa Archwilio Cymru yn adolygu cynnydd y Cyngor yn flynyddol tuag at gyflawni ei amcanion a'i ragolygon er mwyn parhau i wella yn ystod y flwyddyn i ddod.

Ar gyfer y flwyddyn 2013-14, roedd SAC wedi dod i'r casgliad:-

- Bod Sir Ddinbych wedi gwneud cynnydd da wrth gyflawni gwelliannau yn ei holl amcanion blaenoriaeth ar gyfer 2012-13, ond mae angen gwelliannau pellach mewn rhai meysydd allweddol;
- Bod adolygiadau herio gwasanaeth y Cyngor a mesurau eraill i hunan-arfarnu ei berfformiad yn gadarn;
- Bod cynlluniau'r Cyngor i wella, a'i drefniadau i gefnogi gwelliant, yn dda;
- Bod y Cyngor yn debygol o wneud trefniadau i sicrhau gwelliant parhaus ar gyfer 2014-15.

Eglurwyd os oedd gan SAC bryderon sylweddol ynghylch y cynnydd a wnaed gan y Cyngor, neu'r trywydd y mae'n ei ddilyn, bydd yn gwneud argymhellion ffurfiol i newid. Nid oedd gan adroddiad Sir Ddinbych unrhyw argymhellion ffurfiol ac roedd hyn yn adlewyrchu barn gadarnhaol SAC am gynnydd y Cyngor.

Cafwyd cadarnhad bod rhai meysydd angen rhagor o waith ac roedd Adroddiadau Blynyddol eleni a'r llynedd wedi gwneud rhai 'cynigion ar gyfer gwella'. Roedd Sir Ddinbych wedi gwneud cynnydd da gyda'r holl gynigion a wnaed yn adroddiad 2012/13, ac eleni roedd yr Arolygwyr wedi gwneud dau gynnig pellach yr oeddent yn teimlo y byddent yn helpu'r Cyngor i barhau i symud ymlaen. Roedd y rhain yn cynnwys:-

- P1 - Er mwyn cyflawni ei amcan i foderneiddio gwasanaethau, dylai'r Cyngor barhau i fynd i'r afael â gwendidau yn ei Wasanaeth Adnoddau Dynol Corfforaethol.
- P2 - Dylai'r Cyngor sicrhau bod rolau a chyfrifoldebau yn glir ar gyfer cyflawni'r amcan tai fforddiadwy.

Roedd y Cyngor wedi derbyn y cynigion ac wedi cymryd camau i fynd i'r afael â hwy. Roedd Sir Ddinbych yn parhau i weithio drwy gynllun gweithredu i fynd i'r afael â'r diffygion a nodwyd yn y gwasanaeth AD, ac roedd Grŵp Gorchwyl yn cael ei sefydlu i adolygu amcanion mewn perthynas â'r mater tai fforddiadwy,

Cyfeiriodd Cynrychiolydd SAC at baragraff 30 o'r adroddiad a oedd yn dangos bod lefel y cronfeydd ariannol wrth gefn a ddelir gan ysgolion yn Sir Ddinbych wedi cynyddu'n sylweddol yn ystod 2012/13 i £2.9m. Mewn ymateb i awgrym gan y Cynghorydd M.L. Holland, cytunodd y Pwyllgor y byddai'r mater yn ymwneud â balansau ysgolion yn cael ei gyfeirio at y Grŵp Cadeiryddion ac Is-Gadeiryddion Archwilio i'w ystyried.

Cododd y Cynghorydd M.L. Holland faterion yn ymwneud â'r adrannau canlynol yn yr adroddiad: -

17. Y rhesymau dros y cais aflwyddiannus am gyllid Llywodraeth Cymru o'r Gronfa Llefydd Llewyrchus Llawn Addewid i gefnogi mentrau yn y Rhyl.

45. A oedd unrhyw batrwm i'r achosion a gofnodwyd o dipio anghyfreithlon a oedd yn uwch na'r cyfartaledd ar gyfer Cynghorau eraill yng Nghymru.

52. Materion cofrestru yn y Sir o ran tai fforddiadwy.

Rhoddodd Cynrychiolydd SAC grynodedb o lythyr Gwaith Archwilio Perfformiad a Ffioedd Swyddfa Archwilio Cymru, 2014/15, a darparodd ymatebion i gwestiynau gan Mr P. Whitham mewn perthynas â gwaith archwilio perfformiad SAC 2014/15, Llywodraethu.

Hysbyswyd yr Aelodau y byddai SAC yn cysylltu gyda'r swyddogion perthnasol ac yna'n adrodd i'r Pwyllgor Llywodraethu Corfforaethol. Byddai'r gwaith yn cael ei wneud yn ddiweddarach yn y flwyddyn a byddai'n ffurfio rhan o'r Adroddiad Gwella Blynyddol nesaf.

Cyfeiriodd y Pennaeth Archwilio Mewnol at y Cynllun Archwilio a oedd yn cynnwys gwaith sy'n ymwneud â rheolaeth ariannol ysgolion a byddai'r adroddiad hwn yn cael ei gyflwyno i'r Pwyllgor Llywodraethu Corfforaethol.

Yn ystod y drafodaeth a ddilynodd eglurodd y Cadeirydd fod eitem yn ymwneud ag Adnoddau Dynol Strategol wedi ei chynnwys yn y rhaglen gwaith i'r dyfodol ar gyfer 3 Medi 2014, ac roedd Gweithdy wedi ei drefnu mewn perthynas â Thai Fforddiadwy.

PENDERFYNWYD – bod y Pwyllgor Llywodraethu Corfforaethol:-

(a) yn derbyn ac yn nodi cynnwys yr Adroddiad Gwella Blynyddol.

(b) yn derbyn ac yn nodi llythyr Gwaith Archwilio Perfformiad a Ffioedd Swyddfa Archwilio Cymru, 2014/15, a

(c) bod y mater yn ymwneud â balansau ysgolion yn cael ei gyfeirio at y Grŵp Cadeiryddion ac Is-Gadeiryddion Archwilio i'w ystyried.

8 ADOLYGIAD COFRESTR RISG CORFFORAETHOL

Roedd adroddiad gan y Pennaeth Busnes, Gwella a Moderneiddio sy'n darparu fersiwn ddiweddaraf y Gofrestr Risg Corfforaethol, fel y cytunwyd yn sesiwn Briffio'r Cabinet wedi'i ddsbarthu eisoes.

Cyflwynodd y Swyddog Gwella Corfforaethol yr adroddiad ac eglurodd fod y Gofrestr Risg Corfforaethol yn galluogi'r cyngor i reoli tebygolrwydd ac effaith risgiau drwy werthuso effaith unrhyw weithredoedd cyfredol i liniaru risg, a chofnodi dyddiadau cau a chyfrifoldebau ar gyfer gweithredoedd pellach er mwyn sicrhau rheolaeth well. Roedd y Gofrestr wedi'i datblygu gan y Tîm Gweithredu Corfforaethol a'r Cabinet, a nhw sy'n berchen arni hefyd. Roedd y broses ar gyfer adolygu'r Gofrestr Risg Corfforaethol wedi ei chynnwys yn yr adroddiad.

Roedd y broses adolygu ar gyfer y Gofrestr Risg Corfforaethol wedi ei chynnwys yn yr adroddiad ac yn dilyn pob adolygiad ffurfiol, ddwywaith y flwyddyn, roedd y ddogfen ddiwygiedig yn cael ei chyflwyno i'r Pwyllgor Llywodraethu Corfforaethol. Byddai'r gweithredoedd a nodir er mwyn delio â risgiau corfforaethol yn cael eu cynnwys mewn Cynlluniau Gwasanaethau, a oedd yn galluogi'r Pwyllgor Archwilio Perfformiad i fonitro'r cynnydd. Dylid amlygu unrhyw faterion perfformiad mewn perthynas â darparu'r digwyddiadau fel rhan o broses Herio Perfformiad Gwasanaethau.

Roedd Archwilio Mewnol y cyngor yn darparu sicrwydd annibynnol ar effeithiolrwydd dulliau rheoli mewnol a'r systemau sydd ar waith er mwyn lliniaru risgiau yn y cyngor. Roedd hefyd yn cynnig her annibynnol i sicrhau bod egwyddorion a gofynion rheoli risg yn cael eu defnyddio'n gyson ym mhob rhan o'r Awdurdod. Roedd Gwasanaethau Archwilio Mewnol yn defnyddio gwybodaeth o'r gwasanaethau a'r Gofrestr Risg Corfforaethol er mwyn penderfynu ar eu rhaglen gwaith i'r dyfodol.

Roedd adolygiad ac adroddiad blynyddol ar gynnydd y Polisi Rheoli Risg, yn nodi manau gwan sydd angen eu cryfhau i wella'r broses o reoli risg. Pwrpas y Gofrestr Risg Corfforaethol oedd nodi digwyddiadau posibl yn y dyfodol a allai gael effaith niweidiol ar allu'r Cyngor i gyflawni ei amcanion, a'i Flaenoriaethau Corfforaethol.

Rhoddodd y Swyddog Gwella Corfforaethol grynodedeb o'r prif newidiadau a wnaed i'r Gofrestr Risg Corfforaethol, Atodiad 1, ac amlygwyd y meysydd canlynol:-

- Diwygiad i DCC004: '*Y risg nad yw'r fframwaith Adnoddau Dynol yn cefnogi nodau'r sefydliad*'.
- Diwygiad i DCC006: '*Y risg bod yr amgylchedd economaidd ac ariannol yn gwaethygu y tu hwnt i ddisgwyliadau presennol*'.

- Diwygiad i DCC016: *'Y risg bod effaith y diwygiadau lles yn fwy arwyddocaol na'r hyn a ragwelwyd gan y cyngor'*.
- Diwygiad i DCC017: *'Y risg nad yw'r fframwaith TGCh yn diwallu anghenion y sefydliad'*.
- Diwygiad i DCC018: Geiriad blaenorol, *'Y risg na fydd rhaglen newid/moderneiddio a buddion prosiect yn cael eu gwireddu'n llawn'*.

Mewn ymateb i faterion a godwyd gan Aelodau, cafwyd cadarnhad gan y Swyddog Gwella Corfforaethol y byddai canfyddiadau archwiliad SAC o reoli risg yn cael eu hadrodd pan fyddant ar gael, ac eglurodd y byddai adrodd am 'fethiannau agos' yn cael ei ychwanegu at y camau gweithredu lliniarol lechyd a Diogelwch. Cytunodd y Swyddog Gwella Corfforaethol hefyd i drafod risg sy'n gysylltiedig â thywydd gyda CET, a chael mwy o fanylion ynglŷn â chamau lliniaru eraill ynghylch Sefydliadau Hyd Braich gan y Pennaeth Archwilio Mewnol.

O ran risg sy'n gysylltiedig â'r gyllideb, eglurodd y Swyddog Gwella Corfforaethol fod y camau lliniaru a restrwyd yn disgrifio'r camau a gymerwyd er mwyn galluogi gwneud penderfyniadau gwybodus a democrataidd o gwmpas y rhaglen o reoli'r gyllideb. Roedd adroddiadau cyllideb a gyflwynwyd i'r Cabinet yn fisol yn cynnwys adran risg. Byddai pob cynnig neu brosiect sy'n gysylltiedig â'r rhaglen o reoli'r gyllideb yn cael eu cyflwyno i'r Cyngor a/neu'r Cabinet gydag adroddiad eglurhaol a oedd yn cynnwys adran risg. Roedd rheoli risg yn rhan annatod a gweithredol o reoli gwasanaeth a phrosiectau. Teimlwyd bod y broses rheoli risg yn cynnwys y cydrannau angenrheidiol i roi sicrwydd. Cynghorodd y Pwyllgor y dylid cyfeirio dogfennau priodol ar gyfer prosiectau a chynigion, gan gynnwys cofrestr risg, adroddiadau eglurhaol, i geisio sicrhau bod y risg yn cael ei reoli.

Cytunodd y Swyddog Gwella Corfforaethol i drafod risg sy'n gysylltiedig â thywydd gyda CET, a chael mwy o fanylion ynglŷn â chamau lliniaru eraill ynghylch Sefydliadau Hyd Braich gan y Pennaeth Archwilio Mewnol. Eglurodd fod y Polisi Rheoli Risg wedi ei adolygu a'i gyflwyno i'r Pwyllgor yn 2012, ac roedd adolygiad blynyddol hefyd wedi ei gyflwyno i'r Pwyllgor.

Mewn ymateb i gwestiwn gan Mr P. Whitham mewn perthynas â DCC021, eglurodd y Swyddog Gwella Corfforaethol y byddai trafodaethau yn dechrau gyda'r Cabinet a CET ym mis Medi ac y byddai adroddiad diweddar yn manylu unrhyw risgiau cysylltiedig yn cael ei gyflwyno i'r Pwyllgor.

Mewn ymateb i bryderon a godwyd gan y Cynghorydd G.M. Kensler ynghylch y risgiau posibl i Sir Ddinbych a allai ddeillio o Ddiwygiadau Lles, a'r canfyddiadau anffafriol sydd wedi'u cynnwys yn yr Adroddiad Archwilio Mewnol, nododd y Pwyllgor y pryderon a fynegwyd a chytunwyd bod yr Adroddiad Archwilio Mewnol, a oedd yn cyfeirio at Diwygiadau Lles, yn cael ei gynnwys ar y rhaglen gwaith i'r dyfodol ar gyfer 3 Medi, 2014.

PENDERFYNWYD - yn amodol ar y sylwadau uchod, bod y Pwyllgor Llywodraethu Corfforaethol: -

(a) yn derbyn adroddiad ac yn nodi'r hyn a ddilëir, ychwanegiadau a newidiadau i'r Gofrestr Risg Corfforaethol, ac

(b) yn cytuno bod yr Adroddiad Archwilio Mewnol yn cael ei gynnwys ar y rhaglen gwaith i'r dyfodol ar gyfer 3 Medi, 2014.

9 CYNLLUN GWELLA LLYWODRAETHU

Roedd adroddiad gan y Pennaeth Archwilio Mewnol (copi ynghlwm), a oedd yn rhoi manylion y Cynllun Gwella yn deillio o'r adolygiad o fframwaith llywodraethu'r Cyngor ar gyfer 2013/14, wedi ei ddsbarthu eisoes.

Roedd y Pwyllgor Llywodraethu Corfforaethol yn monitro'r Cynllun Gwella Llywodraethu'n rheolaidd fel rhan o drefniadau llywodraethu cyffredinol y Cyngor i sicrhau bod y Cyngor yn gweithredu'r gwelliannau angenrheidiol yn effeithiol. Roedd Fframwaith Llywodraethu Corfforaethol y Cyngor yn cynnwys asesiad blynyddol o drefniadau llywodraethu'r Cyngor a 'datganiad llywodraethu blynyddol' sy'n amlygu unrhyw wendidau llywodraethu.

Roedd Grŵp Llywodraethu'r Cyngor yn rheoli proses y Fframwaith Llywodraethu Corfforaethol a datblygiad 'datganiad llywodraethu blynyddol' yn barhaus yn ystod y flwyddyn ariannol. Roedd manylion cyfansoddiad y Grŵp wedi eu cynnwys yn yr adroddiad.

Roedd Atodiad 1 yn manylu ar y Cynllun Gwella Llywodraethu sy'n codi o'r adolygiad o drefniadau llywodraethu'r Cyngor ar gyfer 2013/14. Roedd y Cynllun bellach wedi'i gwblhau a darparwyd diweddariad o'r camau gwella, cyfrifoldebau ac amserlenni arfaethedig ar gyfer yr Aelodau.

Roedd y Cynllun Gwella Llywodraethu yn ffurfio rhan o'r ddogfen 'Darparu llywodraethu da a gwelliant parhaus' ac roedd manylion y broses ymgynghori wedi'u cynnwys yn yr adroddiad. Roedd y ddogfen hefyd wedi ei dosbarthu i aelodau'r Cabinet a Swyddfa Archwilio Cymru ar gyfer sylwadau.

Cyfeiriodd Mr P. Whitham at y gyllideb gyffredinol ar gyfer caffael gwasanaethau adeiladu, a oedd yn dod i gyfanswm o £37.7m, ac awgrymodd y dylai'r Pwyllgor ystyried mabwysiadu proses fonitro debyg i'r hyn a ddefnyddir ar gyfer Adnoddau Dynol Strategol. Mynegodd Mr Whitham y farn y gallai rheolau caffael adeiladu a gweithdrefnau contract gael eu hystyried a'u hymdrin fel materion llywodraethu ar wahân.

Cadarnhaodd y Pennaeth Archwilio Mewnol y byddai adroddiad pellach yn cael ei gyflwyno i'r Pwyllgor ym mis Medi, a fyddai'n darparu ymateb i'r adroddiad SAC a gyflwynwyd yn flaenorol i'r Pwyllgor. Cytunodd yr Aelodau y dylai awgrymiadau Mr Whitham gael eu nodi a'u cynnwys fel camau gweithredu posibl sy'n deillio o'r adroddiad i'w ystyried ym mis Medi.

Ymatebodd y PGCD i gwestiwn gan y Cynghorydd M.L. Holland ac amlinellodd y gofynion a'r cynnydd hyd yma ar ddarparu hyfforddiant i aelodau o ran y Cod Ymddygiad. Darparwyd manylion mewn perthynas â darparu pwerau hyfforddiant a gorfodi gorfodol. Cadarnhawyd y byddai adroddiad ar hyfforddiant aelodau yn cael ei gyflwyno i'r Cyngor Sir, a chytunodd yr Aelodau bod yr adroddiad yn cael ei gyflwyno i'r Pwyllgor Llywodraethu Corfforaethol i'w ystyried cyn ei gyflwyno i'r Cyngor.

Mewn ymateb i gwestiwn gan Mr P. Whitham, cadarnhaodd y PGCD bod y Polisi Gwrth-dwyll a Llygredd yn cael ei adolygu ar hyn o bryd a byddai'n cael ei gyflwyno i'r Pwyllgor yn ddiweddarach yn y flwyddyn.

PENDERFYNWYD – *bod y Pwyllgor Llywodraethu Corfforaethol yn cytuno:-*

- (a) *bod y Cynllun Gwella Llywodraethu yn cael ei dderbyn a'i nodi.*
- (b) *bod awgrymiadau Mr Whitham yn cael eu nodi a'u cynnwys fel camau posibl sy'n deillio o'r adroddiad i'w ystyried ym mis Medi, a*
- (c) *bod yr adroddiad hyfforddiant i Aelodau yn cael ei gyflwyno i'r Pwyllgor cyn ei gyflwyno i'r Cyngor Sir.*

10 YSGOL UWCHRADD GATHOLIG Y BENDIGAID EDWARD JONES - DIWEDDARIAD

Roedd adroddiad gan y Pennaeth Archwilio Mewnol, a oedd yn darparu manylion gwaith dilynol Archwilio Mewnol ar Ysgol y Bendigaidd Edward Jones yn dilyn ei adroddiad cychwynol ym mis Hydref 2013, wedi ei ddsbarthu eisoes.

Roedd Archwilio Mewnol wedi cyhoeddi adroddiad ar Ysgol y Bendigaidd Edward Jones ym mis Hydref 2013, ac er gwaethaf rhoi sgôr sicrwydd 'canolig' iddi, roedd yn cynnwys cynllun gweithredu gyda 13 o feysydd ar gyfer gwella. Roedd y Pwyllgor wedi bod yn arbennig o bryderus y dylai'r Ysgol fynd i'r afael â'i phwysau ariannol a gofynnwyd bod adroddiad dilynol Archwilio Mewnol yn cael ei gyflwyno i'r Pwyllgor.

Nododd yr adroddiad dilynol bod gwelliannau sylweddol wedi eu gwneud ers yr adroddiad archwilio gwreiddiol. Roedd llawer o'r materion a godwyd bellach wedi cael sylw, er bod rhai terfynau amser wedi eu colli. Mynegwyd pryderon nad oedd yr Ysgol eto wedi datblygu ei chynllun adfer ariannol yn llawn. Eglurodd y Pennaeth Archwilio Mewnol fod yr ysgol wedi cynhyrchu rhagamcanion tair blynedd ac yn gweithio i leihau'r diffyg a ragwelir, ond byddai diffyg o hyd ym mis Mawrth, 2015.

Rhoddyd gwybod i'r Aelodau bod gweithdrefnau cadarn yn eu lle i reoli sefyllfaoedd o'r fath ac roedd yr Ysgol wedi gofyn am ganiatâd i gael diffyg trwyddedig ac yna byddai'n datblygu cynllun adfer ariannol. Darparwyd manylion y broses ar gyfer caffael caniatâd ar gyfer diffyg trwyddedig gan y Pennaeth Archwilio Mewnol.

Cyfeiriodd y Cadeirydd at Gyfansoddiad Bwrdd Llywodraethwyr yr Ysgol a'r oedi a brofwyd yn y broses o wneud penderfyniadau hyd nes y gwneir penodiadau i'r Bwrdd. Cytunodd y Pennaeth Archwilio Mewnol i gyfleu'r pryderon a godwyd i'r Ysgol, a chyflwyno'r awgrym bod y tasgau sy'n aros i gael sylw yn cael eu dirprwyo i'r Llywodraethwyr presennol gyda golwg ar ddatblygu pethau.

Mewn ymateb i bryderon a godwyd gan yr Aelodau eglurodd y Pennaeth Archwilio Mewnol fod adroddiad dilynol pellach ar fin digwydd, a chytunodd i ddarparu

diweddariad ar ei ganlyniadau i Aelodau'r Pwyllgor. Cytunodd yr Aelodau hefyd bod adroddiad cynnydd pellach yn cael ei gyflwyno i'r Pwyllgor ym mis Medi, 2014.

PENDERFYNWYD – *bod y Pwyllgor Llywodraethu Corfforaethol:-*

- (a) *yn cael ac yn derbyn adroddiad dilynol Archwilio Mewnol.*
- (b) *yn cytuno bod adroddiad cynnydd ar yr adroddiad dilynol yn cael ei ddsbarthu i Aelodau'r Pwyllgor, ac*
- (c) *yn gofyn bod adroddiad cynnydd pellach yn cael ei gyflwyno i'r Pwyllgor ym mis Medi, 2014.*

11 RHAGLEN WAITH Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL

Cyflwynwyd Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol (a gylchredwyd eisoes) i'w ystyried.

Cadarnhaodd y Pwyllgor Llywodraethu Corfforaethol Rhaglen Gwaith i'r Dyfodol y Pwyllgor yn amodol ar gynnwys yr adroddiadau canlynol:-

3 Medi 2014:-

- Ysgol Gatholig Y Bendigaid Edward Jones - Diweddariad.
- Hawliau Lles - Adroddiad Archwilio Mewnol
- Adroddiad Hyfforddi Aelodau.

5 Tachwedd, 2014

- Polisi Twyll a Llygredd.
- Adroddiad Rheolau'r Weithdrefn Gontractau.
- Cyfansoddiad Model Newydd.

25 Mawrth 2015

- Strategaeth Rheoli Gwybodaeth, Adroddiad Rhyddid Gwybodaeth

Cafwyd cadarnhad gan y Pennaeth Archwilio Mewnol y gallai Adroddiadau Diweddariad Cyllideb ychwanegol gael eu cynnwys yn y rhaglen gwaith i'r dyfodol os oes angen.

Eglurodd y Pennaeth Archwilio Mewnol ei fod ef a'r Pennaeth Cwsmeriaid a Chefnogaeth Addysg wedi bod yn trafod ac egluro materion sydd i'w cyflwyno mewn perthynas â'r eitemau busnes sy'n ymwneud ag "Adroddiadau Cwynion a Dderbyniwyd" a'r "Adolygiad Blynyddol o Weithredu'r Broses Gwyno". Darparodd y PGCD fanylion Cylch Gorchwyl y Pwyllgor Llywodraethu Corfforaethol a'r Pwyllgor Archwilio Perfformiad o ran perfformiad ac effeithiolrwydd y Drefn Gwyno. Cytunodd yr Aelodau y gallai dyraniad yr eitem hon gael ei ystyried gan y Grŵp Cadeiryddion ac Is-Gadeiryddion Archwilio yn ei gyfarfod ar 3 Gorffennaf, 2014.

Hysbyswyd yr Aelodau gan y Pennaeth Archwilio Mewnol y byddai sicrwydd mewn perthynas â Rheoli Risg yn cael ei ddarparu gan yr Archwiliad Mewnol.

Cadarnhaodd y byddai SAC yn cynnal Adolygiad o Reoli Risg, a fyddai'n mynd i'r afael â gofynion yr Aelodau, ac y byddai adroddiad yn cael ei gyflwyno wedyn i'r Pwyllgor. Eglurodd y PGCD fod Cylch Gorchwyl y Pwyllgor yn monitro datblygiad a gweithrediad effeithiol Rheoli Risg o fewn y Cyngor.

Mewn ymateb i gais gan Mr P. Whitham, cytunodd yr Aelodau fod copi o'r Polisi Rheoli Risg yn cael ei ddosbarthu i Aelodau'r Pwyllgor, ac eitem fusnes yn cael ei chynnwys yn y rhaglen gwaith i'r dyfodol ar gyfer mis Tachwedd, 2014. Cytunwyd hefyd y dylid gofyn am arweiniad ar amserlenni ar gyfer cyflwyno adroddiad SAC.

PENDERFYNWYD yn amodol ar yr uchod bod y Pwyllgor yn cymeradwyo'r Rhaglen Gwaith i'r Dyfodol.

Daeth y Cyfarfod i ben am 12.25pm.

Adroddiad i'r:	Pwyllgor Llywodraethu Corfforaethol
Dyddiad y Cyfarfod:	3 Medi 2014
Aelod/Swyddog Arweiniol:	Julian Thompson-Hill, Aelod Arweiniol dros Gyllid ac Asedau
Awdur yr Adroddiad:	Ivan Butler, Pennaeth Archwilio Mewnol
Teitl:	Archwiliad Mewnol Dilynol - Ysgol Uwchradd Gatholig Bendigaid Edward Jones

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad hwn yn rhoi manylion i'r Pwyllgor am waith dilynol Archwilio Mewnol yn Ysgol Bendigaid Edward Jones yn dilyn ei adroddiad cychwynnol ym mis Hydref 2013 ac adroddiad dilynol cyntaf ym mis Mehefin 2014.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

Gofynnodd y Pwyllgor Llywodraethu Corfforaethol i'n hadroddiad dilynol ar gyfer Ysgol Bendigaid Edward Jones gael ei gyflwyno i'r Pwyllgor i roi sicrwydd bod gwelliannau wedi eu gwneud yn yr Ysgol.

3. Beth yw'r Argymhellion?

Bod y Pwyllgor yn ystyried ac yn rhoi sylwadau ar yr adroddiad dilynol Archwiliad Mewnol.

4. Manylion yr Adroddiad.

Cyhoeddwyd adroddiad gennym ar Ysgol Bendigaid Edward Jones ym mis Hydref 2013, a oedd, er gwaethaf rhoi sgôr sicrwydd 'canolig', yn cynnwys cynllun gweithredu gyda 13 o feysydd ar gyfer gwella. Roedd y Pwyllgor Llywodraethu Corfforaethol yn arbennig o bryderus y dylai'r ysgol roi sylw i'w bwysau ariannol a gofynnodd i adroddiad dilynol gael ei gyflwyno i'r Pwyllgor.

Roedd ein hadroddiad dilynol i'r Pwyllgor hwn ym mis Gorffennaf 2014 yn dangos cynnydd da ar y cyfan gyda'r cynllun gweithredu, ond mynegodd y Pwyllgor ei bryderon ynghylch diffyg cynllun adfer ariannol ar y cam hwnnw, gan ofyn am adroddiad dilynol pellach i'w gyfarfod ym mis Medi.

Mae'r cynllun gweithredu dilynol sydd ynghlwm yn Atodiad 1 yn dangos bod yr ysgol wedi gwneud cynnydd pellach wrth gyflwyno gwelliannau ac wedi cytuno ar ei gynllun adfer ariannol. Fodd bynnag, mae llawer o drafodaeth ar sut y bydd yr Ysgol yn cyfarfod ei gyllideb yn 2016/17, felly mae'r Ysgol wedi cael cais i anfon cynrychiolwyr i gyfarfod y Pwyllgor i roi rhagor o wybodaeth ac i ateb cwestiynau'r Aelodau.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Nid oes angen penderfyniad ar gyfer yr adroddiad hwn.

6. Beth fydd yn ei gostio a sut bydd yn effeithio ar wasanaethau eraill?

Nid oes unrhyw gostau ynghlwm i'r adroddiad hwn.

7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Gydraddoldeb a gynhaliwyd am y penderfyniad? Dylid cynnwys templed o'r Asesiad o Effaith ar Gydraddoldeb fel atodiad i'r adroddiad.

Nid oes angen penderfyniad neu gynnig ar gyfer newid ar gyfer yr adroddiad hwn, felly nid oes unrhyw effaith ar bobl sy'n rhannu nodweddion gwarchoddedig.

8. Pa ymgynghoriadau a gynhaliwyd gan y Pwyllgorau Archwilio ac eraill?

Amherthnasol - adroddiad gwybodaeth yn unig

9. Datganiad y Prif Swyddog Cyllid

Amherthnasol - adroddiad gwybodaeth yn unig

10. Pa risgiau sy'n bodoli ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Amherthnasol - adroddiad gwybodaeth yn unig

11. Pŵer i wneud y Penderfyniad

Amherthnasol - adroddiad gwybodaeth yn unig

Action Plan

Audit Follow-up Review of: Blessed Edward Jones School
Date: August 2014
Action Plan Owner: Head Teacher

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	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
1. Tudalen 19	The composition of the Governing Body is incomplete as there is a vacancy for a LEA governor and also a vacancy for the clerk to the governors.	Chair of Governors aware of the vacancy and approach to be made to prospective governor Chair of Governors – Feb 2014 Previous Follow Up Progress Chair of Governors has been ill so no action taken to date. New Clerk made aware of the vacant position and will take forward with Deputy Chair in next few weeks.	In progress – overdue The Governing Body is still incomplete as there is still a vacancy for a LEA governor. The Clerk to the governors has been made aware of the LEA vacancy and will be taking the information forward to the Deputy Chair at the next Governing Body meeting to action in the Chair of Governors’ absence.	Delegation of task of vacant LEA role to Deputy Chair of Governors in absence of the Chair of Governors to take action to find a suitable person for the vacancy.
2.	Not all governors have been checked by the Disclosure and Barring Service (DBS) and other qualification/disqualification checks, including Bankruptcy and Company Directors Disqualifications need to be completed for all governors.	Other checks to be investigated and undertaken for all governors when new Clerk is appointed. New Clerk to the Governors – Feb 2014 Previous Follow Up Progress New Clerk to review existing records and arrange for other checks to be investigated and completed. Further update June 2014 prior to next Governors meeting.	Complete DBS checks are all complete for members of the Governing Body. We have received an updated spreadsheet confirming that all members of the Governing Body have had the DBS checks. All disqualification and bankruptcy checks have been carried out and nothing has been found regarding the governors. Awaiting evidence from Clerk of Governors.	n/a

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
4. Tudalen 20	Governing Body minutes need to be improved in the following areas:			
	<ul style="list-style-type: none"> They do not include who is to complete actions and by when. 	<p>New Clerk to receive training to ensure actions agreed in meetings are allocated to members with estimated time for completion.</p> <p>New Clerk to the Governors – asap after appointment by Feb 2014</p> <p>Previous Follow Up Progress In progress. Training for new Clerk arranged for 9 June 2014.</p>	<p>Complete</p> <p>The Clerk to the governors attended a governors minute taking course on 9 June 2014, which was beneficial for their role. A new template for recording the minutes has been produced and will be going to the next Governing Body meeting for approval. Once approved, the minutes template will be used for future meetings (Copy of the template provided)</p> <p>Awareness of school policies has also been provided by the Business and Finance Manager as part of their training for the role.</p>	n/a
	The School needs a robust financial recovery plan to significantly reduce its budget deficit and prevent removal of its delegated powers.	<p>Budget figures for 2014/15 awaited, together with projections for next two years. Upon receipt, revised three-year projections to be prepared.</p> <p>Business & Finance Manager – Jan 2014</p> <p>Previous Follow Up Progress Three-year projections for 2014-17 currently being finalised. Deficit reduced from £414K to £250K in 2013. Further reduction of £146K forecast for 2014 but budget will still be in deficit at end March 2015. Email sent to Education Planning & Resource Manager on 9 April 2014 requesting licensed deficit.</p>	<p>In progress – overdue</p> <p>We received a copy of the draft recovery plan dated 2013-2017 and a copy of the application for a licensed deficit, which has been approved by the Education Planning and Resource Manager.</p> <p>The recovery plan shows a predicted cumulative deficit of £24k for 2014/15, a predicted surplus of £31k in 2015/16 but a predicted deficit of £143k in 2016/17.</p> <p>The draft recovery plan is being monitored on a quarterly basis by the School Funding Manager and by the Finance and Business Manager on a monthly basis to ensure that the budget is in line with the draft recovery plan. They are aware that the School cannot set a balanced budget but</p>	<p>From the amended figures received by the Business and Finance Manager there is a predicted deficit of £143,159 for 2016/17.</p> <p>The school has introduced as many efficiencies and savings without impacting on the provision of the education of the pupils.</p>

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
Tudalen 2			<p>are working with the School to assist where necessary.</p> <p>The Education Resource and Planning Manager does not have concern currently as the School is addressing the deficit as best it can without seriously affecting the educational provision or standards (as set out in the Challenge and Intervention Framework for schools in financial difficulties).</p> <p>The Business and Finance Manager said that the current efficiencies being achieved are not having a big impact on the educational provisions or standards. There is also the added pressure of the reducing numbers at the School, which impacts on the financial plan. The concern is that if further efficiencies are made, it would have serious impact on the educational provisions.</p>	

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
Tudalen 22	7. The number of stand-alone invoices that the School processes is too high, increasing the risk of unauthorised purchases and making budgetary control more difficult.	<p>Data to be obtained from Proactis team to monitor % improvement during the year.</p> <p>Business & Finance Manager – December 2013 (ongoing data collection)</p> <p>Previous Follow Up Progress Initial report obtained to act as baseline data. Termly review to be undertaken by Business & Finance Manager from April onwards.</p>	<p>Complete</p> <p>The Centralised Invoice Registration process is now in place. As part of this process, quarterly reviews will be carried out by the Proactis team and reported to Heads of Service or Head Teachers advising them of the number of retrospective orders raised. This information will also be reported to the Senior Leadership Team quarterly.</p> <p>During April to June 2014, the total number of stand-alone invoices was 117 with 89 of them relating to agency staff and exam fees (which are now exempt from needing purchase orders). The total number of stand- alone invoices where a purchase order was required was 28 (totally 24%) of the total invoices raised. This is a significant improvement from our previous review.</p>	n/a
	<p>9. There are some security and access issues that the School needs to address:</p> <ul style="list-style-type: none"> It would be beneficial to carry out a risk-assessment of the Reception area, where there is no CCTV, panic alarms and limited exits 	<p>Risk assessment of the Reception area to be completed as advised</p> <p>Previous Follow Up Progress Not complete</p>	<p>Not complete</p> <p>The School has yet to take action to carry out a risk assessment.</p>	<p>We suggested that the Business and Finance Manager should contact Corporate Health and Safety for guidance and the best approach on how to address the health and safety issues, panic alarms and the exit areas for the reception area.</p>

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
10.	Members of staff do not have any formal guidance on lone working, which is needed for robust health and safety management.	<p>Lone working policy to be developed using DCC guidance and made available to all staff. Hardcopy to be issued to key holders (Caretakers/ Head teacher/ Business & Finance Manager) Business & Finance Manager – Feb 2014</p> <p>Previous Follow Up Progress Not complete</p>	<p>In Progress – overdue</p> <p>The draft lone working policy has been developed and is going to the next Governing Body meeting on 15 July 2014. Once the policy has been approved, it will be issued to all members of staff.</p> <p>The draft lone working policy (copy provided) appears to be clear and robust.</p>	Circulate the lone working policy to all members of staff once it has been approved.
11. Tudalen 23	The School's CCTV in the 'Inclusion' Room may be breaching Data Protection requirements relating to overwriting and retention of data.	<p>Review of School's CCTV usage and data retention requirements to be undertaken. Data Protection guidance to be reviewed and CCTV policy to be prepared for Governing Body approval.</p> <p>Business & Finance Manager / Governing Body – Mar 2014</p> <p>Previous Follow Up Progress In progress – overdue CCTV guidance obtained from ICO website but policy not yet written.</p>	<p>Complete</p> <p>The location of the 'Inclusion' room is being relocated to an area of the School where there is a higher concentration of staff. There are currently no plans in place to have new CCTV installed where the new Inclusion room will be.</p> <p>The Finance and Business Manager said that they will be reviewing the need for CCTV in the inclusion room on a termly basis.</p>	n/a

Mae tudalen hwn yn fwiadol wag

Adroddiad i'r:	Pwyllgor Llywodraethu Corfforaethol
Dyddiad y Cyfarfod:	3 Medi 2014
Aelod/Swyddog Arweiniol:	Y Cynghorydd Julian Thompson-Hill/ Paul McGrady
Awdur yr Adroddiad:	Richard Weigh, Prif Gyfrifydd
Teitl:	Proses Gyllideb 2015/16

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad yn rhoi diweddariad ar y broses i ddarparu'r gyllideb referniw ar gyfer 2015/16.

2. Beth yw'r rheswm dros wneud yr adroddiad hwn?

I roi'r wybodaeth ddiweddaraf am y sefyllfa gyfredol.

3. Beth yw'r Argymhellion?

Ystyried y diweddariad diweddaraf a gwneud sylwadau fel y bo'n briodol.

4. Manylion am yr adroddiad

Ers y diweddariad diwethaf, mae pob un o'r cyfarfodydd cyllideb Rhyddid a Hyblygrwydd wedi cael eu cynnal gyda gwasanaethau. Mae'r amserlen isod:

Tabl 1 – Amserlen Cyfarfodydd Cyllideb Gwasanaeth Rhyddid a Hyblygrwydd

Gwasanaeth	Dyddiad
Gwasanaethau Oedolion a Busnes	7 Mai
Gwella Busnes a Moderneiddio	13 Mai
Cyfathrebu, Marchnata a Hamdden	22 Mai
Gwasanaethau Plant a Theuluoedd	29 Mai
Gwasanaethau Cyfreithiol a Democrataidd	30 Mai
Tai a Datblygu Cymunedol	5 Mehefin
Ysgolion, Gwella Ysgolion, Cwsmeriaid a Chefnogaeth Addysg	17 Mehefin
Adnoddau Dynol Strategol	25 Mehefin
Cynllunio a Gwarchod y Cyhoedd	25 Mehefin
Cyllid ac Asedau	26 Mehefin
Priffyrdd a'r Amgylchedd (Rhan 1)	30 Mehefin
Cyfathrebu, Marchnata a Hamdden (Gwasanaethau Ieuentid)	21 Gorffennaf
Priffyrdd a'r Amgylchedd (Rhan 2)	4 Awst
Cyfrif Referniw Tai (HRA)	4 Awst

Mae'r canlyniadau ar gyfer pob cyfarfod, ynghyd â dadansoddiad llawn o'r gyllideb gwasanaeth, wedi eu cyflwyno i'w hystyried yn y gweithdai cyllideb i'r aelodau. Hyd yn hyn, mae dau weithdy wedi cael eu cynnal ac oherwydd lefel y trafod a dadlau, daeth yn amlwg yn eithaf cyflym y byddai angen dyrannu mwy o amser i ganiatáu digon o gyfle i aelodau drafod pob cyllideb gwasanaeth a chynigion arbed gwasanaeth. Mewn ymateb, mae gweithdai ychwanegol i aelodau wedi eu trefnu ac mae'r rhain wedi cael eu hychwanegu at y tabl isod. Y rhai mewn testun coch yw'r dyddiadau ychwanegol. Bydd y gweithdy a drefnwyd ar gyfer 28 Awst ond yn digwydd os bydd y gweithdai blaenorol yn mynd dros eu hamser.

Tabl 2 Digwyddiadau Allweddol

Digwyddiadau allweddol	Dyddiadau	Statws
Pwyllgor Llywodraethu Corfforaethol	15 Ebrill 2014	Wedi'i gwblhau
Briffio'r Cyngor	28 Ebrill	Wedi'i gwblhau
Rownd Gyntaf Cyfarfodydd Cyllideb gyda Gwasanaethau	7 Mai – 4 Awst	Wedi'i gwblhau
Diweddariad i Friffio'r Cabinet	12 Mai	Wedi'i gwblhau
Adolygiad UDG o'r Broses	19 Mai	Wedi'i gwblhau
Diweddariad i'r Pwyllgor Llywodraethu Corfforaethol	21 Mai	Wedi'i gwblhau
Diweddariad i Friffio'r Cabinet	2 Mehefin	Wedi'i gwblhau
Diweddariad i'r Pwyllgor Llywodraethu Corfforaethol	2 Gorffennaf	Wedi'i gwblhau
Diweddariad i'r UDA	3 Gorffennaf	Wedi'i gwblhau
Diweddariad i Friffio'r Cabinet	7 Gorffennaf	Wedi'i gwblhau
Gweithdy Cyllideb Cyntaf i'r Aelodau	9 Gorffennaf	Gwahoddiadau wedi'i hanfon
Yr Ail Weithdy Cyllideb i'r Aelodau	14 Gorffennaf	Gwahoddiadau wedi'i hanfon
Trydydd Gweithdy Cyllideb i'r Aelodau	26 Awst	Gwahoddiadau wedi'i hanfon
Gweithdy ychwanegol os oes ei angen	28 Awst	Gwahoddiadau wedi'i hanfon
Y Pedwerydd Gweithdy Cyllideb i'r Aelodau	2 Medi	Gwahoddiadau wedi'i hanfon
Diweddariad i'r Pwyllgor Llywodraethu Corfforaethol	3 Medi	
Y Cyngor Sir	9 Medi	
Y Pumed Gweithdy Cyllideb i'r Aelodau	22 Medi	Yn lle Briffio'r Cyngor
Ail Rownd Cyfarfodydd Cyllideb gyda Gwasanaethau	Medi / Hydref cynnar	
Diweddariad i Friffio'r Cabinet	22 Medi	
Diweddariad i'r UDA	2 Hydref	
Diweddariad i Friffio'r Cabinet	6 Hydref	
Y Chwched Gweithdy Cyllideb i'r Aelodau	8 Hydref	Gwahoddiadau wedi'i hanfon

Y Seithfed Gweithdy Cyllideb i'r Aelodau	13 Hydref	Gwahoddiadau wedi'i hanfon
Yr Wythfed Gweithdy Cyllideb i'r Aelodau	20 Hydref	Gwahoddiadau wedi'i hanfon
Y Nawfed Gweithdy Cyllideb i'r Aelodau	27 Hydref	Gwahoddiadau wedi'i hanfon
Diweddariad i Friffio'r Cabinet	3 Tachwedd	
Diweddariad i'r Pwyllgor Llywodraethu Corfforaethol	5 Tachwedd	
Diweddariad i Friffio'r Cabinet	8 Rhagfyr	
Y Cyngor Sir	9 Rhagfyr	
Y Degfed Gweithdy Cyllideb i'r Aelodau	12 Rhagfyr	Gwahoddiadau wedi'i hanfon
Diweddariad i'r Pwyllgor Llywodraethu Corfforaethol	17 Rhagfyr	
Y Cyngor Sir	3 Chwefror 2015	

Mae'r papurau ar gyfer pob gweithdy wedi cael eu cyhoeddi o flaen llaw yn electronig ac ar ffurf copi caled. Mae'r gweithdai a gynhaliwyd hyd yn hyn wedi cael presenoldeb da ag ystod eang o drafodaeth yn digwydd a nifer o gwestiynau yn cael eu gofyn. Gofynnwyd i Aelodau fynegi barn ynghylch a ddylai cynigion arbed gael eu 'mabwysiadu', 'datblygu', neu eu 'gohirio'. Bydd nifer o gynigion y dynododd yr aelodau y buasant yn fodlon eu mabwysiadu yn cael eu cyflwyno i'r Cyngor Sir i'w cymeradwyo ar 9 Medi.

Bydd diweddariad llafar yn cael ei gyflwyno i'r Pwyllgor gan gynnwys unrhyw bwyntiau a gododd o'r gweithdai cyllideb diweddaraf ac unrhyw faterion perthnasol eraill.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Mae rheolaeth effeithiol o gyllideb y cyngor a chyflawni'r strategaeth gyllidebol a gytunwyd yn sylfaen i weithgareddau ym mhob maes, gan gynnwys blaenoriaethau corfforaethol.

6. Beth fydd y gost a sut y bydd yn effeithio ar wasanaethau eraill?

Mae angen i'r cyngor i sicrhau arbedion o hyd at £18m dros y ddwy flynedd ariannol nesaf.

7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Gydraddoldeb (EqIA) a gynhaliwyd ar y penderfyniad?

Bydd AEaG yn cael ei gwblhau ar gyfer yr holl gynigion perthnasol wrth i'r broses ddatblygu.

8. Pa ymgynghoriadau a gynhaliwyd gan y Pwyllgorau Archwilio ac eraill?

Mae'r broses wedi cael ei ystyried gan yr UDG, UDA, Briffio'r Cabinet, Briffio'r Cyngor a'r Pwyllgor Llywodraethu Corfforaethol.

9. Datganiad gan y Prif Swyddog Cyllid

Bydd hon yn broses heriol iawn gyda rhai penderfyniadau anodd i'w gwneud ar hyd y ffordd. Mae ymrwymiad a chefnogaeth aelodau etholedig yn y broses o wneud penderfyniadau ac archwilio'r broses yn hanfodol.

10. Beth yw'r risgiau ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Dyma'r cyfnod ariannol mwyaf heriol y mae'r cyngor wedi ei wynebu a byddai methu a chyflawni strategaeth gyllideb effeithiol yn rhoi mwy o bwysau ar wasanaethau yn y dyfodol.

11. Pŵer i wneud y Penderfyniad

Mae'n ofynnol i awdurdodau lleol o dan Adran 151, Deddf Llywodraeth Leol 1972 wneud trefniadau ar gyfer gweinyddu eu materion ariannol yn briodol.

Eitem Agenda 8

Adroddiad i'r:	Pwyllgor Llywodraethu Corfforaethol
Dyddiad y Cyfarfod:	3 Medi 2014
Aelod Arweiniol / Swyddog:	Y Cynghorydd Julian Thompson-Hill
Awdur yr Adroddiad:	Pennaeth Cyllid ac Asedau
Teitl:	1. Adroddiad Blynyddol ar Reoli Trysorlys 2013/14 (Atodiad 1) 2. Adroddiad Diweddar ar Reoli Trysorlys 2014/15 (Atodiad 2)

1 Am beth mae'r adroddiad yn sôn?

1.1 Mae'r Adroddiad Blynyddol ar Reoli Trysorlys (Atodiad 1) yn sôn am weithgarwch buddsoddi a benthyca'r Cyngor yn ystod 2013/14. Mae'n rhoi manylion am y sefyllfa ariannol ar yr adeg honno ac yn dangos sut y cydymffurfiodd y Cyngor â'i Ddangosyddion Darbodus. Mae'r Adroddiad Diweddar ar Reoli Trysorlys (Atodiad 2) yn rhoi manylion am weithgareddau Rheoli Trysorlys y Cyngor yn ystod 2014/15.

1.2 Mae'r term 'rheoli trysorlys' yn cynnwys gwaith rheoli gweithgareddau benthyca, buddsoddiadau a llif arian y cyngor. Mae tua £0.5bn yn mynd drwy gyfrifon banc y cyngor bob blwyddyn. Swm benthyca'r cyngor heb ei dalu ar 31 Mawrth 2014 oedd £141.65m ar gyfradd gyfartalog o 5.63% ac roedd gan y cyngor £32.5m mewn buddsoddiadau ar gyfradd gyfartalog o 0.66%.

2 Beth yw'r rheswm dros wneud yr adroddiad hwn?

2.1 Cytunwyd gan y Cyngor ar 27 Hydref 2009 y dylai'r gwaith o lywodraethu Rheoli Trysorlys fod yn destun craffu gan y Pwyllgor Llywodraethu Corfforaethol. Rhan o'r rôl hon yw cael diweddariad ar weithgareddau rheoli trysorlys ddwywaith y flwyddyn ac i adolygu Adroddiad rheoli trysorlys blynyddol ar gyfer 2013/14.

2.2 Rôl y Pwyllgor Llywodraethu Corfforaethol

2.2.1 Bydd tîm rheoli trysorlys yn darparu adroddiadau a hyfforddiant i'r Pwyllgor Llywodraethu Corfforaethol mewn cydweithrediad â'r amserlen isod:

Pwyllgor	Dyddiad	Teitl yr Adroddiad	Cynnwys Adroddiad yr
Llywodraethu Corfforaethol	Mis Ionawr	Diweddariad /Sesiwn Hyfforddi ar Reoli Trysorlys	- Amgylchedd allanol - Risgiau - Gweithgarwch - Rheolyddion - Gweithgarwch y Dyfodol
Llywodraethu Corfforaethol	Mis Ionawr	Strategaeth Rheoli Trysorlys	- Polisi - Strategaeth

			- Dangosyddion Darbodus
Cyngor	Mis Chwefror	Strategaeth Rheoli Trysorlys	Fel uchod
Llywodraethu Corfforaethol	Mis Medi	Diweddariad Rheoli Trysorlys	Fel Diweddariad Rheoli Trysorlys uchod
Llywodraethu Corfforaethol	Mis Medi	Adolygiad o waith Rheoli Trysorlys	- Adolygiad o weithgareddau Rheoli Trysorlys yn ystod y flwyddyn flaenorol - Perfformiad swyddogaeth Rheoli Trysorlys
Cabinet	Mis Medi	Adolygiad o waith Rheoli Trysorlys	Fel uchod

2.2.2 Mae Rheoli Trysorlys yn faes cymhleth sy'n cymryd amser i'w ddeall yn llwyr a darperir diweddariadau rheolaidd. Felly, ystyriwyd bod y Pwyllgor Llywodraethu Corfforaethol yn fwy priodol na'r Cyngor i gael y diweddariadau hyn fel y gellid neilltuo cyfanswm yr amser a'r ymrwymiad i'r maes hwn.

2.2.3 Mae'n ofynnol i'r Pwyllgor gael dealltwriaeth o lefel benodol yn y maes hwn a chaiff hyn ei gyflawni drwy ddiweddariadau a sesiynau hyfforddi rheolaidd.

2.2.4 Mae rôl y Pwyllgor yn cynnwys y canlynol:

- Deall y Dangosyddion Darbodus
- Deall effaith benthyca ar sefyllfa'r refeniw
- Deall yr ysgogwyr ehangach sy'n cael effaith ar weithgareddau Rheolwyr Trysorlys y Cyngor
- Sicrhau bod y Cyngor bob amser yn gweithredu mewn modd darbodus mewn perthynas â'i weithgareddau Rheoli Trysorlys

3 Beth yw'r Argymhellion?

3.1 Bod aelodau'n nodi perfformiad swyddogaeth Rheoli Trysorlys y Cyngor yn ystod 2013/14 a'i fod yn cydymffurfio â'r Dangosyddion Darbodus fel y nodir yn yr Adroddiad Blynyddol ar Reoli Trysorlys 2013/14 (Atodiad 1).

3.2 Bod aelodau'n nodi'r adroddiad diweddar ar y gwaith o Reoli Trysorlys (Atodiad 2).

4 Manylion yr adroddiad

4.1 Diben Adroddiad Rheoli Trysorlys Blynyddol (Atodiad 1) yw gwneud y canlynol:

- cyflwyno manylion am gyllid cyfalaf, benthyca, ad-drefnu dyledion a thrafodion buddsoddi yn 2013/14;

- adrodd am oblygiadau risg penderfyniadau a thrafodion y drysorlys;
- cadarnhau cydymffurfiaeth â therfynau'r trysorlys a Dangosyddion Darbodus.

4.3 Mae adroddiad diweddarau Rheoli Trysorlys (Atodiad 2) yn rhoi manylion am y canlynol:

- Amgylchedd economaidd allanol
- Risgiau
- Gweithgarwch
- Rheolaethau
- Gweithgarwch yn y Dyfodol

5 Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

5.1 Mae penderfyniadau buddsoddi a benthyca da yn galluogi i adnoddau ychwanegol gael eu hatgyfeirio at wasanaethau eraill y Cyngor.

Faint fydd yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?

6.1 Ddim yn gymwys.

7 Beth yw prif gasgliadau'r Asesiad o Effaith ar Gydraddoldeb (EqIA) a gynhaliwyd ar y penderfyniad?

7.1 Nid oes angen ei gynnwys fel rhan o'r adroddiad hwn.

8 Pa ymgynghoriadau a gynhaliwyd?

8.1 Mae'r Cyngor wedi ymgynghori â'i gynghorwyr trysorlys, Arlingclose Ltd.

9 Datganiad y Prif Swyddog Cyllid

9.1 Mae Rheoli Trysorlys yn cynnwys gofalu am symiau sylweddol o arian felly mae'n rhan hanfodol o waith y Cyngor. Mae'n gofyn am strategaeth gadarn a rheolaethau priodol i ddiogelu arian y Cyngor, er mwyn sicrhau enillion rhesymol ar fuddsoddiadau a bod dyled yn cael ei reoli'n effeithiol ac yn ddoeth.

9.2 Mabwysiadodd y Cyngor y Cod Ymarfer diwygiedig SSCCCh ar Reoli Trysorfa (Tachwedd 11) yn ei gyfarfod ar 28 Chwefror 2012. Mae'n ofyniad gan y Cod hwnnw i'r pwyllgor hwn gael y wybodaeth ddiweddaraf ar weithgareddau Rheoli Trysorlys ddwywaith y flwyddyn ac adolygu Adroddiad Rheoli Trysorlys Blynyddol.

9.3 Mae'r Cyngor wedi cymeradwyo Cynllun Corfforaethol uchelgeisiol sy'n cynnwys buddsoddi tua £124m i ddarparu ei flaenoriaethau dros gyfnod o bum mlynedd. Mae'n hanfodol bod gan y Cyngor swyddogaeth Rheoli Trysorlys gadarn ac effeithiol sy'n ategu'r buddsoddiad hwn a'r holl weithgareddau eraill.

10 Pa risgiau sy'n bodoli ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

10.1 Mae Rheoli Trysorlys ynddo'i hun yn risg, ond mae'r Cyngor yn monitro ac yn rheoli'r risgiau hyn fel yr amlinellir yn y prif adroddiad. Fodd bynnag, mae'n amhosibl cael gwared ar y risgiau hyn yn gyfan gwbl. Caiff strategaeth a gweithdrefnau rheoli trysorlys y cyngor eu harchwilio'n flynyddol ac roedd adolygiad yr archwiliad mewnol diwethaf yn gadarnhaol ac ni chodwyd unrhyw faterion sylweddol.

11 Pŵer i wneud y Penderfyniad

11.1 Mae Rheoliadau Awdurdodau Lleol (Cyllid Cyfalaf a Chyfrifyddu) (Cymru) yn ei gwneud yn ofynnol i awdurdodau lleol ystyried Cod Ymarfer Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth ar Reoli Trysorlys sy'n penderfynu ar y gofyniad i'r Cabinet dderbyn adroddiad blynyddol ar weithgareddau'r trysorlys yn ystod y flwyddyn ariannol flaenorol.

Appendix 1

DENBIGHSHIRE COUNTY COUNCIL

***ANNUAL TREASURY MANAGEMENT
REPORT
2013/14***

**Paul McGrady
Head of Finance & Assets**

CONTENTS

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1	Background
2	Economic Background
3	Borrowing Activity
4	Investment Activity
5	Compliance with Prudential Indicators
6	Money Laundering Update
	Appendix A - PWLB borrowing rates and UK Money Market rates
	Appendix B – Compliance with Prudential Indicators 2013/14

1. Background

The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year. Reports are made twice a year to the Corporate Governance Committee which is the committee with responsibility for the scrutiny of the Council's treasury policy, strategy and activity, as well as the annual report made to cabinet and the report to full council for approval of the annual treasury strategy.

Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

2. Economic Background

At the beginning of the 2013-14 financial year markets were concerned about lacklustre growth in the Eurozone, the UK and Japan. Lack of growth in the UK economy and the threat of a 'triple-dip' alongside falling real wages (i.e. after inflation) were a concern for the Bank of England's Monetary Policy Committee.

With new Governor Mark Carney at the helm, the Bank of England unveiled forward guidance in August pledging to not consider raising interest rates until the unemployment rate fell below the 7% threshold. In the Bank's initial forecast, this level was only expected to be reached in 2016. Although the Bank stressed that this level was a **threshold** for consideration of rate increase rather an automatic trigger, markets began pricing in a much earlier rise than was warranted and, as a result, gilt yields rose aggressively.

The recovery in the UK surprised with strong economic activity and growth. Q4 2014 GDP showed year-on-year growth of 2.7%. Much of the improvement was down to the dominant service sector, and an increase in household consumption buoyed by the pick-up in housing transactions which were driven by higher consumer confidence, greater availability of credit and strengthening house prices which were partly boosted by government initiatives such as Help-to-Buy. However, business investment had yet to recover convincingly and the recovery was not accompanied by meaningful productivity growth. Worries of a housing bubble were

tempered by evidence that net mortgage lending was up by only around 1% annually.

3. Borrowing Activity

The table below shows the level of the Council's PWLB borrowing at the start and the end of the year.

	Balance at 01/04/2013 £000	Maturing loans £000	Premature repayments £000	New Borrowing £000	Balance at 31/03/2014 £000
Fixed rate loans – Public Works Loan Board (PWLB)	133,269	1,621	0	10,000	141,648
Total borrowing	133,269	1,621	0	10,000	141,648

The Council's strategy in 2013/14 was to internally borrow to fund part of its borrowing requirement and to undertake new external borrowing to fund the remainder. Two new loans for £10m were undertaken at the start of 2014 to take advantage of relatively low rates before the anticipated increase in rates. The first loan was for £5m in February at a rate of 3.5% over a 17.5 year period on an Equal Instalment of Principal (EIP) basis. The second loan was for £5m in March at a rate of 3.38% over a 17.5 year period on an EIP basis.

The use of internal resources to fund the borrowing requirement was sustainable during 2013/14 because the Council had sufficient reserves and balances to avoid the need for external borrowing. We took the view however that the Corporate Plan is progressing so our reserves will reduce and we will come to a point where we need to borrow in the future. We reviewed our strategy and decided to borrow to take advantage of the low rates at that time. The EIP basis means that we will pay off an equal amount of principal each year so it will not have an adverse impact on our maturity profile. The borrowing we undertook was also affordable as we have a capital financing budget to fund the cost of the borrowing.

Although this will create a cost of carry while the proceeds are temporarily held as investments, we will save in the long term because of the anticipated increase in borrowing rates which will result in higher interest costs. For example, a 1% increase in the rates would cost us approximately £900k more in interest based on the example above of a £10m loan over a 17.5 year period.

As a result of maturities and new borrowing during the year, the average rate on the Council's debt decreased from 5.77% at 1 April 2013 to 5.63% at 31 March 2014.

Appendix A shows how interest rates for borrowing have moved over the course of the year.

4. Investment Activity

The Council held average cash balances of £30.8m during the year. These represent the Council's Balances and Reserves, working cash balances and also where money has been borrowed before capital expenditure is incurred.

The Welsh Government's Investment Guidance requires local authorities to focus on security (keeping the money safe) and liquidity (making sure we never run out of cash) as the primary objectives of a prudent investment policy. The Council's aim was to achieve a return on investments in line with these principles. The return is important but is a secondary consideration and the priority is the security of the sums invested.

The table below shows the level of the Council's investments at the start and the end of the year.

	Balance at 01/04/2013 £000	Investments Raised £000	Investments Repaid £000	Balance at 31/03/2014 £000
Investments	11,000	242,550	221,050	32,500

The Council's investment income for the year was £0.265m compared to £0.239m in 2012/13 which meant that the low interest rates available in the market continued to have a significant impact on the investment return earned by the Council.

Security of capital remained the Authority's main investment objective. This was maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement for 2013/14 which defined "high credit quality" organisations as those having a long-term credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

Investments with banks and building societies were held in call accounts and fixed-rate term deposits. The maximum duration of these investments was 12 months in line with the prevailing credit outlook during the year as well as market conditions.

Credit Risk Management:

Counterparty credit quality was assessed and monitored with reference to the following:

- credit ratings (minimum long-term counterparty rating of A- across rating agencies Fitch / S&P / Moody's);
- credit default swaps;
- GDP of the country in which the institution operates;
- the country's net debt as a percentage of GDP;
- any potential support mechanisms;
- share price.

In July Moody's placed the A3 long-term ratings of Royal Bank of Scotland and NatWest Bank and the D+ standalone financial strength rating of RBS on review for downgrade amid concerns about the impact of any potential breakup of the bank on creditors. As a precautionary measure the Authority reduced its duration to overnight for new investments with the bank(s). In March Moody's downgraded the long-term ratings of both banks to Baa1. As this rating is below the Authority's minimum credit criterion of A-, RBS was withdrawn from the counterparty list for further investment. Natwest is the Council's banker and will continue to be used for operational and liquidity purposes.

Liquidity Management:

In keeping with the WG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of overnight deposits and instant access call accounts. The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed.

Yield:

The Council sought to achieve the best return balanced against its objectives of security and liquidity. The UK Bank Rate was maintained at 0.5% through the year. Short term money market rates also remained at very low levels which had a significant impact on investment income.

All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

5. Compliance with Prudential Indicators

The Council can confirm that it has complied with its Prudential Indicators for 2013/14, which were set in February 2013 as part of the Council's Treasury Management Strategy Statement. Details can be found in Appendix B.

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2013/14. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

6. Money Laundering Update

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it maintains procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that relevant staff are properly trained.

The Head of Finance and Assets has been appointed as the Money Laundering Reporting Officer. There haven't been any cases of money laundering reported since the start of Denbighshire to date and we consider the risk to the Council to be minimal.

Interest Rates 2013/14

Public Works Loan Board (PWLB) borrowing rates and UK Money Market rates during the year were:

Example PWLB Borrowing rates % (The rate at which the Council could borrow money from the Government)

Start Date	Length of Loan		
	1yr	19½-20 yrs	49½-50 yrs
02-Apr-13	1.11	3.87	4.22
30-Sep-13	1.30	4.36	4.48
31-Mar-14	1.46	4.43	4.49

Example Bank Rate, Money Market rates (The rate at which the Council could invest with banks)

Date	Bank Rate %	7-day Investment Rates %	1-month Investment Rates %	6-month Investment Rates %
01-Apr-13	0.50	0.50	0.40	0.51
30-Sep-13	0.50	0.38	0.41	0.51
31-Mar-14	0.50	0.39	0.42	0.56

Compliance with Prudential Indicators 2013/14

1 Estimated and Actual Capital Expenditure

This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and, in particular, to consider the impact on the Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2013/14 Estimated February 2013 £000	2013/14 Revised February 2014 £000	2013/14 Outturn March 2014 £000
Non-HRA	29,727	30,559	30,228
Corporate Plan	6,603	7,139	5,250
HRA	9,182	7,384	6,525
Total	45,512	45,082	42,003

2 Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments.

Ratio of Financing Costs to Net Revenue Stream	2013/14 Estimated February 2013 £000	2013/14 Revised February 2014 £000	2013/14 Outturn March 2014 £000
Financing Costs	12,168	12,669	12,530
Net Revenue Stream	190,687	191,573	191,573
Non-HRA Ratio	6.38%	6.61%	6.54%
Financing Costs	3,092	2,973	2,914
Net Revenue Stream	12,662	12,727	12,727
HRA Ratio	24.42%	23.36%	22.90%

3 Capital Financing Requirement

- 3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is demonstrated in the following table:

Capital Financing Requirement - Non-PFI Basis	31/03/2014 Estimated February 2013 £000	31/03/2014 Revised February 2014 £000	31/03/2014 Outturn March 2014 £000
Non-HRA	150,707	145,486	145,801
HRA	33,375	30,669	29,508
Total	184,082	176,155	175,309
Borrowing	153,460	141,648	141,648
PFI Liability	10,526	10,526	10,526

NB The outturn figures are taken from the pre-audited Statement of Accounts 2013/14 so they may be subject to change.

Note that the projected debt level at 31/03/14 was originally estimated in February 2013 to be £12m higher than the revised estimate because the original estimate was based on the capital expenditure in the Capital Plan to be funded by borrowing for 2013/14. In practice, the Council internally borrowed during the year to fund part of its borrowing requirement and undertook new external borrowing of £10m to fund the remainder.

4 **Authorised Limit and Operational Boundary for External Debt**

Summary Table:

2013/14	February 2014 £000
External Borrowing	141,648
Internal Borrowing	33,661
Operational Boundary	160,000
Authorised Limit	165,000

- 4.1 **Operational Boundary:** This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was set originally at £170m in February 2013 and revised downwards to £160m in February 2014 for the reasons outlined above.
- 4.2 **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was set originally at £175m in February 2013 and revised downwards to £165m in February 2014 for the reasons outlined above.
- 4.3 The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was £141.7m. In addition to external borrowing, the Council uses its own reserves and balances to fund capital

expenditure and this is known as internal borrowing as shown in the table above.

5 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- 5.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	2013/14 Estimated %	2013/14 Actual Peak Exposure %
Upper Limit for Fixed Rate Exposure	100	100
Upper Limit for Variable Rate Exposure	40	0

6 Maturity Structure of Fixed Rate borrowing

- 6.1 This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 6.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Maturity structure of fixed rate borrowing	Upper limit %	Lower limit %	Actual Borrowing as at 31/03/2014 £000	Percentage of total as at 31/03/2014 %
under 12 months	5	0	6,662	4.70
12 months and within 24 months	5	0	3,227	2.28
24 months and within 5 years	20	0	10,087	7.12
5 years and within 10 years	25	0	12,702	8.97
10 years and above	100	50	108,970	76.93
Total			141,648	100

7 Total principal sums invested for periods longer than 364 days

This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days. For 2013/14 this limit was set at £6m. The Council did not have any investments which exceeded 364 days during 2012/13 because the policy was to limit investments to a shorter period than 1 year.

8 Adoption of the CIPFA Treasury Management Code

The Council confirms its adoption of the CIPFA Code of Treasury Management at its Council meeting on 26 March 2002.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

Treasury Management (TM) Update Report

1 Changes in the external environment

1.1 Economic Outlook

The UK economy has shown continued signs of improvements over the course of 2014. The growth in the economy can largely be attributed to an increase in consumer confidence due to a rise in UK house prices and a falling unemployment rate. Despite strong growth, risks remain that this consumer led recovery will not take hold.

1.2 The economic recovery is at a delicate stage so we will continue to be cautious in relation to our current investment strategy and this is likely to continue for the medium term until we see stronger signs of sustained economic growth.

2 Investment Strategy

2.1 Our current investment time limits with the banks which we invest with have changed slightly since the last update as follows:

- Royal Bank of Scotland (RBS) and National Westminster Bank suspended,
- Close Brothers and Leeds Building Society for a maximum period of **100 days**,
- Nationwide BS, Barclays Bank, Santander UK, Lloyds Bank and Bank of Scotland for a maximum period of **13 months**.

2.2 The Council has also been investing with the UK Government's Debt Management Office which is currently paying a rate of 0.25% and this option has been used when safe limits have been reached with financial institutions.

2.3 Since the last update, we have diversified our investments across a larger number of financial institutions to reduce our reliance on a limited number of UK banks. This action has been taken because of a lower likelihood that the UK and other governments will support failing banks in the future. As the Banking Reform Act 2014 is implemented, banks will no longer be able to rely on bail-outs and they will be expected to stand on their own feet. This increases the risk to large investors such as local authorities who may be required to provide a proportion of the amount required to cover the bank's losses in the event of default. This new risk has been termed 'bail-in' risk and is potentially a greater risk to investors than the 'bail-out' risk of the past.

- 2.4** Consequently, we have reduced our banking group limit from 1.5 times the individual bank limit for a group of banks under the same ownership to the same level as the individual bank limit. For example, our limit with the Lloyds banking group was £12m previously and our individual bank limit is £8m. This meant that we had to reduce the amount invested with the Lloyds banking group from £12m to £8m.
- 2.5** In March 2014, Moody's downgraded the long-term ratings of RBS and Natwest Banks to Baa1. As this rating is below the Authority's minimum credit criterion of A-, RBS was withdrawn from the counterparty list for further investment. The Council had £12m invested with the RBS banking group at that time. Natwest is the Council's banker and will continue to be used for operational and liquidity purposes up to a maximum limit of £1m.
- 2.6** The impact of this was that the cash had to be invested elsewhere and the following counterparties were added to accommodate this:
- Santander UK
 - Nationwide Building Society (see note below)
 - Leeds Building Society (see note below)

As a result of an improvement in the housing market and a strengthening of building societies' balance sheets, the 2014/15 strategy added a number of building societies to our investment list which has helped us to spread our investments over a larger number of financial institutions. This includes building societies without credit ratings where an external credit assessment by our treasury advisers, Arlingclose Ltd, shows them to be suitably creditworthy.

3 Borrowing Strategy

- 3.1** Following the loans we undertook earlier in the year, it was anticipated that rates would increase. The rates have remained low however and we took advantage of this in August by taking out a new loan for £10m at a rate of 3.5% over a 23.5 year period on an Equal Instalment of Principal (EIP) basis.
- 3.2** This action was taken as the Corporate Plan is now progressing so we will be using our reserves. Borrowing rates are expected to rise at some point so we will continue to monitor interest rates throughout the year to ensure that we undertake further borrowing if required at the most advantageous time.
- 3.3** Although this will create a cost of carry while the proceeds are temporarily held as investments, we will save in the long term because of the anticipated increase in borrowing rates which will result in higher interest costs. For example, a 1% increase in the rates would cost us approximately £1.2m more in interest based on the example above of a £10m loan over a 23.5 year period.

4 Controls

4.1 Prudential Indicators

The Council sets prudential indicators which set boundaries within which our treasury management activity operates. The indicators are calculated to demonstrate that the Council's borrowing is affordable and include measures that show the impact of capital and borrowing decisions over the medium term. The Council has remained within all of its borrowing and investment limits for 2014/15 agreed by Council in February 2014. The Council has not deviated from the Capital related indicators either.

4.2 Audit Reviews

The Internal Audit review undertaken in February 2014 concluded that key risks within the TM function continue to be well managed. The report listed the following key areas which are managed well:

- There is regular reporting to elected members on the Council's treasury management activities, and the Corporate Governance Committee approved the annual Treasury Management Strategy Statement in January 2014.
- Sufficient business continuity arrangements are in place to provide cover within the treasury management function in the absence of the Technical Accountant. A clear separation of duties also exists within the process.
- The contract with the Council's external treasury management advisors, Arlingclose ended in December 2013. An appropriate tendering exercise for contract renewal was carried out with the involvement of the Strategic Procurement Unit. A new contract has been awarded to Arlingclose based on value for money and the quality of service provided.
- Treasury management processes and procedures are robust, well established and our testing of a sample of investments and cash flow statements identified that procedures are followed meticulously. Key risks are effectively managed, with only a few low risk areas for improvement identified, which have been discussed with the Technical Accountant.
- While there has been no recent loans taken out, the Council will need to borrow to fund the Corporate Plan.

5 Future

5.1 TM Strategy for next six months

As the Corporate Plan is progressing, we will review our cash position throughout the year to ensure that we undertake further borrowing if required. The Council will also monitor market conditions and interest rate levels to ensure that external borrowing is undertaken at the optimal time in line with our TM strategy.

5.2 Housing Revenue Account Subsidy Reform

The Welsh Government is in negotiations with HM Treasury regarding the reform of the HRA subsidy system in Wales. Details of the precise mechanism & timing are not available at this stage. The authority will monitor developments in this area as further details become available. It is likely the changes will be implemented from 2015/16 but we will need to borrow approximately £39m to buy ourselves out of the subsidy scheme before the end of 2014/15.

5.3 Private Finance Initiative (PFI)

The Council has a PFI scheme which is shown on the Balance Sheet at a value of £10m. We are currently reviewing the TM implications of the scheme and a separate paper is included on the agenda which provides further details of this review.

5.4 Reports

The next reports will be the Treasury Management Strategy Statement and Prudential Indicators 2015/16 and the TM Update Report 2014/15 which will be reported to the Corporate Governance Committee in January.

Adroddiad i'r:	Pwyllgor Llywodraethu Corfforaethol
Dyddiad y Cyfarfod:	3 Medi 2014
Aelod Arweiniol / Swyddog:	Julian Thompson-Hill, Aelod Arweiniol dros Gyllid ac Asedau
Awdur yr Adroddiad:	Ivan Butler, Pennaeth Archwilio Mewnol
Teitl:	Caffael Gwasanaethau Adeiladu - Diweddariad

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad hwn yn rhoi manylion i'r Pwyllgor am waith dilynol Archwilio Mewnol o Gaffael y Gwasanaethau Adeiladu yn dilyn ei adroddiad cychwynol ym mis Hydref 2013 ac adroddiad Swyddfa Archwilio Cymru (SAC) Mawrth 2014.

2. Beth yw'r rheswm dros wneud yr adroddiad hwn?

Gofynnodd y Pwyllgor Llywodraethu Corfforaethol i'n hadroddiad dilynol ar gyfer Caffael Gwasanaethau Adeiladu gael ei gyflwyno i'r Pwyllgor i roi sicrwydd bod gwelliannau wedi'u gwneud.

3. Beth yw'r Argymhellion?

Y Pwyllgor i ystyried a rhoi sylwadau ar adroddiad dilynol Archwilio Mewnol.

4. Manylion am yr adroddiad.

Cyhoeddodd Archwilio Mewnol adroddiad ar Gaffael y Gwasanaethau Adeiladu yn Hydref 2013 a oedd yn rhoi sgôr sicrwydd 'isell', gyda chynllun gweithredu a oedd yn cynnwys 11 o feysydd i'w gwella. Daeth ein hadolygiad i'r casgliad bod "*.. cryn le i wella. Trwy ddatblygu ymagwedd strategol, mae potensial i wneud caffael gwaith adeiladu yn llawer mwy effeithlon drwy symleiddio prosesau a'u gwneud yn fwy cyson, gyda'r fantais o ddileu dyblygu.*"

Soniodd adroddiad Swyddfa Archwilio Cymru â gwaith cynnal a chadw adeiladau ysgolion, gan ddod i'r casgliad "*bod angen gwneud gwelliannau i'r trefniadau caffael presennol i sicrhau bod y Cyngor yn gallu dangos ei fod yn sicrhau gwerth am arian. Yn ogystal, nid yw'r Cyngor yn cydymffurfio'n llawn â'i reolau gweithdrefn contract presennol.*" Roedd Cynllun Gweithredu Argymhellion Swyddfa Archwilio Cymru yn cynnwys chwe maes i'w gwella.

Mae'r cynllun gweithredu dilynol sydd ynghlwm yn Atodiad 1 yn cynnwys yr holl gamau gweithredu oddi wrth y gwasanaeth Archwilio Mewnol a chynlluniau gweithredu Swyddfa Archwilio Cymru ac mae'n dangos diffyg cynnydd hyd yma o ran cyflawni'r gwelliannau a nodwyd gan y gwasanaethau perthnasol o fewn yr amserlen.

Dim ond 2 o'r 17 o risgiau sydd wedi cael sylw yn llawn, gydag eraill yn mynd rhagddynt yn eu camau amrywiol. Yn benodol:

- nid oes strategaeth gaffael yn ei lle;
- mae cytundebau fframwaith wedi eu gohirio am sawl mis o'r dyddiad gweithredu y cytunwyd arno;
- mae cyflwyno e-ffynonellu wedi ei ohirio am flwyddyn o'r dyddiad gweithredu y cytunwyd arno; a
- Ni chytunwyd ar reolau gweithdrefn contractau diwygiedig (CPRs) a byddant yn cael eu gohirio am flwyddyn o'r dyddiad gweithredu y cytunwyd arno. Mae hyn yn effeithio ar weithredu nifer o gamau gwella eraill.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Nid oes angen penderfyniad ar gyfer yr adroddiad hwn.

6. Beth fydd y gost a sut y bydd yn effeithio ar wasanaethau eraill?

Nid oes unrhyw gostau yn gysylltiedig â'r adroddiad hwn.

7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Gydraddoldeb (EqIA) a gynhaliwyd ar y penderfyniad? Dylid cynnwys templed o'r Asesiad o Effaith ar Gydraddoldeb fel atodiad i'r adroddiad.

Nid oes angen penderfyniad neu gynnig ar gyfer newid ar gyfer yr adroddiad hwn, felly nid oes unrhyw effaith ar bobl sy'n rhannu nodweddion gwarchoddedig.

8. Pa ymgynghoriadau a gynhaliwyd gan y Pwyllgorau Archwilio ac eraill?

Ddim yn berthnasol - adroddiad er gwybodaeth yn unig.

9. Datganiad gan y Prif Swyddog Cyllid

Ddim yn berthnasol - adroddiad er gwybodaeth yn unig.

10. Beth yw'r risgiau ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Ddim yn berthnasol - adroddiad er gwybodaeth yn unig.

11. Pŵer i wneud y Penderfyniad

Ddim yn berthnasol - adroddiad er gwybodaeth yn unig.

Action Plan

Audit Follow-up Review of: Procurement of Construction Services

Date: August 2014

Action Plan Owner: Head of Finance & Assets

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	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
1. Tudalen 51	The Council's Procurement Strategy ran until March 2012. Setting the direction for Council procurement is vital to ensure that it is aligned with national, corporate and service requirements. A risk analysis of current spend should be assessed against the Council's requirements to show how procurement can contribute more effectively.	<p>Develop a robust Procurement Strategy that will encompass the requirements in the latest Denbighshire Economic and Community Ambition Strategy, the Welsh Procurement Policy Statement and the Welsh Government's Construction Procurement Strategy. Strategic Procurement Manager (January 2014)</p> <p>Response at February 2014: The revision of the Procurement Strategy is currently in progress with a target to have a draft document completed by 31 March 2014</p>	<p>In progress – overdue</p> <p>The creation of the draft Procurement Strategy has been delayed by the merger of the DCC and FCC Procurement Teams and is now scheduled to be available by the end of October 2014.</p>	A robust Procurement Strategy needs to be implemented and communicated to members of staff.

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3.	<p>The SPU has previously identified several initiatives to improve construction procurement but little progress has been made, as resources are being pulled in different directions e.g. collaboration.</p> <p>Unless a clear procurement plan is developed and prioritised, with sufficient steer from a senior level, initiatives such as introducing an e-sourcing system corporately and category leads, are likely to slip further and result in longer delays.</p>	<p>E-sourcing will be rolled out by March 2014 but it does not include interfaces for third party job costing systems e.g. asset management. A project plan and Verto is being used for this.</p> <p>To ensure that this programme is rolled out effectively there is a need to establish a project board with a senior member of staff as chair to ensure the project plans are implemented efficiently.</p> <p>Acting Strategic Procurement Manager (March 2014)</p> <p>Response at February 2014: Delays in the creation of project templates and documentation has caused a slip in the expected roll-out date. This should now commence during April 2014. Some departments are using the system on small projects with assistance from the SPU.</p>	<p>In progress – overdue</p> <p>Due to issues with the project manager, delays have been encountered with the project. A new project management team has been established. Roll out is expected in Q1 of 2015/16.</p> <p>Project templates have now been created for 60% of the type of requirements needed. All main types are available for use. The remainder should be completed late in Q3 of 2014/15.</p> <p>Roll out of the system is expected to be completed by March/April 2015.</p>	<p>Improve construction procurement through previously identified initiatives, including an e-sourcing system.</p>

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Tudalen 54	<p>4. Management information and performance measurement of construction-related spend has its limitations. This hinders the Council in identifying opportunities for price savings and cost reduction.</p> <p>The introduction of a corporate e-sourcing system over the next two years promises additional tools to help management and provide continuous improvement.</p>	<p>The SPU will develop reports to introduce better management information to services and senior managers. E-sourcing will introduce performance information by way of customer feedback logged against each supplier.</p> <p>Performance feedback will be input to the e-sourcing system and will be more transparent. The system can set reminders to prompt customers/clients to input their feedback.</p> <p>As part of the 21st Century Schools procurement project, Key Performance Indicators (KPIs) are being established to promote continuous improvement. Acting Strategic Procurement Manager (July 2014)</p> <p>Response at February 2014: This is currently on target. The introduction of M-Power in Finance will greatly assist this requirement.</p>	<p>In progress</p> <p>KPI's have been developed for 21st Century Schools project by the Project Manager. These are currently under consideration with the project Operations Board and contractors to ensure suitability. Once agreed, the Proactis system will be updated to make them available electronically for contract monitoring.</p> <p>The M-Power system for expenditure analysis will be made available by Finance in October 2014. This will allow a more informed scrutiny of who the Council places business with.</p>	<p>Once the KPIs are approved, they need to be made available to improve contract monitoring. Expenditure analysis will also ensure that more informed decisions are made about our contractors.</p>
	<p>5. Awareness of and adherence to CPRs are weak in some services. For example:</p> <ul style="list-style-type: none"> when requested, Bridges and Structures were unable to produce a signed contract for works valued over £50k aggregate spend on suppliers on the approved lists often exceeds £100k, but little comparison is done to make sure the Council 	<p>Revised CPRs have been developed and are currently out for consultation. CPR awareness workshops will be held with various services to promote awareness and understanding of CPRs. Schools and Public Realm are a priority for this training due to recent cases of non-compliance. Acting Senior Procurement Manager (January 2014)</p> <p>Response at February 2014: All comments have been correlated and issued to the individuals for further review. The comments are now under review by Legal Services. Once these have been received Procurement and Legal will meet to identify the issues raised. The intention is to have a final Draft copy available for 31 March 2014.</p>	<p>In progress – overdue</p> <p>The draft CPRs are now with Legal Services for final scrutiny. Due to current workload in the department, it is anticipated that the review will be completed by the end of September 2014 and taken through the committee processes by the end of December 2014.</p>	<p>Implementation of the approved revised CPRs.</p> <p>Awareness workshops will then need to be held to ensure that employees understand their responsibilities in order to comply with the new procedures.</p>

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Tudalen 55	<p>gets value for money</p> <p>There is also limited awareness that the SPU could be contacted as a source of knowledge on procurement activity.</p> <p>The introduction of the e-sourcing system over the next two years along with associated training is an opportunity to reach out to service representatives and promote compliance.</p>	<p>A Construction Procurement Working Group has been convened comprising the main construction procuring services and the SPU. This group will consider and determine what is achievable and drive forward changes in respect of framework agreements and how to deal with reactive small works procurement. This will be tied in with the new framework manager role within Property. Acting Strategic Procurement Manager and Property Manager Informally by August 2013 with more formal arrangements from March 2014. First group meeting held September 2013.</p> <p>Response at February 2014: The working group has been established and includes representation from Property, Procurement, Housing and Housing Renewals. An agreed way forward in terms of reactive maintenance and asbestos removal procurement has been agreed and frameworks for these elements are being developed. There are some issues with the procurement of Housing renewals works which are individually tendered. The procurement of works between £5K - £250K is now being considered. The Group meets monthly.</p>	<p>In progress – original action complete but has led to an additional action</p> <p>See Item 2 for comments.</p> <p>Work will commence on the next phase as soon as possible following completion of the two services being tendered.</p> <p>A separate meeting is to be convened with Housing and Area Renewals, as it has now determined that its list of contractors needs reviewing and replacing with a framework agreement with a reduced number of contractors. Work on this project is expected to commence in October 2014 with new arrangements in place by March 2015.</p>	<p>Ensure that the Construction Procurement Working Group meets its outcomes, and that improvements with the procurement of Housing and Area Renewals are made.</p>

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Tudalen 56		<p>HR to be requested to provide a procurement training element into the standard induction training provided to all new starters within Denbighshire. Acting Strategic Procurement Manager (October 2013)</p> <p>Response at February 2014: HR have been requested to include a Procurement Awareness session into their induction training. This will be a brief explanation on CPR's and Procurement procedures.</p>	<p>In progress – overdue</p> <p>The SPU has been informed that Strategic HR no longer undertakes a corporate induction programme. This is now the responsibility of each department. The SPU will now have to confer with all Heads of Service to establish how the Council can inform new members of staff of the requirements of procurement.</p> <p>Once the new CPRs have been finalised it is intended to hold CPR training workshops for all members of staff with any procurement responsibility. This will be undertaken on a service by service basis.</p>	<p>Ensure that members of staff are clear of their responsibilities in respect of procurement.</p>
	<p>The Council does not maintain a corporate contracts register, which is required for transparency and is an important management tool. Signed contracts are vital documents that should be easily accessible in case the Council needs to resolve disputes with any of its contractors.</p> <p><i>Note: Services may be spot purchasing goods or services but contracts specific to other departments may offer advantageous pricing if accessible.</i></p>	<p>Each service needs to start collating a list of service specific contracts in order to populate a central contract register. This requirement is already set within the revised CPRs for Heads of Service to action. In order to capture this information, the SPU has developed a spread sheet to issue to all 'tier 1' managers to populate with details of their current contracts. The spread sheet will be issued to departments in October 2013. Acting Strategic Procurement Manager (January 2014)</p> <p>Response from February 2014: Information has been received from the majority of departments and is currently undergoing review. Completion of the review by 31 March 2014</p>	<p>In progress – overdue</p> <p>Information has been received from departments but, due to other priorities and the merger of the DCC and FCC procurement teams, this has been delayed. It is anticipated that this will be reviewed in September 2014.</p>	<p>Have an up-to-date corporate contracts register in place.</p>

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		Create contract register for Highways & Environment. Performance Officer (December 2013)	In progress – overdue Highways Services is currently compiling the information required, with completion scheduled for the end of August 2014.	Have an up-to-date contracts register for Highways & Environment in place.
	E-sourcing will have a separate contract management module and any tenders going through this will automatically be included as and when services begin using it following roll-out. Acting Strategic Procurement Manager (July 2014) Response from February 2014: Currently on target	COMPLETE Any tenders undertaken by the SPU are now automatically added into the contract management module.	Roll out of the e-sourcing system	
7. Tudalen 57	<p>The Council has several different lists used for construction-related works. All have control deficiencies to different extents that could put the Council at risk of health and safety sanction, financial losses and reputation damage.</p> <p>There is an opportunity to combine approved lists, which should reduce errors, improve consistency and remove the duplication of their upkeep to reveal efficiencies.</p>	<p>The revised CPRs (out for consultation at the time of this report) reduce the limit for using approved lists for construction works to £250k (these are for individual items). It also specifies that the ‘Head of Procurement’ must approve the use of approved lists. Acting Strategic Procurement Manager (January 2014)</p> <p>Highways will review the Highways & Environment approved list to ensure that all suppliers and contractors comply with the Council’s criteria for inclusion. Performance Officer (November 2013)</p> <p>In the medium to long term, framework agreements for highways minor works will negate the need for approved lists in this area (See Risk Issue 9).</p> <p>Property will work with the SPU and the Construction Procurement working Group to:</p> <ul style="list-style-type: none"> • introduce a managed and transparent rotation system for tender invitation (look at Housing Renewals system); • instigate quality monitoring and 	<p>In Progress – overdue</p> <p>See Item 2 for comments.</p> <p>The SPU and Highways are currently working on the establishment of a framework agreement for Minor Works. The original intention was to advertise this by the end of July 2014, with the intention of having a new framework agreement in place by Q1 of 2015. This is currently on schedule and will replace the current approved list system.</p> <p>Once the new property services frameworks are completed the new rotational selection procedure will be in place.</p>	Reduce the number of approved lists in place, and adopt a framework agreement for Minor Works.

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Tudalen 58		<p>recording system (not just health and safety); and</p> <ul style="list-style-type: none"> • investigate integration of an approved list system with Proactis. <p>The development of framework agreements for smaller building projects, particularly reactive maintenance works will be undertaken by the Construction Procurement Working Group (See Risk Issue 9). Acting Strategic Procurement Manager & Property Manager (January 2014)</p> <p>Response from February 2014:</p> <p>Following the establishment of the Construction Procurement Working Group the use of Approved Lists will be discontinued for the majority of services and replaced by Framework Agreements. This removes the need for the Head of Procurement to approve their use.</p>		

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Tudalen 60		<p>Enhance the Purchasing Systems (Proactis P2P) to create additional workflow approval for construction-related purchase orders i.e. before placing an order with a supplier, a nominated construction lead will have to approve it. A prototype has been tested in Flintshire County Council. A pilot project using the procurement of furniture will be established in this Council in October 2013. This will then be extended to other commodity areas including construction once the principle has been proved. Acting Strategic Procurement Manager to lead, with assistance from Construction Working Group and Senior Management Accountant (April 2014)</p> <p>Response from February 2014:</p> <p>Further discussion is required with Finance on this in order to create the additional workflow required.</p>	<p>In progress – overdue</p> <p>Discussions with the FCC P2P team are being undertaken to establish the procedure required to set this facility up in the P2P portal. The new Central Invoicing Process has temporarily delayed this from being reviewed.</p> <p>Preliminary discussions are being held with the P2P finance team to establish a procedure where schools purchase orders for construction activities are routed to Property Services for approval.</p>	<p>Update the Proactis P2P system to include construction-related purchase approval.</p>

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Tudalen 61 9.	There is an opportunity for services to collaborate and pool resources to reduce costs on minor works. A framework agreement, if arranged properly, should save time and money in the long term. The challenge is to maintain a transparent and fair process that gives local suppliers (Small Medium Enterprises) an equal opportunity to win the tender. This promotes diversity and competition and ties in with the National and Council's Corporate priority of economic regeneration.	<p>The SPU will formulate a working group to develop both projects (Highways and Property minor works framework agreements). The building minor works framework agreement will be developed separately to highways but using the same method/approach (see specific action below). The working group will carry out analysis of all construction spend. Based on the analysis, procurement action plans will be developed for the different areas of spend. Acting Strategic Procurement Manager & Construction Working Group (September 2013)</p> <p>Response from February 2014:</p> <p>Working groups for both Highways and Property have now been established. Spend analysis is ongoing at this point in time along with identification of areas of spend to establish frameworks. The intention is to commence work on establishing frameworks for asbestos removal during April 2014 with other areas by July 2014.</p>	<p>In progress – overdue</p> <p>See Items 2 and 7 for comments.</p> <p>Under the new procurement structure, specific officers have now been assigned to review the expenditure in category areas. Due to the merger of the DCC and FCC procurement teams it is intended to have the review completed as quickly as possible during Q3 of 2014/15.</p> <p>Work commenced on the establishment of frameworks for asbestos surveying and removal in July 2014 and will commence on reactive maintenance works in August 2014. Work also commenced on the Highways Minor works framework in July 2014.</p>	Analysis of construction spend so that the necessary frameworks can be put in place.
		<p>Property Services will work with the SPU business partner to develop frameworks for lower value work. Efficiencies should be possible through reducing management costs, but the cost needs to be balanced with quality and legislative compliance. Acting Strategic Procurement Manager & Procurement Manager (Proposals will be developed by March 2014)</p> <p>Response from February 2014:</p> <p>This is currently in progress with the intention of having relevant frameworks in place by July 2014</p>	<p>In progress – overdue</p> <p>See Item 2</p> <p>Work has commenced on the frameworks for asbestos surveying and removal and reactive maintenance and these will be advertised in August with the intention of having frameworks in place by October/November 2014</p>	Develop frameworks for lower value work.

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Tudalen 62		<p>The Highways & Environment Service Plan for 2013-14 contains an improvement activity under Outcome 1 for “Developing a minor works framework” (HES101a). Once developed, this can be rolled out to other areas of the service. Works Unit Manager / Performance Officer (with assistance from SPU) Completion date for HES101a is 31 March 2014, but can possibly be brought forward should the need arise</p> <p>Response from February 2014:</p> <p>This is currently in progress with the intention of having relevant frameworks in place by July 2014</p>	<p>In progress – overdue</p> <p>The SPU and Highways are currently working on the establishment of a framework agreement for Minor Works. The original intention was to advertise this by the end of July 14, with the intention of having a new framework agreement in place by Q1 of 2015/16.</p>	<p>Implementation of a minor works framework.</p>
	<p>Tendering and contract-related templates (e.g. H05s and pre-qualification questionnaires) are inconsistent and direct the selection of suppliers to be based on lowest value instead of best value.</p> <p>In line with Welsh Government requirements, services need to standardise PQQs (pre-qualification questionnaires), tender and contract templates to make it easier for suppliers to tender for work. If possible, this</p>	<p>A construction procurement working group will be formed to review all current PQQ and tender documentation (including supplementary terms and conditions) and agree on a common set of construction-related documents. The Strategic Procurement Manager is developing a set of generic templates in line with the values set within the revised CPRs. These will be circulated as part of the CPR awareness training (see action again Risk Issue 8). Acting Strategic Procurement Manager (January 2014)</p> <p>Response from February 2014:</p> <p>This action is on target for completion by end March 2014</p>	<p>In progress – overdue</p> <p>Under the new procurement structure, specific officers have now been assigned to review the current PQQ and tender documents, as these will be used in the Proactis e-sourcing system. Due to the merger of the DCC and FCC procurement teams it is intended to have the review completed as quickly as possible during Q3 of 2014/15.</p> <p>There is a need to get agreement from all service areas to move to a standard form of contract for similar types of construction works to avoid confusion with contractors e.g. JCT, NEC, PPC2000 etc.</p>	<p>Standardisation of pre-contract qualification questionnaires, tender and contract templates.</p>

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Tudalen 63	should be in coordination with other local authorities to be most effective.	<p>Standardise the relevant Highways & Environment documents and incorporate them into the service's ISO 9001 document control system. Performance Officer (December 2013)</p> <p>Response from February 2014: This is currently in progress and due for completion during April 2014</p>	<p>Complete</p> <p>Owing to the volume of documents involved, documents are now being integrated into a single quality management system on a document by document basis, i.e. whenever an existing Highways & Infrastructure document is used, the Quality & Performance Officer is informed and it is then given a control reference and revision number in accordance with the service's ISO 9001 accreditation.</p>	
		<p>In partnership with the SPU business partner, Property Services will review forms/letters etc. used across the Council and develop a standard set of documents. These could be used as a model for use by other local authorities (consensus on the forms has proved difficult in the past). Acting Strategic Procurement Manager & Property Manager (January 2014)</p>	<p>In progress – overdue</p> <p>Under the new procurement structure, specific officers have now been assigned to review the current PQQ and tender documents, as these will be used in the Proactis e-sourcing system. Due to the merger of the DCC and FCC procurement teams, it is intended to have the review completed as quickly as possible during Q3 of 2014/15.</p>	<p>Property Services to review forms/letters used and to develop a standard set of documents.</p>
	<p>Many procurement projects fail if they are not properly planned and adequately resourced. Such problems could be minimised if better links were established between procurement and project management. A large, complex procurement exercise should not be able to progress without a sound business case and agreed procurement plan.</p>	<p>The SPU is developing a checklist for procurements valued over £100k and this will shortly be available as a spread sheet. These will be linked to CPRs, the project management system (Verto) and the procurement section of the business case template. Acting Strategic Procurement Manager (October 2013)</p> <p>Response from February 2014: The checklist has been completed and is now under review following comments received during the CPR consultation exercise. This should be finalised in conjunction with the CPR's</p>	<p>In progress – overdue (although reliant on the approval of the CPRs)</p> <p>The checklist is complete and is waiting the completion of the review of the CPRs by Legal Services. The SPU is unable to progress this any further at this point in time. The indication from Legal Services is that the review will be completed by the end of September 2014 and taken through the committee processes by the end of December 2014.</p>	<p>Approval of the revised CPRs before implementation of a checklist of procurements valued over £100k.</p>

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Tudalen 64		<p>New CPRs state that a procurement checklist must be completed for contracts valued over £100k. The SPU must give approval and, if the construction relates to Property, HR or ICT, additional approval is required from each of the affected services. If valued less than £100k, the questionnaire should still be completed; however, the SPU approval is not required (note: approval from HR, ICT and/or Property still applies). Acting Strategic Procurement Manager and Corporate Programme Office Manager (October 2013)</p> <p>Response from February 2014:</p> <p>The checklist has been completed and is now under review following comments received during the CPR consultation exercise. This should be finalised in conjunction with the CPR's</p>	<p>As above.</p> <p>Discussions have commenced with the Corporate Programme Office Manager to amend the Verto system to include procurement related questions into the system.</p>	

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13.	<p>Wales Audit Office Recommendation Whilst the Council has provided a rationale for allocating work to a small number of contractors, current processes need to improve to enable the Council to check and monitor work allocations</p> <ul style="list-style-type: none"> • Management information needs to be available to enable Council officers to check and monitor the levels of work allocated to contractors. 	<p>No automated system currently in place. The Proactis e-sourcing system being rolled out through the Strategic Procurement Unit will provide an electronic information management tool for this purpose. User training will take place May/June 2014. System configuration for monitoring will commence once users have been trained.</p>	<p>In progress – overdue</p> <p>Due to issues with the previous project manager, delays have been encountered with the project. A new project management board has been established. Roll out is expected in Q1 of 2015/16.</p> <p>The system is being configured to ensure a selection process is created within the portal to select contractors based on pre-set criteria rather than the current procedure utilised.</p>	<p>Roll out of the Proactis e-sourcing system.</p>
14.	<p>Wales Audit Office Recommendation The Council is not fully adhering to its current contract procedure rules in respect of school building maintenance works.</p> <ul style="list-style-type: none"> • Officers should be reminded of the requirement to obtain quotes for all works for less than £10,000 unless it can be demonstrated that a quote would not be practicable, eg for emergency works. 	<p>Evidence shows that over the last two years (2012/13 to February 2014) from a total of 2,148 jobs completed, 44.5% were for a value of less than £100 and 37.5% were for a value below £500. Only 7.5% of jobs were for a value over £1,000. Given the volume, diverse nature of the jobs and client expectations to have service delivery restored ASAP, it is not considered practicable in terms of internal resource (when coupled with the workload generated through planned, capital and client request works), customer needs and the availability of contractors willing to undertake reactive works, to routinely obtain quotes for reactive works. April 2014</p>	<p>Complete</p> <p>Justification for not obtaining quotes for works between £1,000 and £10,000 is now required on works requisition forms – to be reviewed on a case by case basis by approving officers.</p>	

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Tudalen 68	<p>16. Wales Audit Office Recommendation The quality control procedures need to be strengthened. In this respect:</p> <ul style="list-style-type: none"> • criteria setting out minimal levels or target levels for quality checks are required; • surveyors need to ensure that they consistently and more frequently • evidence quality checks; and • schools need to be actively reminded to complete feedback forms on a regular basis. 	<p>The existing F&M procedures require quality signoff by surveyors. This is now being regularly monitored by management. Ongoing.</p> <p>The introduction of the Proactis e-sourcing system currently being rolled out through the Strategic Procurement Unit will provide an improved method for recording and monitoring information. User training will take place May/June 2014. System configuration for monitoring will commence once users have been trained.</p> <p>As well as issuing feedback forms for schools to complete, the Building Maintenance Help Desk now also telephones schools in an effort to gain the feedback required on the questionnaire.</p> <p>Property do not have the remit to compel response nor the ability to sanction non-compliance. Auto-generated emails to clients will contain satisfaction questionnaires based on the current system.</p>	<p>In progress</p> <p>The SPU has been provided with the current “paper” questionnaires used by Property Services for this requirement. Development of electronic questionnaires will be completed during September 2014. Access to this element of the Proactis portal can be made available to users following the set up.</p>	<p>Roll out of the Proactis e-sourcing system, and development of electronic questionnaires via the Proactis portal.</p>

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17.	<p>Wales Audit Office Recommendation Arrangements to declare, manage and monitor relationships between Council Officers and contractors needs to improve.</p> <ul style="list-style-type: none"> • Arrangements need to be put in place to ensure that declaration of interests are proactively managed and procurement officers are regularly reminded of the importance and the requirement to declare any interests. The Council should review its guidance and training procedures, particularly in respect of staff involved in procurement procedures. 	A local arrangement for Property is now in place.	<p>Complete</p> <p>The standard tender documentation in the Proactis portal has been amended for suppliers to declare any relationships with Council officers through questions in the system.</p>	

Mae tudalen hwn yn fwiadol wag

Adroddiad i'r:	Pwyllgor Llywodraethu Corfforaethol
Dyddiad y Cyfarfod:	3 Medi 2014
Aelod/Swyddog Arweiniol:	Julian Thompson-Hill, Aelod Arweiniol dros Gyllid ac Asedau
Awdur yr Adroddiad:	Ivan Butler, Pennaeth Archwilio Mewnol
Teitl:	Trefn Lywodraethol Sefydliadau Hyd Braich

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad hwn yn rhoi manylion i'r Pwyllgor am waith rhagarweiniol y Pennaeth Archwilio Mewnol ac am yr adroddiad a luniwyd ganddo ynglŷn â fframwaith asesu i roi sicrwydd i'r Cyngor ynglŷn â threfn lywodraethol a pherfformiad sefydliadau 'hyd braich'.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

I gychwyn, gofynnodd y Pwyllgor Archwilio Perfformiad am adroddiad ynglŷn â sut y gellid cael sicrwydd ynglŷn â pherfformiad 'sefydliadau hyd braich', a chytunodd y Pennaeth Archwilio Mewnol i ddatblygu hynny yn rhan o'r prosiect yn ymwneud â Thystysgrif Llywodraethu Corfforaethol, Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth. Cytunwyd yn ddiweddarach y dylid cyflwyno'r adroddiad i'r Pwyllgor Llywodraethu Corfforaethol gan ei fod yn cwmpasu cylch gwaith ehangach na pherfformiad yn unig.

3. Beth yw'r Argymhellion?

Bod y Pwyllgor yn ystyried ac yn gwneud sylwadau ynglŷn ag adroddiad y Pennaeth Archwilio Mewnol.

4. Manylion yr adroddiad

Mae adroddiad y Pennaeth Archwilio Mewnol wedi ei gynnwys yn Atodiad 1 a dyma gam cyntaf prosiect i ddatblygu fframwaith cadarn i fonitro trefn lywodraethol 'sefydliadau hyd braich' neu, fel y mae'r adroddiad yn cyfeirio atynt, 'Darparwyr Gwasanaethau a Ariennir gan y Cyngor'. Mae'r adroddiad yn darparu enghreifftiau o arfer da ac arweiniad o'r Alban ac yn awgrymu ffordd ymlaen i'r Cyngor ddatblygu fframwaith syml ond effeithiol, na fydd, gobeithio, yn rhy fiwrocraidd.

Ar hyn o bryd, mae'r argymhellion yn rhai cyffredinol, ond y cam nesaf fydd datblygu fframwaith penodol ar gyfer y Cyngor i'w weithredu erbyn 1 Ebrill 2015, gan fynd ati i ymgynghori â gwasanaethau, Darparwyr Gwasanaethau a Ariennir gan y Cyngor ac aelodau etholedig. Gellid datblygu'r fframwaith hefyd i'w ddefnyddio mewn partneriaethau ac yn rhan o drefniadau contractau mawr gyda sefydliadau trydydd

parti, pan fo'r Cyngor yn dibynnu'n helaeth ar sefydliadau trydydd parti i gyflenwi gwasanaethau allweddol.

Bydd y fframwaith newydd gogyfer â monitro Darparwyr Gwasanaethau a Ariennir gan y Cyngor yn cyfrannu'n sylweddol at drefn lywodraethol y Cyngor ei hun ac yn mynd i'r afael â gwendid llywodraethol sylweddol a amlygwyd yn y 'datganiad llywodraethu blynyddol' gan roi sicrwydd i'n budd-ddeiliaid y cedwir cyfrif llawn o arian cyhoeddus ac y caiff ei ddefnyddio at y diben y'i bwriadwyd wrth gyflawni blaenoriaethau corfforaethol a dyletswyddau statudol Cyngor Sir Ddinbych.

Daw adroddiadau pellach ger bron y Pwyllgor hwn wrth i gam dau fynd rhagddo.

Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Nid oes angen gwneud penderfyniad ynglŷn â'r adroddiad hwn.

5. Faint fydd hyn yn ei gostio a sut y bydd yn effeithio ar wasanaethau eraill?

Nid oes costau yn gysylltiedig â'r adroddiad hwn.

6. Beth yw prif gasgliadau'r asesiad a gynhaliwyd o effaith y penderfyniad ar gydraddoldeb? Dylid atodi Asesiad o Effaith ar Gydraddoldeb wedi ei gwblhau fel atodiad i'r adroddiad hwn.

Nid oes angen penderfyniad na chynnig gogyfer â newid mewn perthynas â'r adroddiad hwn, felly nid oes unrhyw effaith ar bobl sy'n rhannu nodweddion sydd wedi eu gwarchod.

7. Pa ymgynghori a wnaed gyda'r Pwyllgor Archwilio ac eraill?

Bu i'r Tîm Gweithredol Corfforaethol drafod yr adroddiad ar 28 Gorffennaf 2014, gan gytuno i symud ymlaen i gam dau.

8. Datganiad y Prif Swyddog Cyllid

Amherthnasol - adroddiad er gwybodaeth yn unig yw hwn

9. Beth yw'r risgiau ac a oes yna unrhyw beth y gallwn ei wneud i'w lleihau?

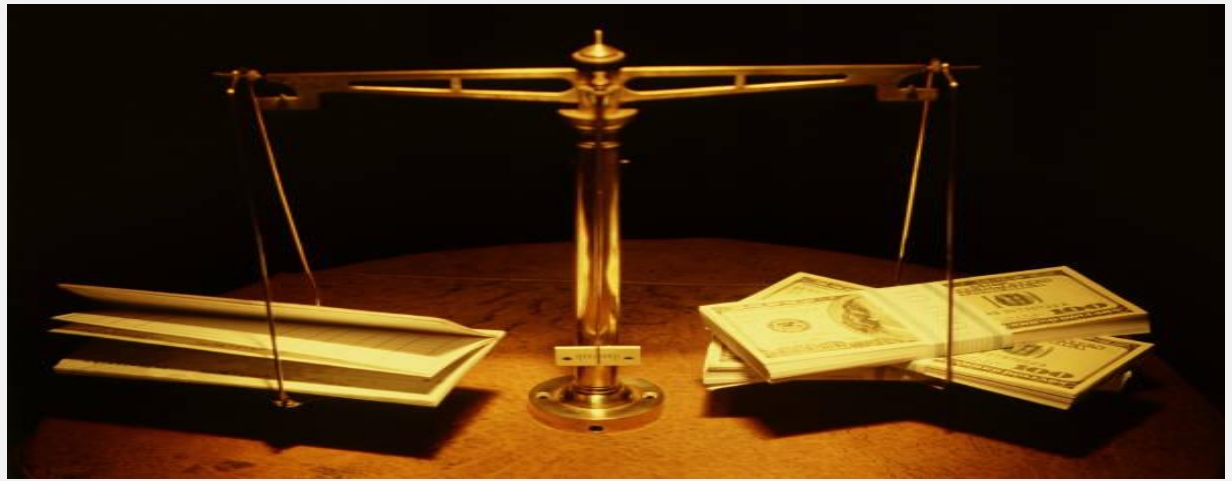
Amherthnasol - adroddiad er gwybodaeth yn unig yw hwn

10. Pŵer i wneud y Penderfyniad

Amherthnasol - adroddiad er gwybodaeth yn unig yw hwn

CIPFA WALES
Certificate in Corporate Governance Project

**An assessment framework for
Denbighshire County Council to
gain assurance on governance
and performance from its 'arms-
length' organisations**



Submitted by – Ivan Butler
May 2014

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Introduction

Background

While government funding to local authorities has reduced year on year, the public's expectations for good quality services has increased and there has also been an increasing interest from stakeholders in the governance of local authorities. Welsh local government also faces a period of change following the publication in January 2014 of the '*Commission on Public Service Delivery*' report (commonly called the 'Williams review'), which examined public service provision in Wales. The main message from this review is that things must change for public services to survive, as they cannot cope with the financial pressures and increasing demand on their resources, but that this change cannot be incremental. The report stresses that organisations need to look at new delivery models, for example, collaboration and third party delivery but also insists that scrutiny of governance and performance needs to improve.

Denbighshire County Council (DCC) has already recognised the need to change and has recently introduced a concept called '*Sharpening our Act*', which recognises that the public's expectations of its services are increasing and that performance in some areas needs to improve. DCC realises that it must become better at focusing on what is really important, accepting that some services and functions will stop or be transferred to others who may be able to deliver them at lower or no extra cost.

This is not a new way of delivering services, as DCC has funded external service providers for several years in various guises, e.g. through trusts, grants, and general funding assistance but it has not set up robust and consistent processes for establishing and monitoring these arrangements. In the last few months, the most significant of these arrangements came under close scrutiny and significant media and public interest when the 'arms-length' body faced financial pressures. My redacted follow up report of an external due diligence report is included as *Appendix 1* and highlights a lack of a robust governance framework and questionable HR policies and practices, which finally contributed to DCC withdrawing its funding support and the organisation ceasing trading and closing its facilities.

To put this risk into context, a Wales Audit Office (WAO) report into '*The Welsh Government's relationship with the All Wales Ethnic Minority Association*' (known as AWEMA) highlighted AWEMA's significant and fundamental failures in financial control and governance and ended up in a criminal case. It is a good example of poor governance and control at government level and in monitoring of arms-length organisations. The WAO report criticised the Welsh Government for its poor management and coordination of grant funding of over £7m to AWEMA, poor performance in some of its units, poor monitoring of AWEMA's spending and failure to act on concerns raised over the organisation. AWEMA eventually went into liquidation, owing the Welsh Government over £500k, which it could not recover and was found to be almost totally reliant on the Welsh Government for its funding. The WAO report includes recommendations that this CIPFA project is taking account of in developing a governance framework in that DCC should:

- make sure that it and the funding recipient understand their roles and responsibilities, building this into the funding award process;
- ensure that the purpose and objectives of the funding are clear from the outset;
- establish monitoring arrangements proportionate to the level of funding and type of organisation funded to ensure that the purpose and objectives are achieved;
- consider risks associated with the funding arrangement;
- seek annual assurance on the funded body's governance arrangements;
- undertake regular financial and operational reviews of the funded organisation; and
- ensure that robust legal and contractual arrangements are in place from the outset of the arrangement.

The above case, and the potential changing service delivery methods in public sector organisations, mean that DCC's elected members need to be aware of and understand their accountabilities and responsibilities when scrutinising and representing DCC on 'arms-length' body boards, committees etc., including conflicts of interest. DCC's Performance Scrutiny Committee has asked for assurance on the performance of other 'arms-length' organisations but, during the development of DCC's 'annual governance statement', subsequent discussions and committee reports, it has become clear that DCC cannot be fully assured that bodies that it funds and which deliver services on its behalf have robust governance arrangements in place. This has now been raised as a significant governance issue in DCC's 'annual governance statement' as recognition that it cannot transfer this accountability. *Appendix 2* provides extracts from DCC's draft 'annual governance statement' relating to monitoring of 'arms-length' organisations.

Project Scope

Appendix 3 shows the original brief for this CIPFA course project, which was to cover the three main 'arms-length' organisations referred to in DCC's Statement of Accounts to develop a basic framework for them to provide an annual self-assessment of their governance arrangements for DCC to consider when agreeing future funding. The project was also to include a review of the current monitoring arrangements for these bodies and the legal arrangements in place; however, following subsequent discussions with DCC's Corporate Executive Team and Corporate Governance Committee, it became clear that DCC needs to apply its governance principles to a wider range of council-funded organisations providing services on its behalf and that a framework needs to be developed to cover a wider range of organisations. This CIPFA course project and report therefore forms part of a larger DCC project shown in *Appendix 4*, which means that some parts of the original project brief will not now form part of this CIPFA course project report, although they will still be carried out within the larger DCC project in the coming months.

The organisations within the scope of this course project are not necessarily defined as 'arms-length' organisations, as these are normally organisations set up by the funder to provide services. This review will cover all organisations receiving funding to provide services on DCC's behalf other than contractors, suppliers and partners, which will be subject to separate reviews during 2014/15. For the purpose of this review, the organisations within its scope will be referred to as 'Council funded service providers' (CFSPs). The definition used is that they *'...are separate from the Council but are subject to Council control or influence, either through having representation on the board and/or through being a major funder or shareholder in the organisation.'*

Outcome of research

Desktop review

In developing the scope for this project, reviewing DCC's arrangements for monitoring CFSPs and assessing them against good practice, the main research sources have been:

- **Accounts Commission/Convention of Scottish Local Authorities 'Code of Guidance on Funding External Bodies and Following the Public Pound'** - this document provides guidance to local authorities in Scotland on how to maintain public accountability when using public money to provide services through 'arms-length' bodies.
- **Audit Scotland's 'Following the Public Pound'** - reports on its review of local authority progress in implementing the above code of guidance. The report concluded that the Commission had concerns about councils' funding of 'arms-length' bodies, in particular the lack of information available to inform their survey.
- **Audit Scotland's 'Arms-length external organisations (ALEOs): are you getting it right?'** - this document is aimed at promoting and encouraging good practice in councils that are planning on setting up new ALEOs to deliver services as well as those with existing ALEOs.

The above documents are particularly useful, as they highlight the risks and provide useful guidance on how to get the governance arrangements right from the start and then maintain them effectively. This project aims to use and, where relevant, adapt guidance from these documents to develop specific guidance for DCC on how to implement, monitor and review such arrangements consistently, to prevent a repeat of the problems DCC has recently faced. In summary, the guidance states that local authorities must ensure that:

- they are clear about the reasons for delivering services in this way;
- they receive assurance that the objectives of the service are delivered;
- they understand the financial commitment they are making and the risks involved;
- they have effective financial and operational performance monitoring arrangements in place;
- the funding is used for the intended purposes;
- all necessary legal and contractual arrangements are in place, including an exit strategy;
- roles and responsibilities of both organisations are defined;
- they have audit access to the third party organisation; and
- where they appoint elected members or officers to the third-party's board etc., they understand their role and responsibilities.

Areas of good practice

The above three research documents and further documents researched relating to specific Scottish local authorities highlighted some specific examples of good practice for inclusion in the DCC framework for setting up and monitoring CFSPs:

- Consider establishing a nominated lead department for each CFSP that coordinates monitoring functions and grant payments.
- Provide training to elected members or members of staff who sit on boards or committees on behalf of DCC.
- Develop written procedures and guidance to ensure compliance with the main requirements of DCC's framework.
- Develop standard conditions of funding that reflect DCC's framework requirements for monitoring, access to records, and defined outcomes.
- Produce a guide for CFSPs and DCC staff setting out good practice in financial administration and management.
- Ensure that all substantial funding relationships are subject to a formal written agreement.
- Internal audit should undertake a 'health check' of a sample of funding relationships each year.
- Maintain a central database of funded bodies, including a checklist of documents required/seen e.g. Constitution, Deeds of Trust, last audited accounts, Memorandum and Articles of Association, bank statements, and signed undertakings from members of management committees.
- Financial vetting should be undertaken by a qualified accountant, for example, DCC could designate an accountant to each funded body depending on funding level.
- DCC policy should be not to pay elected members representing it on a CFSP board or committee (other than expenses).
- DCC should consider a policy that no officer will hold a trustee or directorship position in a CFSP.
- Designate one committee to scrutinise performance of CFSPs – including performance, risks, financial management, partnership working, contractual compliance and equalities compliance.
- The designated 'scrutiny' committee could receive themed reports across CFSPs, e.g. complaints handling, sickness absence.

Recommendations for developing a governance framework

Using a risk-based approach

Under CFSP arrangements, delivery of a service becomes the responsibility of a separate organisation and DCC loses direct control over day-to-day management of the service but remains accountable for how public money is spent and the quality of services delivered. There are also on-going financial and reputational risks if things go wrong. In *'A Statement on the Role of the Finance Director in Local Government'*, CIPFA recognises that 'the statutory role of the finance director does not stop at the boundaries of the local authority but extends into its partnerships, devolved arrangements, joint ventures and companies in which the authority has an interest'.

This means that not only does DCC need to have good governance arrangements in place itself, but it needs to ensure that CFSPs also have robust governance arrangements. It is also important that DCC can provide assurance to its stakeholders that the funding it is providing to third parties is being used for the intended purpose and is delivering the required objectives. However, it is important that the level of monitoring introduced is commensurate with the risk involved, which is mainly linked to the level of funding provided and the impact that failure of the service would have on DCC's reputation and on the public.

To develop a risk-based approach to monitoring CFSPs, the first task was to identify all DCC payments in excess of £1,000 to such bodies during 2013/14 to establish the level of funding and what services the CFSP is providing. This analysis identified 71 CFSPs with payments ranging from £1,700 to over £175,000. Further discussions identified that several of these payments were for grants that may be monitored through external regulators such as Estyn, but these remain within the scope of this project, as DCC still needs to ensure that it receives assurance on these CFSPs, even if it comes from an external source.

Given the range of payments and the fact that several will only require assurance that the external regulators have inspected the CFSP, the organisations have been stratified based on risk as shown in *Appendix 5*, together with a summary of suggested set up, approval and monitoring arrangements. However, this proposal will be subject to Corporate Executive Team (CET) and elected member consideration and approval as part of the larger DCC project on CFSP governance.

Getting it right from the start

Given the pressures on DCC's funding and the need to concentrate on statutory services and corporate priority delivery, it is critical that agreements are only entered into with CFSPs to help DCC deliver in these core areas and that the CFSPs share DCC's vision, priorities and values. This means that both parties need to have a shared purpose, building good relationships and understanding each other's needs and priorities, particularly in the more significant CFSP arrangements.

DCC should therefore have an overarching policy statement that sets out its stance and strategic approach to using CFSPs, supported by a framework to provide guidance to officers, elected members and CFSPs that takes account of the suggested risk-based approach in *Appendix 5*. DCC already has guidance for elected members as part of its Constitution, but this will need to be reviewed to take account of the outcome of this project and the good practice identified in the research mentioned above. This elected member guidance should be supported by training to ensure that elected members understand their roles, not only in scrutinising CFSP arrangements but when representing DCC on CFSP boards and committees, in particular relating to potential conflicts of interest.

To ensure that arrangements for considering and setting up CFSPs are robust, the following points are crucial:

- DCC's officers and elected members must comply with its guidance when considering use of and developing arrangements with CFSPs.
- DCC's officers and elected members must base any decision to use a CFSP on a sound options appraisal and an approved business case, including risk assessment and EQIA (Equality Impact Assessment). *Appendix 6* provides guidance on options appraisals and business cases.
- CFSPs should only be used to help meet a statutory need or to help deliver DCC's corporate priorities (there may be exceptions, e.g. where Welsh Government provides grant funding that DCC administers on its behalf).
- Governance arrangements should be considered at the outset (based on the risk stratification in *Appendix 5*) to ensure that DCC and the CFSP can effectively scrutinise performance and be held accountable; monitor costs, performance and risk; and engage service users and citizens.
- DCC's officers and elected members must clearly understand the role of boards, committees and DCC in the articles of association or other constitutional documents of the CFSP.
- DCC must set clear criteria for appointing representatives to boards of CFSPs, including skills, experience and payment.
- All CFSPs should be subject to some form of legal agreement, the level and type of which will again be based on the risk stratification shown in *Appendix 5*. Suggested content for a comprehensive legal agreement is shown in *Appendix 7* and must include clauses to terminate or review delivery arrangements at the outset, taking into account the impact on services and their users, employees and assets.

In addition to the above, there are some critical governance questions that CET and elected members need to ask when considering use of a CFSP and when approving business cases for their use:

- Are we clear about our overall expectations of the CFSP?
- Do these expectations align with DCC's corporate priorities?
- How well do we understand the financial commitment and risks flowing from the decision to use the CFSP?

- How do we ensure that the governance arrangements in the CFSP are sound and that those with an active role receive adequate training and advice?
- How will we safeguard our interests, such as assets and other resources made available to the CFSP?
- How will we know how well the CFSP is doing, through our scrutiny of both operational and financial performance?

Keeping it right – monitoring CFSPs

Appendix 5 shows the suggested monitoring arrangements for each type of CFSP; however, monitoring of CFSP governance arrangements will inevitably be more difficult than assessing DCC’s governance arrangements, not just in accessing information but in assessing leadership, values, culture and other intangible elements of governance. The suggested arrangements are therefore largely based on the tangible elements of governance, such as policies, procedures, financial accounts, performance reports etc.

To enable effective monitoring of CFSPs performance, DCC should set out its expectation of the use of the funding from the outset. This should contain a broad and general statement of aims or goals and should also contain clear targets with timescales and methods of measurement whenever possible, as well as any conditions and reporting requirements.

Formal agreements with CFSPs should also provide DCC’s internal and external auditors with access to CFSP records and personnel if required. In particular, internal audit should review the overall arrangements for using CFSPs regularly to ensure that the process remains robust, effective, the overall risk is being well-managed and the framework is complied with. This review should contribute to DCC’s ‘annual governance statement’ as part of the Internal Audit Annual Report on DCC’s governance, risk and internal control arrangements. Internal Audit should also review a sample of specific CFSP arrangements on a risk basis each year.

DCC should consider very carefully the question of representation on CFSP boards or committees. For example, members or officers who become directors will assume personal responsibilities under the Companies Act and it is possible that conflicts of interest will arise for such members and officers between the company and DCC. It is crucial for DCC to ensure that elected members and officers are properly advised of their responsibilities to DCC and to the CFSP. In particular, they should be fully aware of their respective codes of conduct within DCC’s Constitution, which state that they have a duty to act in DCC’s interests as a whole but outline the impact of becoming a director or trustee of a CFSP where they must act in the interests of the CFSP.

One very important point to stress is that having elected members or senior managers on CFSP boards or committees does not constitute adequate monitoring and there should be systematic and regular monitoring of service and financial performance of CFSPs with formal reports to the relevant DCC committee. In particular, DCC representatives on CFSPs must:

- be aware of how well corporate priorities are being met by the EFSP;
- carry out scrutiny or management roles effectively, taking action on shortcomings or under-performance;
- be risk aware and satisfied that risks to DCC and the CFSP are identified and managed effectively;
- act quickly on potential conflicts of interest;
- take action to ensure that funding is withheld or reviewed or the agreement terminated, particularly where services or public money are at risk;
- take action where the intended objectives of the CFSP are not being met, or diverge from DCC's corporate priorities;
- periodically review delivery arrangements to ensure that best use is made of resources and that robust governance is in place;
- take action to ensure that CFSPs are reviewed or wound up where they are no longer active or effective, or contribute to DCC priorities.

Final thoughts

This CIPFA project forms only a small part of a larger DCC project to improve its assurance on governance arrangements in CFSPs. There is still a lot of work to do to develop the governance framework, but this project provides a foundation for the larger project, with examples of good practice, a recommended approach and a firm basis on which to develop a robust governance framework for the future. In fact, DCC will be able to develop the way forward suggested in this project report in other areas such as partnerships and Town and Area Plans, where services and/or projects are delivered by other bodies on DCC's behalf.

One particular difficulty in implementing the new framework will be dealing with relationships with current CFSPs that have been delivering services for several years without being asked to report regularly on performance and possibly not having formal legal agreements in place. DCC will have to manage this change carefully to maintain good relationships and its reputation, highlighting the benefits and need for the new arrangements.

However, the new framework will ensure that DCC addresses the following key risks, particularly if it adopts the suggested toolkit adapted from the research documents shown in *Appendix 8*:

- Having guidance and consistent arrangements for setting up and recording CFSPs means that it will be fully aware of all CFSPs that it deals with.
- Having regular and robust monitoring arrangements means that it will not fund CFSPs that do not deliver intended outcomes and will be aware of CFSPs that perform poorly, operationally and/or financially.
- Having robust governance arrangements over CFSPs reduces the likelihood of failure in its stewardship of public funds.
- Having early warning mechanisms through regular monitoring information reduces the likelihood that it will suffer financial loss due to a CFSP ceasing to exist and should not have to step in with contingency arrangements to deliver services.
- Having robust business cases for approval of CFSP arrangements means that it can ensure that CFSPs share DCC's values and should not bring the Council into disrepute through its behaviour.
- Having robust legal agreements and service level agreements ensures that both organisations understand their roles and responsibilities and strengthens DCC's position in the event of dispute.
- Providing robust guidance and support to its elected members who sit on outside bodies protects their interests, improves the likelihood of robust scrutiny and clarifies the legal position and conflicts of interest relating to directorships and trustees.
- Overall, the framework means that DCC should not suffer significant damage to its reputation due to failure of a CFSP.

In conclusion, a new framework for monitoring CFSPs will contribute significantly to DCC's own governance arrangements and address a significant governance weakness highlighted in its 'annual governance statement' so that its stakeholders are assured that public money is fully accounted for and used for its intended purpose in delivering DCC's corporate priorities and statutory duties.

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

Report to: Corporate Director: Customers
Head of Finance & Assets
Head of Legal & Democratic Services
Head of Communications, Marketing & Leisure

Report By: Ivan Butler: Head of Internal Audit

Date: 12 November 2013

Subject: Internal Audit Follow Up to Due Diligence Report on [REDACTED] Ltd

Introduction:

1. [REDACTED] recently carried out a due diligence exercise on [REDACTED] Limited to identify risks and opportunities relating to the possible takeover of the Company by the Council. This exercise concentrated on four key areas:
 - legal matters appertaining to the Council taking over the Company;
 - HR and finance matters;
 - a property and plant survey; and
 - an assessment of the implications for Leisure Services if the Council was to operate these facilities from April 2014 onwards.
2. At the conclusion of the due diligence exercise, there were still some queries outstanding and further detailed checks required, which I was asked to review as a matter of urgency.

Outcome & Conclusions:

Directors & Corporate Governance

3. There are currently 10 Directors of the Company and one Secretary, who is also an employee of the Company. Each Director may claim a set fee of £350 for 'reasonable expenses' but does not have to provide evidence of actual expenditure. These expenses include telephones, printing etc. Not all Directors claim these expenses but, for those that do, there may be tax implications from this arrangement as there is no proof of expenditure.
4. **There are no formal terms of reference, contractual arrangements or terms of appointment for the Directors. The Council will need to clarify the terms and timescale of any continued liability for Directors after they cease that role if the Council takes over the Company.**
5. During the course of my work, it became clear that there are inadequate governance arrangements and that the Board of Directors is not carrying out its role properly and effectively. There is no governance framework, no formal policies and procedures, financial regulations, risk management framework, performance management framework, codes of conduct etc. that should be in place for such an organisation. The Company does not produce an annual governance statement.
6. **The Council will need to consider what governance arrangements need to be put in place if it takes over the Company. The majority of these arrangements can be tied in with the Council's own governance framework, but there will be specific areas needed if there is to be a board structure and there may be a need for a separate annual governance statement.**

HR Issues

Staffing & Payroll

7. I was provided with two staffing lists - one for the summer season and a current list now that most of the seasonal employees have completed their contracts for the season. The list for the summer season included 149 employees, which reduces to 84 in the current list. There are two more posts due to terminate in November at the end of their contract.
8. At present the breakdown of staffing is as follows:
 - 16 employees work 37 hours per week
 - 22 employees work between 20-31 hours per week
 - 24 employees work less than 20 hours per week
 - 22 others had no hours on the list provided, therefore I assume these may be variable
9. During the summer season, the main change is in the variable hours contracts, where there were 83 employees on the list provided.

10. **There are a significant number of employees being paid the minimum wage - approximately 30 currently and 70 during the summer season. The Council needs to consider the impact of potential equal pay claims if it takes over the Company, as it is likely that its own leisure staff are paid higher rates than those at [REDACTED].**
11. [REDACTED] were provided with a list of employees due to receive an increment in the coming months; however, this list did not take into account the recent increase in the minimum wage or the fact that some employees will move from one age category to the next, which increases their minimum wage. It is difficult to calculate the exact impact of the minimum wage change, as the employee list provided did not show the hours worked by several of the employees who are on the minimum wage.
12. **Including the known increments provided to [REDACTED] and the impact of the increased minimum wage on the employees where I was provided with hours worked, there is an increased payroll cost of over £5k for 2014/15 (not including on-costs).**

Sickness Absence

13. There are currently no employees on long-term sickness absence at the Company. One employee who had recently been on long-term absence has now returned to work and I was informed that this was a work-related absence.

Policies & Procedures

14. The Company has no HR policies and procedures of its own. I was informed that, when needed, they use the Council's current arrangements. This includes recruitment, disciplinary and redundancy policies. The Company has no 'enhanced policies', over and above the Council's own policies.
15. **When recruiting new employees, there are no checks carried out to ensure that the person is eligible to work in the UK. The Company cannot be 100% certain that all employees have permission. They always get a National Insurance number before employing anyone, but there are no checks on the validity of these. The Council therefore needs to consider whether this is a significant risk, although the main risk is in the employment of seasonal employees, which the Council will carry out using its own recruitment procedures that require eligibility checks.**

Other Terms & Conditions

16. From the current staffing list, 21 employees receive a straight 28 days annual leave per year (pro rata for part-time employees), while the remaining 63 employees receive 20 days basic leave, plus 5 days after 5 years' service, then one additional day after 10, 15 and 20 years (28 days total). During the summer season, all additional employees receive the latter arrangements.
17. The Company also operates different sickness pay for employees, where the majority receive no sick pay if they are absent. Although I did not confirm this at the time, I assume the employee split is the same as for holiday entitlement, as these 21 employees appear to be on different terms and conditions.

18. **There are anomalies in the terms and conditions of employees, as the Company has adopted a ‘two-tier’ approach in relation to sick pay and holiday entitlement. This could give rise to claims of unfair treatment by the Company and claims for equality if the Council takes over the Company.**

Employee Contracts

19. I was unable to access employees’ personal files during my visit due to concerns raised over Data Protection. The Company has consulted its legal advisors to see whether it can grant access. I was therefore unable to check whether all files contained contracts of employment, job descriptions or CRB checks and whether there are any issues of concern on the files, such as outstanding disciplinary issues or other disputes.

20. **I was informed that it is unlikely that all current employees have a contract of employment and that some establishments (████) are much more efficient at this than others (████).**

21. I was also informed that the Company recently undertook a major exercise with the Council’s HR services to ensure that all relevant employees have CRB checks in place. I have not confirmed this with HR, but there will need to be robust arrangements in place throughout the year, particularly when appointing seasonal employees.

Financial Issues

22. I reviewed the current year’s budget and actual performance to date and have no issues to highlight on financial arrangements that have not already been discussed. The only points to consider are:

- There will be some savings on support staff as it is unlikely that all employees will transfer across, although there shorter-term costs associated with this.
- There could be some savings on the financial services budget of £27k, which covers payroll, banking charges and accountants, depending on what new arrangements are put in place.
- The pension deficit repayment of £36k is likely to increase once the reassessment is received.
- There is nothing in the budget for major works to the buildings etc., just £35k for routine maintenance.
- The Company does not carry out any formal cash flow analysis, but there is a monthly bank reconciliation and they use a main interest earning bank account that all subsidiary accounts flow into, so there have been no cash flow issues. This main account holds approximately £650k on average.

Appendix 2 – Extracts from DCC’s ‘annual governance statement’

Review of effectiveness

We are required to review the effectiveness of our governance arrangements each year, which includes:

- maintaining an on-going evidence framework showing how we can give assurance on our governance arrangements;
- regularly reviewing the effectiveness of the Council’s Constitution;
- reviewing governance arrangements within services delivered on our behalf by partnerships, arms-length organisations etc.;

Significant Governance Issue 1

In future, we accept that some services and functions will stop or be transferred to others who may be able to deliver them at lower or no extra cost. We need to review our governance arrangements to take account of this, ensuring that public money is spent wisely and the public continues to receive good services and value for money.

Proposed action to address the issue

We will be implementing new monitoring arrangements during 2014 to ensure that any third party or arms-length service providers have robust governance arrangements, and will implement scrutiny arrangements to monitor their financial and operational performance.

Responsibility for the action

Initial review by Head of Internal Audit, which will lead to further action plan for implementation of new arrangements

Timescale for improvement

Preliminary report by 31 May 2014, with further action plan for implementation of new arrangements to be agreed

Appendix 3 – Original project brief

Denbighshire County Council's Performance Scrutiny Committee has raised the question of how it can gain assurance that the Council's Arms-Length organisations (ALMOs) are performing effectively. I was asked to review this area but have taken the opportunity to agree an increased scope with the Committee and relevant Corporate Director to cover corporate governance assurance, which will include financial and operational performance.

This project is particularly important, as one ALMO has recently folded, significantly affecting the Council's reputation. In addition, the Council provides a significant level of funding to these organisations, so needs to protect its interests and use public money wisely. I am hoping to extend the framework to develop arrangements for the Council to use for agreeing funding to any external organisation, but this work falls outside the scope of this project.

The project will cover three ALMOs but will not include a review of their governance arrangements, as I have no rights of access into the organisations. The project aims to develop a basic framework for the ALMOs to provide an annual self-assessment of their governance arrangements to the Council to consider when agreeing future funding.

The key areas of work will be:

- Develop an information report to Performance Scrutiny Committee for mid-March 2014 outlining the scope of the project.
- Hold discussions with the relevant Corporate Director to evaluate the level of assurance sought, weighing up the burden of work this poses on the ALMOs.
- Hold discussions with the Council's Head of Legal & Democratic Services to ascertain the current legal and funding agreements with ALMOs.
- Review the Council's own Corporate Governance Framework and identify the key governance areas where ALMOs need to provide assurance.
- Design and develop an easy to use self-assessment framework to gather evidence of good governance in the ALMOs (a mini Annual Governance Statement)
- Present the draft self-assessment to the relevant Corporate Director for comment and agreement.
- Present the framework to the relevant committee for approval, outlining its responsibilities when scrutinising self-assessments that ALMOs will provide.

The key risks faced are:

- Legal and funding arrangements may need to be changed before the self-assessment framework can be introduced.
- The Council may refuse funding in future if a self-assessment is not received or is not robust, therefore media interest is likely. My work during this project will need to remain confidential, so I need to ascertain the best way to report progress and present the self-assessment to the relevant committee.



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

Internal Audit Project Scoping Document

Project area: Governance assurance from externally funded bodies providing services on the Council's behalf	Project no. D141505
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Prepared By	Ivan Butler	Date	06/05/14
Agreed With	Chief Executive	Date	12/05/14

Reason for Project
<p>Initial request by Performance Scrutiny to review how the Council receives assurance on the performance of 'arms-length' external organisations (ALEOs). During development of 'annual governance statement', subsequent discussions and Corporate Committee reports, it is clear that the Council cannot be fully assured that bodies that it funds and which deliver services on the Council's behalf have robust governance arrangements in place.</p> <p>This project now forms part of the governance action plan and will also include the role of elected members on outside bodies. Despite researching guidance on managing ALEOs, this review does not solely cover ALEOs, as these are normally organisations set up by the funder to provide services. This review will cover all organisations receiving funding to provide services on the Council's behalf other than contractors and partners. This will include ALEOs and those organisations receiving grant funding and contributions to assist their service provision.</p> <p>For the purpose of this review, these organisations will be referred to as 'Council funded service providers' (CFSPs). The definition used is that they '<i>...are separate from the Council but are subject to Council control or influence, either through having representation on the board and/or through being a major funder or shareholder in the organisation.</i>'</p>

Scope of Project

- Desktop review to learn lessons from elsewhere and identify areas of good practice:
 - *the Accounts Commission/Convention of Scottish Local Authorities 'Code of Guidance on Funding External Bodies and Following the Public Pound'*
 - *Audit Scotland's 'Following the Public Pound'*
 - *Audit Scotland's 'Arms-length external organisations: are you getting it right'*
- Identify CFSPs to be reviewed (not Partnerships, contractors or suppliers)
- Identify the level of funding provided to CFSPs and stratify to provide 'risk groups'
- Identify the current monitoring arrangements for CFSPs
- Identify the legal arrangements for CFSPs
- Develop governance assurance requirements for each risk group
- Develop a clear and concise process and identify responsibilities for recording, monitoring and scrutinising governance assurance from each risk group
- Contribute to the protocol for elected members sitting on outside bodies

Anticipated 'Added Value' of Project

The Council will receive regular assurance that CFSPs have robust governance arrangements in place, commensurate with the risk that it faces in funding these organisations. This will address a significant governance weakness in the Council, highlighted in its 'annual governance statement' and will provide assurance that CFSPs are using the money for its intended purpose and providing value for money.

Estimated Project Days

Auditor	Project Role	Estimated days
Ivan Butler	Scope, deliver project and report	10
Totals		10

Risks to be Reviewed

The Council:

1. Is not fully aware of all CFSPs
2. Funds CFSPs that do not deliver intended outcomes
3. Is deemed to have failed in its accountability over public funds
4. Is not aware of CFSPs performing poorly, operationally and/or financially
5. Loses funding because of an CFSP ceasing to exist
6. Funds CFSPs that have different values that bring the Council into disrepute
7. Has to step in to deliver services where CFSPs fail or cease to exist
8. Does not have robust service level agreements or legal arrangements with CFSPs
9. Does not provide robust guidance and support to its elected members who sit on outside bodies
10. Suffers significant damage to its reputation due to failure of an CFSP

Areas Identified as Well-managed from Scoping Meetings

The Council already has a protocol for elected members sitting on outside bodies, which will be taken into account during this review.

Review Completed By:	Ivan Butler	Date:	May 2014
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Appendix 5 – Suggested risk-based approach to CFSPs

CFSP type	Set up arrangements	Approval arrangements	Monitoring arrangements
Funding level >£50,000	Full business case, full legal agreement, service level agreement and review of financial soundness of the CFSP	DCC Cabinet	<ul style="list-style-type: none"> Annually – ‘Annual governance statement’ style report (standard format stipulated by DCC to include equalities; sustainability; HR practices; data protection and handling; FOI principles; standards and behaviour; and arrangements for engaging citizens and service users). Quarterly – financial and operational performance report to include how agreed aims and objectives being met, how standards and targets set by DCC being met <p>(Reports to be collated and summary report provided to DCC’s Corporate Governance Committee)</p>
Funding level £10,001-£50,000	Medium business case, legal terms and conditions, and service level agreement	Corporate Executive Team	<ul style="list-style-type: none"> Quarterly – financial and operational performance report to include how agreed aims and objectives being met, how standards and targets set by DCC being met <p>(Reports to be collated and summary report provided to DCC’s Corporate Governance Committee)</p>
Funding level £1,001-£10,000	Mini-business case, legal terms and conditions and service level agreement	Head of Service	<ul style="list-style-type: none"> Quarterly – financial and operational performance report to include how agreed aims and objectives being met, how standards and targets set by DCC being met <p>(Reports to be collated and summary report provided to DCC’s Corporate Governance Committee)</p>
Externally monitored CFSPs	As stipulated by regulatory body or main funding body	As stipulated by regulatory body or main funding body	Collation of external regulator reports and annual summary report to DCC’s Corporate Governance Committee

Appendix 6 – Assessing options and developing a business case

There should be a robust options appraisal before entering into funding arrangements so that DCC:

- is clear on the aims and objectives of the service being provided;
- knows the market and identifies all service delivery options;
- involve stakeholders (service users and community); and
- is clear about risks – long and short-term.

It is imperative that officers and elected members are objective and impartial when assessing options and that the process is overseen by elected members if there is a major service shift.

Checklist for reviewing options appraisals and business cases

- Was the assessment independent, objective and competent?
- Have any financial/technical estimates been verified?
- Have any forecasts of future performance been verified as realistic?
- Is there evidence of all other affected parties and contributors being appropriately consulted?
- Has all available information been pooled?
- What is the nature of DCC's financial contribution?
- What is the limit of DCC's contribution?
- What mechanism will trigger payments/receipts?
- Will there be an assessment/valuation at each payment stage?
- Will there be an assessment of the management/control regime?
- Are there any special arrangements for start-up funding?
- What are the arrangements for assets/liabilities i.e. ownership, destination?
- What is DCC's exit strategy?
- Will there be any recurring liabilities?
- What accounts will be kept? - frequency, type
- What audit access to information/personnel has been agreed?

Examples of governance & operational issues to consider in options appraisal	
Legal & governance	Business & operational
<ul style="list-style-type: none"> • Is there a clear statutory basis for undertaking the activity? • How will governance work - including the means of DCC control and representation? • How will the CFSP ALEO be accountable to the community and the service user? • How will DCC demonstrate that the CFSP offers best value for money and assure that it accounts for all public money provided to the CFSP? • What are the implications of EU and other procurement law, e.g. on the award of the contract or service delivery agreement? • How will obligations including equal opportunities, sustainable development, data protection and freedom of information be observed? • How will the delivery method be reviewed, and what is the basis for withholding funds or terminating the arrangement? • How will DCC employees and assets be treated, including transfer arrangements and pensions? • What are the statutory financial reporting and auditing requirements? 	<ul style="list-style-type: none"> • Does the activity fit in with DCC's corporate priorities? • What are the service implications, e.g. quality, access, marketability, pricing? • How will services users be involved and customer satisfaction measured? • What are the financial implications, e.g. taxation, treatment of profits, ability to attract investment and residual liabilities for DCC? • What is the payback time, allowing for initial set-up costs? • Are there benefits in sharing services with other councils or partners? • What will be the impact on demand, including DCC's ability to subsidise any increase? • How will flexibility or changes to delivery be allowed for? • What are the operational risks, including future changes in legislation or the marketplace? • What management information will be shared by the CFSP to demonstrate financial control and value for money?

Appendix 7 – Suggested content of a comprehensive legal agreement

A formal agreement should be entered into with each CFSP where there is deemed to be a substantial funding relationship. In drafting this document, consideration must be given to various aspects of the arrangement to ensure that all relevant areas are covered.

Key areas to be included in a formal legal agreement
Expectation of the use of funding
<ul style="list-style-type: none">• General statement of aims and goals of the CFSP• Annual plans of the CFSP• Targets, including timescales to be achieved by the CFSP• Any specific conditions and/or reporting requirements of the CFSP
DCC representation of elected members and officers
<ul style="list-style-type: none">• Level of representation from DCC i.e. elected members and/or officers• Name, designation/status within the CFSP
Financial regime
<ul style="list-style-type: none">• Extent of DCC's financial commitment• Nature of financial relationship, e.g. loan, grant, shareholding• Criteria for making and receiving payments• Details of any transfer of assets and destination of such assets• Accounting and reporting procedures to be adopted• DCC policies to be adhered to by the CFSP, e.g. procurement policy• DCC's exit strategy• Formal risk assessment requirements• DCC's criteria and arrangements for terminating the funding agreement with the CFSP• Procedures to be put in place to alert DCC should any problem arise between formal monitoring stages
Accounting, reporting and audit requirements
<ul style="list-style-type: none">• Minimum standard of management arrangements and accounts required by DCC• Responsibility and accountability of the 'management committee' of the CFSP• Access to records and accounts of the CFSP by DCC representatives• Access to records and accounts of the CFSP by DCC's internal and external auditors• Arrangements for accessing the CFSP's external auditor

Financial and performance monitoring requirements

- Proposed methods of measurement for inclusion in the relevant service level agreement
- Frequency and content of monitoring reports to DCC from the CFSP
- Reporting of achievement of targets by the CFSP
- Details of the annual budget and comparison with actual spend
- Methodology of the reporting of future plans of the CFSP
- Notification to DCC of criteria that may trigger a review of the arrangements with the CFSP
- Details of the reporting requirements for DCC committees

Expectation in terms of employment and other practices

- Policy regarding equal opportunities
- Recruitment and selection policies and procedures
- Policies regarding conditions of employment

Other practices

- Any other relevant information, e.g. insurance arrangements

Complaints

- Procedures for DCC to obtain information in respect of complaints made to the CFSP

Appendix 8 – Toolkit for improving governance of CFSPs

How well does DCC ensure that effective governance and accountability is maintained when it delivers services through CFSPs?			
	Best Practice	Better Practice	Advanced Practice
How clear is DCC about its reasons for delivering services through CFSPs?	<p>The decision to set up or engage with CFSPs is within DCC's powers, follows an appraisal of options for service delivery and is linked to its corporate priorities.</p> <p>DCC establishes from the start clear limits to its involvement, a timetable for achieving objectives and the circumstances in which the agreement will be terminated.</p>	<p>An overall statement of purpose is expressed in key documents.</p> <p>A regular review is carried out to ensure that the services provided by the CFSP remain aligned with DCC current priorities.</p> <p>DCC identifies specific circumstances that will trigger a review of its involvement, e.g. changes in key personnel in the CFSP.</p>	<p>Where services are delivered through CFSPs, DCC has a well-developed and soundly based strategy for the delivery of services in this manner that is clearly linked to DCC's wider strategic objectives and priorities.</p>
How well does DCC understand the financial commitment and risk to which it is exposed through CFSPs?	<p>DCC defines the nature of the financial relationship, its commitment to the CFSP (shareholding, grant, loan, guarantee, etc.) and contributions are not open-ended in duration or amount.</p> <p>There is a written agreement about the transfer of public assets that safeguards their title and use.</p> <p>Minimum accounting and auditing arrangements are stated in the agreement.</p>	<p>Before entering into an agreement with CFSP, DCC assesses risks and documents the results.</p> <p>Service level agreements or equivalent are in place to specify the financial arrangement.</p> <p>A corporate register of all financial commitments to CFSPs allows DCC to assess its overall commitment to its CFSPs.</p>	<p>Risk assessment extends beyond financial risks to other areas, e.g. reputational risk.</p> <p>DCC identifies specific governance, finance and performance indicators that give early warning of potential problems and acts when required.</p> <p>Contingency plans are in place to ensure that service delivery is maintained if the agreement ends.</p>
How effective are DCC's arrangements for monitoring the financial and service performance of CFSPs, maintaining accountability and for ensuring audit access?	<p>DCC stipulates how and at what intervals it intends to monitor financial and service performance.</p> <p>DCC has identified members of staff who will monitor CFSPs' performance.</p> <p>DCC ensures that its external auditors have right of access to key records of the CFSP and to any explanations they consider necessary from representatives of the CFSP.</p> <p>There are no significant performance or financial concerns about the CFSP that are not being actively managed.</p>	<p>Targets and methods of measurement are agreed and documented at the start.</p> <p>Monitoring reports provide timely and good-quality information about CFSPs' performance in delivering services and impact.</p> <p>DCC scrutinises monitoring reports and follows up where performance does not meet agreed standards.</p> <p>DCC officers responsible for monitoring the CFSP are clear about their role and are supported in it. Those involved in monitoring financial performance are suitably qualified.</p> <p>Access rights for internal and external audit are covered in the agreement.</p>	<p>Monitoring extends beyond financial and service performance to employment practices, equality requirements, purchasing policies and sustainability.</p> <p>DCC receives and scrutinises forward plans, takes a risk-based approach to monitoring and targets resources accordingly.</p> <p>Where there is more than one public organisation involved in the CFSP, DCC ensures that liaison and monitoring of the CFSP is coordinated.</p> <p>The reasons for providing services through an CFSP and the impact are clear in reports to stakeholders, including the public.</p>

How well does DCC ensure that effective governance and accountability is maintained when it delivers services through CFSPs?

	Best Practice	Better Practice	Advanced Practice
Where elected members or senior officers are appointed to the board or equivalent of CFSPs, how clear are they about their role?	<p>DCC has considered the question of representation, is clear about why it wants representation and is transparent in its decision about which elected members or senior officers will be involved and why.</p> <p>DCC has a clear policy for any payments to board members.</p> <p>Elected members and senior officers are properly advised of their responsibilities to DCC and the CFSP, including questions of declaration of interests. They exhibit this understanding through their behaviour and performance.</p>	<p>Training and support is provided to DCC representatives so they are clear about their responsibilities to DCC and the CFSP.</p> <p>DCC has a register of interests that records potential conflicts of interest that may arise from elected member or senior officer involvement in the CFSP.</p> <p>Elected members and senior officers are effective in performing their role as board members.</p>	<p>DCC safeguards itself from risks incurred by elected members/senior officers in their dealings with the CFSP, e.g. liability insurance.</p> <p>Specialist training is provided to elected members/senior officers, e.g. on company or trust law. Training continues over the period of the elected member/senior officer involvement and impact of training is measured.</p> <p>DCC reviews representation in CFSPs, makes changes in light of experience and considers rotating representation.</p>

Adroddiad i'r:	Pwyllgor Llywodraethu Corfforaethol
Dyddiad y Cyfarfod:	3 Medi 2014
Aelod Arweiniol / Swyddog:	Julian Thompson-Hill, Aelod Arweiniol dros Gyllid ac Asedau
Awdur yr Adroddiad:	Ivan Butler, Pennaeth Archwilio Mewnol
Teitl:	Archwiliad Adnoddau Dynol Strategol - Diweddariad

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad yn darparu manylion gwaith diweddaraf yr adain Archwilio Mewnol yn AD Strategol i'r Pwyllgor, yn dilyn yr adroddiad cychwynnol ym mis Awst 2012 a'r adroddiadau dilynol blaenorol.

2. Beth yw'r rheswm dros wneud yr adroddiad hwn?

Gofynnodd y Pwyllgor Llywodraethu Corfforaethol i ni gynnal adolygiad pellach o AD Strategol i asesu cynnydd y gwelliannau o fewn y gwasanaeth.

3. Beth yw'r Argymhellion?

Y Pwyllgor i ystyried a rhoi sylwadau ar yr adroddiad Archwilio Mewnol.

4. Manylion am yr adroddiad

Cynhaliwyd adolygiad o AD Strategol, gan gyflwyno adroddiad ym mis Awst 2012 gyda gradd sicrwydd 'isel' ac amlygu nifer o faterion lle'r oedd angen gwelliannau.

Yn ogystal â hyn, yn ystod 2012, cynhaliwyd nifer o adolygiadau proses o swyddogaethau yr oedd AD Strategol yn eu darparu, a'r canlyniad oedd datblygu cynllun gwella ar gyfer 2013/14 i uno'r holl gamau gweithredu o'r ddau ddarn o waith.

Gofynnodd Pwyllgor Llywodraethu Corfforaethol y Cyngor i ni ailymweld â'r gwasanaeth i roi sicrwydd bod Cynllun gweithredu'r Adain Archwilio Mewnol wedi'i weithredu'n llawn a bod cynllun gwella'r gwasanaeth wedi'i gyflawni.

Mae Atodiad 1 yn darparu manylion ein hadroddiad diweddaraf, sy'n dangos y gwnaed cynnydd sylweddol, a'r canlyniad yw gradd sicrwydd o 'Ganolig'. Mae'r adroddiad hefyd yn nodi ymrwymiad staff AD Strategol i wneud y prosiect yn llwyddiant ac ein hyder yn y gwasanaeth i gyflawni cynnydd pellach.

Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Nid oes angen penderfyniad ar gyfer yr adroddiad hwn.

5. Beth fydd y gost a sut y bydd yn effeithio ar wasanaethau eraill?

Nid oes unrhyw gostau yn gysylltiedig â'r adroddiad hwn.

6. Beth yw prif gasgliadau'r Asesiad o Effaith ar Gydraddoldeb a gynhaliwyd ar y penderfyniad? Dylid cynnwys templed o'r Asesiad o Effaith ar Gydraddoldeb fel atodiad i'r adroddiad.

Nid oes angen penderfyniad neu gynnig ar gyfer newid ar gyfer yr adroddiad hwn, felly nid oes unrhyw effaith ar bobl sy'n rhannu nodweddion gwarchoddedig.

7. Pa ymgynghoriadau a gynhaliwyd gyda'r Pwyllgor Archwilio ac eraill?

Amherthnasol - adroddiad gwybodaeth yn unig

8. Datganiad gan y Prif Swyddog Cyllid

Amherthnasol - adroddiad gwybodaeth yn unig

9. Beth yw'r risgiau ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Amherthnasol - adroddiad gwybodaeth yn unig

10. Pŵer i wneud y Penderfyniad

Amherthnasol - adroddiad gwybodaeth yn unig



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

Strategic HR

August 2014



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Background & Context

In April 2011, the Council adopted a new HR model as recommended by the external consultant Orion. We carried out an audit review of the new service delivery model, issuing a report in August 2012 with a low assurance rating and raising several issues where improvements were required.

Additionally, during 2012, we facilitated several process reviews of the functions that HR has to deliver through its core activity. This culminated in HR developing an improvement plan for 2013/14 to bring together all the actions from both pieces of work.

The Council's Corporate Governance Committee asked that we revisit the service to give assurance that the Internal Audit action plan has been fully implemented and the improvement plan achieved. Its request informed the scope of our review.

Please note that the Occupational Health service was not included in our review due to a restructure that is currently underway.

Audit Opinion





Since our last review, the HR Service has completed a significant amount of work to address the issues we raised previously and to achieve the majority of actions detailed in its ambitious improvement plan.

The Council adopted the new HR model three years ago and, with hindsight, it is our opinion that its expectations at the initial stage were set too high. The IT support systems were not in place to facilitate the core functions that HR needed to provide, and management tools, e.g. up to date policies, guidance and standard operating procedures, were not available to assist managers in understanding and adapting to a completely new HR concept.

Throughout our review, the commitment of HR staff to make the project a success was apparent and we believe the service is now at a key stage of progression and ready to move the organisation on to another level through further development and continuous improvement.

We are confident that the new model will become better embedded across the Council and, by building and maintaining better relationships between HR and the services it supports, the anticipated benefits should finally be achieved.

Based on the areas reviewed we provide the following assurance rating:

	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: Strategic HR
Date: August 2014
Action Plan Owner: Head of Legal & Democratic 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. Tudalen 105	Our sample testing of new starters confirms some inconsistencies within the HR process where control checks may not be done, e.g. to verify that qualifications match the job advert, or documents may not be held on the employee file as evidence.	Develop a definitive list of control checks which the HR Assistants (HRAs) are required to undertake. This will include permanent/temporary and relief staff.	Recruitment Specialist	March 2015
	Following the implementation of EDRMS (electronic document record management system), it may be an appropriate time to review the overall process and develop a definitive list for all HR employees of essential checks and key documents that should be held on an employee's file. Quality assurance (QA) checks would be a useful management tool to confirm consistency of the process across the team.	Develop a "standard employee file" that will specify exactly which documents need to be placed on EDRMS.	Recruitment Specialist	March 2015
	In addition, whereas some aspects of employing relief / casual staff may vary from a permanent appointment, there could be some value from aligning the overall process, where appropriate, to help ensure parity across all appointments.	Develop a QA process to check consistency.	Recruitment Specialist	March 2015

Risk/ Issue No.	Risk/Issue	Action	Who	When	
2.	<p>The current survey process for customer feedback may not be fully effective in providing information that is both useful and of value in helping to shape the service in the future.</p> <p>Areas for considering improvement include the following:</p> <ul style="list-style-type: none"> • The current e-mail option may be ineffective in encouraging feedback, as returns are few in number. • It may be beneficial to explore alternative options for seeking feedback. • There is a need to follow up with customers who are dissatisfied, to identify any repeat areas of concern that need addressing. • Challenge whether the best time to request feedback is always at the end of a task, e.g. in the event of a restructure, feedback may be of more value at an interim stage. <p>Linked to the above, the HR service is currently unable to monitor against its Customer Standards. This prompts the question of whether the Standards are appropriate or whether there is a risk that they serve little value in their current format and need revision.</p>	<p>Review the current feedback mechanism with a view to increasing the number of returns. Also, look at developing robust reports that show the % returns against the total number of returns possible.</p> <p>Develop QA checks to ensure that feedback forms are being circulated where appropriate.</p> <p>Undertake ad hoc follow up calls for an agreed % of cases.</p>	<p>HR Services Manager/Management Information Assistant</p> <p>HR Services Manager/HR & OD Manager</p> <p>HR Services Manager/HR & OD Manager</p>	<p>December 2014</p> <p>December 2014</p> <p>December 2014</p>	
	3.	<p>Retention periods have not been agreed for HR documents held on EDRMS, e.g., how long they need to be kept after an employee leaves, to ensure compliance with the requirements of the Data Protection Act and ensure efficient use of IT storage.</p>	<p>Agree retention period with the EDRMS/Data Protection team</p>	<p>Management Information Officer</p>	<p>September 2014</p>

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Risk/ Issue No.	Risk/Issue	Action	Who	When
4.	<p>A critical success factor of the new HR model included a review of the accommodation layout to bring together all previous directorate HR personnel into one unit. Although recommendations were made and have been discussed, to date they have not materialised.</p> <p>Indications are that the current arrangements are ineffective, as HRAs are isolated from the rest of the team and the service remains somewhat disjointed through its cellular offices.</p> <p>There is limited scope for learning and development from peers and more effort has to be made to share knowledge and remove inconsistencies, which means that the service is not operating as efficiently as possible.</p> <p>Additionally, the current office layouts conflict with the corporate Modernisation Programme i.e. every officer still has his or her own desk.</p>	<p>Submit report to Modernisation Board</p> <p>Plan of the room to be drawn up for HR</p> <p>If appropriate, arrangements to made for HR relocate to new office</p> <p>If not appropriate, review of County Hall offices to identify a suitable space for HR and report to Modernisation Board</p>	<p>Asset Manager, Finance & Assets</p> <p>Asset Manager, Finance & Assets</p> <p>HR Services Manager/HR & Organisational Development Manager</p> <p>Asset Manager, Finance & Assets / HR & Organisational Development Manager</p>	<p>July 2014 (completed)</p> <p>September 2014</p> <p>December 2014 (provisional date)</p> <p>(to be agreed)</p>

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Risk/ Issue No.	Risk/Issue	Action	Who	When
5.	<p>We found that HR Direct does not log all calls that it receives on the CRM (Call Records Management) system. Whereas there are benefits to this, i.e. where a query is classed as a 'quick win' that is immediately resolvable, it does not provide a complete record of enquiries and audit trail for follow up calls, should they arise. In addition, it does not account for HR resources being deployed in responding to a high number of queries.</p> <p>Additionally, if explored, there may be other ways of responding to high volume enquiries to reduce the demand on HR Direct.</p>	<p>Review of the types of calls logged on to CRM with a view to logging all calls that come into the HRA Team. The review needs to take into account the benefit of having all calls logged in one area against the time and effort it takes to do it.</p> <p>The outcome of the review will be to have a definite list of the types of calls that need to be logged and may be a phased approach around building up to all calls being logged on CRM.</p>	HR Services Manager/Management Information Officer	December 2014
6.	<p>When a new policy is implemented or an existing policy revised, it is essential that this be brought to the attention of those who need to know. Currently, HR does not have a protocol to support this activity that considers criteria, such as whether it is a key policy, to what extent all members of staff need to know about it and the best time and way to launch it.</p>	<p>Develop a protocol for the launch of policies and procedures within the Council. This should define the minimum expected when launching a new or revised policy/procedure, but also various options depending on the subject area.</p>	To be confirmed	December 2014

Tudalen 108

Risk/ Issue No.	Risk/Issue	Action	Who	When
Tudalen 109	<p>The HR Direct Intranet page has been developed at a rapid pace to the extent that so much information is available that it could be confusing to the reader.</p> <p>Suggested improvements are as follows:</p> <ul style="list-style-type: none"> Review the structure of the pages to ensure that documents and information are available in the most logical place. Better links between a range of documents to ensure that all are available through one search without having to explore other fields – an example of this is interlinking the Guidance for Line Managers and the Manager checklists. Document titles are not always obvious to the reader, i.e. in plain English, and may cause frustration when searching for documents, ultimately leading to increased contact with HR Direct to seek out an answer. <p>It may be an opportune time to review the functionality of the page in an effort to introduce automated monitoring, e.g. mandatory reading for managers, and promoting self-help tasks.</p>	<p>Review of the HR Document Store with a view to streamlining the page and improving accessibility of documents.</p> <p>Develop an action plan from the review for improvements that are required.</p> <p>Implement actions during last quarter of 2014/15</p>	<p>HR Services Manager/Management Information Assistant</p> <p>HR Services Manager/Management Information Assistant</p> <p>HR Services Manager/Management Information Assistant</p>	<p>October 2014</p> <p>December 2014</p> <p>March 2015</p>

Outcomes of our review and the risks arising

Internal Audit Action Plan (initial report dated August 2012)

Opinion

From the 11 issues raised in our previous action plan (with 45 agreed actions to address these), the majority of actions are now completed and, where this is not the case, work is in progress and continuing. We suggest that HR revisits the recruitment process following the introduction of EDRMS, as some changes may be required and an evaluation of the customer feedback process may lead to alternative ways of gathering information that will provide value in shaping the HR service in the future.

We previously raised an issue in respect of the accuracy of data held on the HR Trent system. A key development has begun by way of integrating the Payroll and HR system data, which has superseded this issue. A project is underway with a target date for completion of December 2014, to move towards one shared data repository between both services, which will eliminate the risk of data errors and reduce the need for duplicate data entry, resulting in processes that are more efficient.

System developments, such as CRM, have brought added automated controls to some of the fundamental HR processes, and the introduction of EDRMS to the service has changed the whole concept of holding and accessing employee information, i.e. this can now be achieved from any location via the Council's IT network.

In conjunction with this review, we carried out an audit of Cessation of Employment and, although overpayments to leavers via Payroll still occur, they have reduced significantly in number. HR has introduced a 'zero tolerance' approach whereby, if errors are caused by some action within the service, they are investigated to help eliminate the risk of recurrence. We also suggested some changes to documents used in the leavers' process to assist managers in this task. Our work in this area highlighted that schools caused the most common errors or delays and we are dealing with this issue separately.

A new Recruitment Policy has been introduced and, based on feedback provided to HR, has been well received by managers. However, our sample testing of new starters identified that there are still some inconsistencies within the process followed by HR in respect of checks and documents held on file. It may be an appropriate time to revisit the process to reaffirm the essential checks for consistency and reconsider the key documents that need to be retained on the EDRMS system. Some consideration of the process followed for relief staff would also be beneficial to ensure that, where appropriate, it is as robust as the process for permanent appointments. (See Risk / Issue 1)

There is an added control where HR issues monthly safeguarding reports to heads of service to identify any gaps in reference or DBS (Disclosure and Barring) checks. Through their regular meetings, the HR Business Partners

also discuss any failings in this area and undertake proactive work where necessary.

The service has done a lot of work to improve the customer experience and all HR employees have a role to promote this through their area of work, as they are all 'customer' facing, albeit internally. It is our opinion that this could be taken to the next stage by considering the value of feedback that the service receives through its returned survey forms (which are few in number) and considering whether there are other options available that will prove more beneficial in shaping the service in the future. (See Risk / Issue 2)

Alongside this, although the service has established customer standards, they are currently unable to measure against these for effectiveness using the data available. It may be an option to consider the value of the standards and how the service can measure them in the future. Both of the above will help HR to embed a more customer-focused approach throughout all tiers of its work.

HR Improvement Plan

Opinion

HR developed an ambitious improvement plan for completion during 2013/14 to take into account all of the changes emerging from the process reviews. It has achieved most of this work but, in recognition of the need for continuous improvement, HR is developing a Phase 2 Plan in a similar way that it will manage via the Corporate Project Management System (Verto). We have raised issues where we feel that HR can enhance its processes even further.

Governance areas have improved, and communication with senior management of the Council via the Corporate Executive Team and Senior Leadership Team is being maintained. HR makes regular presentations to these teams to allow them to input to strategic decisions affecting both the service and Council in the future. The HR Business Partners have a pivotal role to play through their work in building and maintaining good working relationships with service and team managers.

The EDRMS system has changed the way that the HR service operates. All job descriptions, employee records and supporting documents are held electronically and are easily accessible. Through discussions held during our review, HR employees are enthused by the way that the service has been modernised through EDRMS and are now reaping the benefits of a lot of hard work to get to this stage. Retention periods for documents and records held on the system have yet to be considered and agreed. (See Risk / Issue 3)

In line with the Council's modernisation agenda, HR adopts flexible working practices where appropriate, with relevant equipment provided to facilitate this; however, accommodation remains a problem for the service. The initial business case for the new HR model recommended that the office location be moved or adapted to create an open plan arrangement where all HR employees would feel inclusive and could function more cohesively as a team. Despite being under scrutiny over the last three years, this weakness has not been addressed to date. The 'team' continues to operate in a somewhat disjointed environment, i.e. cellular offices, where there is limited scope for learning and development from peers. Additionally, more effort has to be made to share knowledge and remove inconsistencies, which means that the service is not operating as efficiently as possible. (See Risk / Issue 4)

System improvements have been made regularly and will continue as part of the Phase 2 plan. Introduction of the CRM system has enabled the HR Direct function to progress through guidance and advice that the HRAs provide. Key dates for several processes over and above the more regular tasks, e.g. disciplinary cases, are all logged on the system to enable monitoring and to help ensure that there is no slippage in meeting statutory deadlines. Recently, HR has been able to generate telephony data to monitor the volume of enquiries being processed via CRM, which helps to identify customer demand.

However, through discussion, we found that HR Direct does not log all calls that it receives on the CRM system. Whereas we can see the benefit of this,

i.e. where a query is immediately resolved, not logging calls does not provide a complete record of enquiries and audit trail for follow up calls and does not account for HR resources being deployed in responding to a high number of queries. Additionally, there may be other ways of responding to high volume enquiries to reduce the demand on HR Direct. (See Risk Issue 5)

In terms of the work to review and reformat policies as part of the Improvement Plan, with hindsight, the target was found to be unrealistic, i.e. based on the extensive number of policies available and the time required for other aspects of the process, such as consultation and approval. Despite this, 11 key policies were reviewed over the last 12 months and are now shown on the Intranet in a common format that is far more user friendly. The HR Manager has developed a planned timetable to continue work on a similar number of policies this year.

Linked to the above, it would be beneficial to develop a protocol so there is a consistent approach to launching new or revised policies and to raising awareness of the members of staff who need to know about them. (See Risk / Issue 6)

The HR Direct page on the Intranet has been extensively developed to promote self-guidance for managers and services through the range of information available. It has reached a point now where the structure, location and access to information would benefit from a review. Tasks, such as using plain English for naming documents, creating interlinks between common areas, e.g. Guidance for Line Managers and Manager Checklists and locating documents in the most logical place would assist end users and is likely to encourage more self-help activity. (See Risk / Issue 7)

Multiple process changes were captured as part of the Improvement Plan and the majority of these have been implemented. Sample testing of the redeployment process produced positive results in terms of documents held and opportunities being offered to redeployees to eliminate the risk of redundancy wherever possible, and for the Council to be better placed in the event of challenge.

Business Partners' Role

Opinion

The Business Partners have a pivotal role to play in developing and maintaining relationships between the HR core functions and service areas. The four Business Partners adopt a flexible approach and tailor their work to meet the need of the services they support.

As part of our review, we met with the HR Business Partners and discussed their role, as our previous review focused primarily on the transactional functions of HR.

We found that their role is critical in the new HR model as they provide the face of HR to the business, acting as a focal point for delivery of the whole HR service. The role is founded on a strong understanding of the Council's priorities, with the aim of providing value-added activities. The HR Organisational and Development Manager is working closely with the Business Partners to shape their service delivery through measuring where service demands lie and tailoring their work patterns to meet this demand. In the current climate, the demand is constantly changing and it is essential that this work takes place.

Through our discussions, all Business Partners demonstrate that they are flexible in terms of meeting the needs of the services they support. They have regular meetings with heads of service and team managers, the format of which they agree with managers in advance. Standard employee relations matters are discussed with others, factored in as and when required, e.g. where a potential restructure is being planned. They provide a support role and point of contact within HR to help ensure the success of the task in hand.

Since a decision was taken approximately 12 months ago, the Business Partners have been realigned with the services they now support. This has enabled them to develop knowledge and expertise of the environment in which the services function. Although the HR Specialists are not aligned in the same way with services, there is a strong working relationship between both roles and, to an extent, casework is allocated in services where their strengths naturally lie.

Training & Support through the Change Process

Opinion

There has been a clear focus on keeping HR employees informed and trained, particularly throughout the changes and system developments over the last 12 months. The introduction of a comprehensive Change Management Guidance document is an example of offering information to services for the challenges they are facing now and in the future, and other management tools are being developed.

Linked to all the new and revised processes, there is clearly a need for all members of staff within HR and other services to be informed of the changes, particularly where a change in responsibility has resulted. During our review, we considered how well the change had been managed in respect of this.

A range of process chains has been developed within the CRM system to help enforce a consistent approach when the HRAs are dealing with enquiries and processing transactions. A pilot scheme is currently being implemented to introduce and test the use of scripts for the HRAs when using the CRM system. We reviewed the scripts and found some varying standards, so advised on getting a balance right to ensure that the information being provided is both useful and easy to understand, leading to a more efficient service.

Regular training sessions for HRAs and other members of staff have been taking place since July 2013 and are continuing. The focus of training can vary from an everyday task to changes in legislation, with presentations made by other services as required. The introduction of a competency framework will also assist HR employees to develop via a professional route (as it is based on the Chartered Institute of Personnel & Development framework). Power Hour sessions continue to be made available to other services and, in line with the revised Attendance Management Policy, these are currently running.

Several Manager Checklists have been devised to act as a prompt as and when either regular or infrequent tasks are needed. In addition, a comprehensive Change Management Guidance document is available. This captures a range of change situations, with guidance offered for each situation. All of the Business Partners have received training on its content to be able to support services as they face more changes and challenges in the future.

Roles and responsibilities of managers and HR alike are documented in the Standard Operating Procedures to help ensure clarity as to who is required to undertake a task or function under normal circumstances. Other management tools are being introduced to reduce the demand on managers' time to carry out regular tasks. A recent addition here is the automatic calculator for annual leave, which is available on the Intranet.

Business Planning & Performance

Opinion

The Service Business Plan is more robust for 2014/15 and captures a new outcome to reflect the demand on the service in its support role for the rest of the Council during challenging times ahead. Improvement actions are in place and being monitored in the usual way.

We provide assurance here on the advice offered by the Corporate Improvement Officer who supports Strategic HR. She confirmed that the Service Business Plan for 2014 -15 is far more robust than the previous year, with an outcome added to reflect the demand on the HR Service to support the rest of the Council in dealing with all the challenges it faces. Some improvement actions require changes in respect of the recent retirement of the Head of Strategic HR and others are yet to be allocated to an owner. Delivery of the actions to achieve the outcomes is being monitored through the normal performance monitoring process and reported quarterly.

Several of the challenges raised through the lines of enquiry for the Service Challenge (January 2014) were either captured within the HR Improvement Plan Phase 1 or have been carried forward to Phase 2, so are being dealt with appropriately.

Report Recipients

- Head of Legal & Democratic Services
 - HR Services Manager
 - HR & Organisational Development Manager
 - Chief Executive
 - Corporate Director – Economic & Community Ambition
 - Head of Finance & Assets
 - Scrutiny Coordinator
-
- Chair – Performance Scrutiny Committee
 - Performance Scrutiny Member
 - Lead Member – Business Improvement & Modernisation
 - Lead Member – Finance & Assets
 - Corporate Governance Committee

Key Dates

Review commenced	May 2014
Review completed	July 2014
Reported to Corporate Governance Committee	3 September 2014
Proposed date for 1st follow up review	January 2015

Mae tudalen hwn yn fwriadol wag

Adroddiad i'r:	Pwyllgor Llywodraethu Corfforaethol
Dyddiad y Cyfarfod:	3 Medi 2014
Aelod Arweiniol / Swyddog:	Julian Thompson-Hill, Aelod Arweiniol Cyllid ac Asedau
Awdur yr Adroddiad:	Ivan Butler, Pennaeth Archwilio Mewnol
Teitl:	Adroddiad Cynnydd Archwilio Mewnol

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad hwn yn diweddarau'r Pwyllgor ar gynnydd diweddaraf Archwilio Mewnol o ran cyflwyno gwasanaeth, darparu sicrwydd, adolygiadau a gwblhawyd, perfformiad ac effeithiolrwydd wrth gymell gwelliant.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

I gyflwyno'r wybodaeth ddiweddaraf i'r Pwyllgor ynghylch:

- cyflawni ein Cynllun Sicrwydd ar gyfer 2014/15 (Atodiad 1)
- adroddiadau Archwilio Mewnol diweddar a gyhoeddwyd (Atodiad 2)
- ymateb rheolwyr i faterion a godwyd gennym (Atodiad 3)
- Perfformiad Archwilio Mewnol (Atodiad 4)

3. Beth yw'r Argymhellion?

- Pwyllgor i ystyried a rhoi sylwadau ar gynnydd a pherfformiad Archwilio Mewnol hyd yma yn 2014/15
- Pwyllgor i ystyried a rhoi sylwadau ar adroddiadau Archwilio Mewnol diweddar a gyhoeddwyd a dilyniant a gwblhawyd

4. Manylion yr adroddiad

Cyflwyno Cynllun Sicrwydd Archwilio Mewnol 2014/15

- 4.1 Mae Atodiad 1 yn rhoi dadansoddiad o'n gwaith yn ystod 2014/15, o'i gymharu â'r Cynllun Sicrwydd Archwilio Mewnol. Mae'n cynnwys sgoriau sicrwydd a nifer o faterion a godwyd ar gyfer yr adolygiadau a gwblhawyd, diffiniadau a ddefnyddir i ffurfio ein sicrwydd archwilio a'r mesurau a ddefnyddiwyd i asesu'r lefelau risg ar gyfer materion a godwyd.
- 4.2 Mae'r cynnydd hyd yma yn dda iawn ac rydym ni ar y trywydd cywir i gyflawni'r Cynllun erbyn 31 Mawrth 2015.

Crynodeb o Adroddiadau Archwilio Mewnol Diweddar

4.3. Mae ein hadroddiadau'n defnyddio lliwiau ar gyfer mesur sicrwydd fel a ganlyn:

Gwyrdd	Sicrwydd Uchel	Risgiau a rheolaeth yn cael eu rheoli'n dda
Melyn	Sicrwydd Canolig	Risgiau wedi eu hadnabod ond yn cael eu trin ar lefel gwasanaeth
Ambr	Sicrwydd Isel	Risgiau a nodwyd sydd angen cyfarfod gyda Chyfarwyddwr/Aelod Arweiniol
Coch:	Dim sicrwydd	Risgiau sylweddol a nodwyd sydd angen cynhadledd achos gyda'r aelod/swyddog

4.4. Mae Atodiad 2 yn rhoi crynodeb o'r adroddiadau Archwilio Mewnol terfynol a gyhoeddwyd ers fy adroddiad ym mis Mawrth 2014. Mae adroddiadau crynodeb gweithredol a chynlluniau gweithredu hefyd yn cael eu cynnwys ar gyfer gwybodaeth bellach.

Ymateb y rheolwyr i faterion a godwyd gan Archwilio Mewnol

- 4.5. Mae'r rhan fwyaf o'n hadroddiadau Archwilio Mewnol yn nodi risgiau a gwendidau rheolaeth. Rydym yn mesur y rhain fel risg allweddol, mawr neu gymedrol. Mae rheolwyr yn cytuno ar gamau gweithredu i fynd i'r afael â'r risgiau, gan gynnwys cyfrifoldebau ac amserlenni.
- 4.6. Rydym yn rhoi gwybod am bob achos lle bydd rheolwyr yn methu ymateb i'n gwaith dilynol neu os ydynt yn mynd dros y dyddiad gweithredu y cytunwyd arno gan fwy na thri mis. Mae'r Pwyllgor hwn yn penderfynu a oes angen cymryd camau pellach e.e. trwy ffonio'r bobl berthnasol i'w gyfarfod nesaf neu ofyn am adroddiad ysgrifenedig i egluro diffyg cynnydd.
- 4.7. Mae Atodiad 3 yn dangos yr adolygiadau dilynol a gwblhawyd yn ystod 2014/15 hyd yn hyn. Mae dau adroddiad dilynol wedi eu cynnwys fel eitemau rhaglen ar wahân ar gais y Pwyllgor, felly nid ydynt wedi eu cynnwys yn Atodiad 3.

Perfformiad Archwilio Mewnol

4.8. Mae Archwilio Mewnol yn mesur ei berfformiad mewn dau faes allweddol:

- *Darparu 'Sicrwydd Statudol' - Mae'r prosiectau hyn yn sicrhau bod y Cyngor yn cyflawni ei rwymedigaethau statudol fel y gall y Pennaeth Archwilio Mewnol fynegi barn ar lywodraethu, rheoli risg a rheolaeth fewnol yn Adroddiad Blynyddol Archwilio Mewnol.*
- *'Safonau Cwsmer' - Ystod o ddangosyddion i sicrhau ein bod yn darparu gwasanaeth da i'n cwsmeriaid.*

4.9. Mae Atodiad 4 yn dangos ein perfformiad hyd yn hyn ar gyfer 2014/15. Rydym ar y trywydd iawn i gyflawni 100% o brosiectau 'Sicrwydd Statudol' erbyn 31 Mawrth 2015.

4.10 Rydym ar y trywydd iawn i gyflawni 100% o 'Safonau Cwsmer' gyda dau eithriad:

- Ar gyfer un prosiect, ni lwyddwyd i gyhoeddi dogfen gwmpasu prosiect cyn cychwyn y prosiect.
- Cyhoeddwyd adroddiad drafft ar gyfer un prosiect wedi 17 diwrnod yn hytrach nag wedi 10 diwrnod fel y cytunwyd.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Mae'r Gwasanaeth Archwilio Mewnol yn rhoi sicrwydd a chyngor i reolwyr ac aelodau etholedig ar bob lefel ar ansawdd gweithrediadau o fewn y Cyngor. Mae ei waith yn canolbwyntio ar lywodraethu, rheoli risg, perfformiad, effeithlonrwydd a rheolaeth weithredol ac ariannol, pob un ohonynt yn hanfodol i gyflawni blaenoriaethau corfforaethol. Mae hefyd yn cynnal prosiectau i sicrhau bod y Cyngor ar y trywydd iawn i gyflawni ei flaenoriaethau corfforaethol a phrosiectau penodol i wella effeithlonrwydd y gwasanaeth a moderneiddio.

6. Beth fydd y gost a sut y bydd yn effeithio ar wasanaethau eraill?

Nid oes unrhyw gostau neu oblygiadau penodol i'r gwasanaeth sy'n codi o'r adroddiad hwn.

7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Gydraddoldeb a gynhaliwyd ar y penderfyniad? Dylid cynnwys templed o'r Asesiad o Effaith ar Gydraddoldeb fel atodiad i'r adroddiad.

Nid oes angen penderfyniad neu gynnig ar gyfer newid ar gyfer yr adroddiad hwn, felly nid oes unrhyw effaith ar bobl sy'n rhannu nodweddion gwarchoddedig.

8. Pa ymgynghoriadau a gynhaliwyd gan y Pwyllgorau Archwilio ac eraill?

Adroddiad cynnydd yw'r adroddiad hwn, felly nid oes angen unrhyw ymgynghori.

9. Datganiad y Prif Swyddog Cyllid

Nid oes unrhyw effaith ariannol, ac felly nid oes angen datganiad.

10. Pa risgiau sy'n bodoli ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Mae hwn yn adroddiad cynnydd sy'n dangos cynnydd da tuag at ddiwedd y flwyddyn ariannol, ac felly nid oes unrhyw risg ar hyn o bryd.

11. Pŵer i wneud y Penderfyniad

Nid oes angen gwneud penderfyniad ar gyfer yr adroddiad hwn, ond mae gofyniad o dan Fesur Llywodraeth Leol (Cymru) 2011 i'r 'pwyllgor archwilio' oruchwylio trefniadau archwilio mewnol y Cyngor.

Mae tudalen hwn yn fwriadol wag

Internal Audit Work 2014/15 – progress as at 03/08/14

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
Statutory Assurance								
Ruthin-based Financial Services - Activedata testing	13	12	Complete	Medium	0	0	0	
Ruthin-based Financial Services	41	0	Not yet due					Planned for Jan 2015
Rhyl-based Financial Services	49	5	In progress					
WG education grant certification	10	0	None requested					
WG 6th Form Funding	40	2	Preparation					
Partnerships & collaboration	25	0	Not yet due					
Project management	30	1	Preparation					
Procurement	30	0	Not yet due					Planned for Dec 2014
Review of Strategic HR	30	29	Complete	Medium	0	1	6	
Corporate Governance Framework Assurance	31	5	In progress					
Equalities	15	0	Not yet due					
Information governance	5	1	Preparation					
High corporate risk assurance	8	0	Not yet due					Planned for Jan 2015
Sickness absence management	25	0	Not yet due					Planned for Oct 2014
Income Controls	20	19	Draft report					
Third Party Service Provision	20	16	Complete	n/a	n/a	n/a	n/a	Information transferred to Phase 2 review of 'arms-length organisations'
Corporate Safeguarding	20	0	Not yet due					Planned for Nov 2014
Cefndy Healthcare	10	0	Not yet due					Planned for Sep 2014
Cashiers service	15	0	Not yet due					Planned for Jan 2015

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
Education - Financial Management	20	2	Preparation					Planned for Sep 14
Education - Governance	10	0	Not yet due					Planned for Mar 15
Education - Physical Security and Health & Safety	10	4	In progress					
Education – Procurement	20	0	Not yet due					Planned for Dec 14
Education - School Fund Management	10	0	Not yet due					Planned for Oct 14
Major flood risk	5	0	Not yet due					Planned for Jan 2015
Major projects-highways	12	0	Preparation					Planned for Sep 14
Legal services	25	25	Draft report					
Coroners Service	15	15	Complete	High	0	0	2	
Development Control	15	0	Not yet due					Planned for Oct 2014
IT Assurance work	30	0	Preparation					
Internal Audit project follow ups	40	25	In progress					Contingency for all follow up work
Special investigations & fraud prevention	75	34	In progress					Contingency for all investigation work
Sub-totals	724	194	% Internal Audit Assurance Plan			Estimated: 41%		Actual to date: 34%
Performance	32 planned projects - 8 completed to draft report stage = 25%							
Corporate Priorities Assurance								
Education-review of GwE	15	3	In progress					
Street Cleansing	20	1	Preparation					
Affordable Housing	10	2	Preparation					
Strategic regeneration	10	0	Not started					Project Planned for Sep 2014
Taxi & Operator licensing	20	18	Draft report					

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
Housing Improvement & Area Renewals	15	0	Not yet due					Planned for Feb 2015
Disabled Facilities Grants	10	9	Complete	n/a	n/a	n/a	n/a	Process review of service
Sub-totals	100	33	% Internal Audit Assurance Plan			Estimated: 6%		Actual to date: 6%
Brought Forward Projects								
Management of human resources - Agency / relief staff		5	Complete					Information fed into other HR projects
Financial Assurance 2013/14 - Ruthin-based services		1	Complete	Medium	0	0	9	
WG 6th Form Funding – Denbigh High School		1	Complete	Medium	0	0	5	
Corporate Plan - Complaints & Corporate Standards		4	Complete	Medium	0	0	7	
Project Management – Overview 2013/14		1	Complete	Medium	0	0	7	
Partnerships & Collaboration - North Wales Commissioning Hub		2	Complete	Medium	0	0	5	
Cessation of employment	30	28	Complete	Medium	0	0	1	
Constitutional Arrangements - S151 Officer Role		1	Complete	High	0	0	0	
Education - Governance		5	Complete					No formal report issued – informal action plan for continued project in 2014/15
Equalities		0	Complete					Staff survey and informal report to Corporate Equalities Group
Contingency for projects brought forward from 2013/14	20	0						
Sub-totals	50	48	% Internal Audit Assurance Plan			Estimated: 3%		Actual to date: 8%

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
Recommended High Risk Assurance								
Health & Safety arrangements in housing services	10	0	Not yet due					Project to be completed only if time at end of year
Review of regional partnership on education data management	10	0	Not yet due					Project to be completed only if time at end of year
Sub-totals	20	0	% Internal Audit Assurance Plan			Estimated: 1%		Actual to date: 0%
External Contract Work								
Natural Resources Wales	120	67	In progress					
North Wales Police	200	57	In progress					
School Fund Audits	15	5	In progress					
Sub-totals	335	129	% Internal Audit Assurance Plan			Estimated: 19%		Actual to date: 23%
Corporate Support								
Consultancy & corporate Work	100	20						
Sub-totals	100	20	% Internal Audit Assurance Plan			Estimated: 5%		Actual to date: 3%
IA Support								
Horizon scanning	30	10						
Management & administration	290	106						
Training & development	125	31						
Sub-totals	445	147	% Internal Audit Assurance Plan			Estimated: 25%		Actual to date: 26%
Grand Totals	1774	571						

Appendix 2 - Recent Internal Audit Reports

Audit Report	Audit Opinion	Issues Raised			Comments
		Critical Risk (Red)	Major Risk (Amber)	Moderate Risk (Yellow)	
Financial Services Assurance Testing 2013-14	Medium	0	0	0	
Strategic HR	Medium	0	1	6	Included as separate agenda item
Coroner Service	High	0	0	2	
National Fraud Initiative 2012-13	n/a	0	0	0	Information report - no formal opinion issued
Financial Services 2013/14	Medium	0	0	9	
Denbigh High School	Medium	0	0	5	
Customer Services - Complaints and Standards	Medium	0	0	7	
Project Management - Overview Report 2013/14	Medium	0	0	7	
Project Evaluation - Three County Procurement	n/a	0	0	0	Stage review only. Work continuing into 2014/15
North Wales Commissioning Hub	Medium	0	0	5	
Cessation of Employment	Medium	0	0	1	
Constitutional Arrangements - S151 Officer Role	High	0	0	0	

Denbighshire Internal Audit Services

Caledfryn, Smithfield Road, Denbigh LL16 3RJ

Report to: Head of Finance & Assets

Report by: Samantha Davies, Trainee Auditor

Lisa Lovegrove, Senior Auditor

Date: 3 June 2014

Subject: Financial Services Assurance Testing 2013–14

Background Information:

This review provides additional assurance to cover Payroll and Creditor payments for the period 1 April 2013 – 31 March 2014 and supports our previous audit review of Financial Systems (report dated May 2014).

For this review, we used data interrogation software, Active Data for Excel, to assist our testing. We included additional testing of duplicate invoice payments to review the effectiveness of the data interrogation software used by the Payments Team. Appendix 1 summarises our test results and detailed results are available on request if required.





Audit Opinion:

The overall controls in place for payroll and creditors are working well, which reaffirms the results of the review we carried out in January 2014 (report dated May 2014). Our review confirms that payments and treatment of VAT invoices are correct and the controls in place to prevent duplicate payments are effective.

There were two occasions where the Payment Team received late notification of employees leaving the Council's employment. We will feed this information into our current review of "Cessation of Employment".

Testing of employees in receipt of high overtime payments confirmed that the majority of the employees were still claiming overtime over their contracted hours, despite our advice to their managers following our review in January 2014. We will once again remind managers that overtime is a short-term solution to address temporary fluctuations in work demands and should not be used as a long-term solution, for health, safety and welfare reasons.

Based on the areas reviewed we give the following assurance: -

	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



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

Coroner Service

July 2014



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Purpose & Scope of Review





The purpose of this review is to give assurance for the Internal Audit Annual Report and Governance Framework that robust arrangements are in place for the new Coroner Service that our Council leads on.

The scope of the review includes:

- service standards
- financial arrangements
- partnership arrangements
- compliance with legislation
- service continuity

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

The Coroner Service has excellent arrangements in place to ensure that it delivers a high level of service in accordance with relevant legislation. It comprises sound financial arrangements and good service continuity provisions.

Consistent compliments and praise from the recently bereaved prove testament to the consideration that the Coroner Service applies during investigations and inquest hearings. This includes offering to hold inquests at various Council locations throughout the four counties to suit the needs of family members, with the added benefit of reducing costs from not hiring court venues.

We raise two moderate risk issues where existing controls need tightening. These relate to paying invoices in line with the corporate system and formalising relationships with the organisations that the Coroner has regular dealings with.

Based on the scope of our review, we give high assurance for the governance, risk management and control framework in place.

Action Plan

Audit Review of: Coroners Service
Date: July 2014
Action Plan Owner: Head of Legal & Democratic 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. Tudalen 132	Costs, fees and charges are paid using a manual payment requisition process; however, to prevent duplication of input and inefficiencies, these should only be used for ad-hoc payments to infrequently used suppliers. Invoice payments should be processed using the corporate system i.e. Proactis.	Proactis is now being used to make payments to BCUHB (Betsi Cadwaladr University Health Board) in relation to use of mortuaries. Discuss and explore other options available within Proactis that may be appropriate for other services used.	Coroner's PA, Admin. Assistant and Member Support & Development Manager Coroner's PA, Admin. Assistant and Member Support & Development Manager and member of Proactis Team	Immediate January 2015

Risk/ Issue No.	Risk/Issue	Action	Who	When
2.	<p>Service level agreements (or similar) have yet to be set up between the Coroner Service and the organisations it regularly deals with. This is to secure the provision of the best possible response to investigations. Partners include:</p> <ul style="list-style-type: none"> - Conwy CBC, Wrexham CBC and Flintshire CC; - Betsi Cadwaladr NHS Trust; - North Wales Police. 	<p>An SLA will be drafted and agreed by the four local authorities within the Coroner Area.</p> <p>An SLA was drafted in 2012 by BCUHB in relation to the services provided to the Coroner. Following a meeting between the Coroner and Member Support & Development Manager, amendments were made to the draft SLA and it was returned to BCUHB. No updated draft has been received to date.</p> <p>Mortuary Fees are due to be reviewed in November and this matter will form part of the SLA.</p> <p>Discussions are due to take place with North Wales Police in respect of an SLA, which will relate to Coroner's Officers and Police staff (securing the services of funeral directors)</p>	<p>Coroner/Member Support & Development Manager</p> <p>Coroner/ Member Support & Development Manager</p> <p>Coroner</p>	<p>September 2014</p> <p>November 2014</p> <p>September 2014</p>

Denbighshire Internal Audit Services

Caledfryn, Smithfield Road, Denbigh LL16 3RJ

Report to: Corporate Governance Committee
c.c. Senior Leadership Team and officers involved in the NFI exercise

Report By: Lisa Hodson, Senior Auditor

Date: July 2014

Subject: National Fraud Initiative (NFI) 2012–13

Introduction:

The purpose of this report is to inform elected members and senior management of the progress made with the NFI exercise of 2012/13.

Background Information:

The NFI is a data-matching exercise that is carried out every two years and helps to detect fraud and error. Participants submit their data securely to the Audit Commission who input it into their central database to be matched against the data of other local authorities and central government departments. This includes data for payroll, housing benefit, creditors, insurance and transport passes. The Audit Commission provides reports containing matches that specifically relate to the Council to investigate.

Internal Audit's role is to act as Key Contact for the NFI exercise. This involves planning, distributing matches to departments for investigation, and monitoring progress with the exercise. Departments have been analysing the matches since February 2013, and any matches that are of high priority that have not yet been investigated will be transferred to the 2014/15 NFI exercise. Analysis of these matches and any new reports will begin in January 2015.

Results:

We have summarised the progress with the 2012/13 NFI exercise below, but detailed results are provided in Appendix 1.

- Six housing benefit frauds and eleven errors totalling £74,661 are in the process of being recovered. Errors occurred due to the customer not informing us of a change of circumstance or through administrative errors. We will review this area in more detail during our financial assurance audit of Rhyl-based systems in August 2014.
- Progress with investigating Blue Badge matches has been poor, but the department is now taking action to rectify this.
- The creditor payments team has existing controls to detect fraud and errors within the system, i.e. Fiscal Technologies Duplicate Payment Finder. Therefore, we sample checked NFI matches and confirmed that these controls are working effectively.
- There were six errors relating to VAT totalling £1,512. Five of these errors occurred in the processing of energy invoices, where either VAT was not accounted for, or there had been an input error. A risk/issue in relation to VAT checks was raised recently in our financial review of Ruthin-based systems.
- All 2,813 NFI referrals for Concessionary Travel Passes were investigated, but this has resulted in the identification of 2,782 errors. This appears to be due to the Council not being notified where the customer is deceased so its systems can be updated. From July 2014, the department will be notified of deaths through the national 'Tell us once' campaign.

Conclusions:

The NFI exercise has highlighted where some departments have not taken sufficient action in investigating matches, which may result in frauds going undetected and errors being missed. For the forthcoming 2014/15 NFI exercise, we will report to the relevant head of service where progress with reviewing matches is slow.

While there is a considerable resource required for investigating the matches, six fraudulent activities within Housing Benefits have been identified, and where errors are identified, controls are being put in place to prevent them happening again.

Council Tax data that has been matched to information contained on the Electoral Register is currently being investigated to identify individuals claiming Single Person Discount (SPD) when they are not the sole occupant, or where there is an occupant who is approaching 18 years of age that would make the SPD invalid.

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

Financial Services 2013/14

May 2014



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Ivan Butler CMIIA, MBA, Head of Internal Audit Services

Purpose & Scope of Review

We undertook this review during February 2014 to give financial and corporate governance assurance on the following functions:

- Payroll
- Purchasing and creditor payments
- Purchasing cards
- Budgetary control
- Treasury management
- Bank reconciliation

Audit Opinion

Our review of financial systems has highlighted that it is well managed, but there are some areas where controls put in place to address issues raised in previous audit reports have not been embedded, so we have repeated them in this report's Action Plan.

The Payments Section's service delivery for both payroll and creditor payments continues to be of a high standard; however, some of the areas where further improvement is needed are outside of the control of the Payments Section, as follows:

- While there has been some improvement, overpayments to previous employees continue to be a problem. We will review this as part of our planned Cessation of Employment audit to identify where the problem occurs in the leavers' process.
- Similarly, during the same audit we will also look at the removal of system access for security purposes, as system administrators are not always alerted to staffing changes.
- There is insufficient monitoring of the hours worked by employees to ensure that the Council complies with the Working Time Regulations.

The 'Centralisation of Invoices' project is progressing well, and a project team is in place to assist with the implementation of a new payroll solution but this will benefit from being treated as a corporate project to allow for adequate monitoring and to prevent any unnecessary delays in implementation.

The Insurance & Risk Manager continues to administer the purchasing card process effectively, but some finance officers need to be more vigilant in carrying out sufficient checks to ensure that payments are legitimate and reasonable.

With increasing budgetary pressures and challenges facing the Council, there are effective arrangements and processes in place to identify where significant savings can be made within the Council, which are well communicated to senior managers and elected members.

Both the treasury management and bank reconciliation processes continue to be well managed.

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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

Action Plan

Audit Review of: Financial Services 2013/14

Date: May 2014

Action Plan Owner: Head of Finance & Assets

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 implementation of the new payroll solution and the submission and payment of overtime and travel claims are not being treated as a corporate project. By not adopting a structured methodology that clearly defines roles and responsibilities and enables corporate oversight and review, there is a risk that both projects will fail to realise their perceived benefits or be significantly delayed in implementation.	<p>This is a corporate project and is now recorded as such on Verto. The basic outline of the project has been input, but is being updated in more detail as the project develops – e.g. the development of the risk register and detailed technical appraisals, etc. Regular project team meetings are taking place and actions are developing. The Payroll/HR integration project should be completed by the end of the year.</p> <p>The travel input (via Proactis) has been developed as a concept. A presentation will be given to SLT in June. The project is being input into the Verto system.</p>	Chief Accountant	December 2014
2.	There is a documented procedural manual for the Payroll team but this needs updating to assist with business continuity and succession planning arrangements. This would ensure that employees are clear of their responsibilities and adopt a consistent approach to any significant changes in the process.	We will update the payroll procedural manual to reflect our current processes.	Payments Manager	January 2015

Risk/ Issue No.	Risk/Issue	Action	Who	When
3.	<p>Responsibility of HR As the hours worked by employees, particularly those of casual/relief staff, are not always monitored, there is a risk that Working Time Regulations are not being complied with.</p>	<p>Payroll can produce a report upon request that will show all employees with contractual hours over 38 per week (over a number of posts). The report can also identify employees from the above list with relief contracts and provide a total of relief pay. The two datasets can then be combined and together will provide an indication as to whether Working Time Regulations are being complied with, which can be followed-up if necessary.</p> <p>HR will monitor these reports every quarter to ensure that the Council complies with Working Time Regulations.</p>	<p>Payments Manager</p> <p>HR Services Manager</p>	<p>Report will be ready by the end of May 2014. The first report will cover Quarter 1 2014/15 in July.</p> <p>October 2014</p>
4.	<p>Proactis system administrators have a high level of access for viewing and amending the system but there is little monitoring of their work. A lack of system control increases the risk of inaccurate data and unauthorised transactions that could lead to budget over-spends, fines incurred for non-compliance with legislation or regulations and an increased risk of fraud and misappropriation.</p>	<p>By definition, system administrators must have access at a high level across the system. There are occasional instances where payments and orders that have been raised and authorised in service departments have to be authorised within the Systems Team. A report can be set up to allow the Chief Accountant to review such instances on a periodic basis. There are also legitimate orders and payments raised within the Systems Team (with proper controls around ensuring segregation of duty); however, as an additional control, a report can be created for the Chief Accountant to review that shows all orders raised and payments approved within the Systems Team.</p>	<p>Chief Accountant (to run and review reports on a quarterly basis).</p>	<p>June 2014</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
5.	<p>Services are mostly unaware of correct purchasing procedures and are processing duplicate invoices and an excessive amount of standalone invoices i.e. where an official order has not been raised at the time of purchase. This affects budget monitoring, checking accuracy of goods and services received, and authorisation of commitments. If not addressed, this could cause significant delays when invoice processing is carried out centrally.</p> <p>The Chief Accountant, as part of his review of Financial Regulations, should ensure that these are well publicised (e.g. intranet, awareness sessions).</p>	<p>These are basic controls that services should be aware of. The Central Invoice Registration (CIR) project will enforce use of orders for most payments, although there will be agreed exceptions.</p> <p>The procedures will be publicised as part of the communications strategy (first staff mail shot went out on 15th April) and will be reflected in the revised Financial Regulations.</p>	Chief Accountant	<p>CIR project mail shots will be issued between April-June 2014.</p> <p>Draft revised Financial Regulations will be issued for consultation by the end of July 2014</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
6.	Insufficient checks are carried out on the VAT registration numbers of suppliers to ensure that they are legitimate and that the correct VAT rate has been claimed for purchases made.	<p>We have been running some VAT exception reports using the AP Forensics software but these are not useful because they produce pages and pages of basic checks without actually revealing any errors. Our VAT specialist has advised the following monthly checks would be a better use of time as these are the checks that HMRC will expect to see:</p> <p>1. VAT Checks</p> <p>a. Creditors Invoices We have a process for checking a sample of invoices on a monthly basis to ensure that we are claiming VAT based on valid VAT invoices. This process has not been implemented for a little while but it will be re-instated now.</p> <p>b. Debtors Invoices We intend to check a sample of debtors invoices where no VAT has been charged to ensure that this is correct.</p> <p>c. Invoices raised after the 60 day limit We receive a monthly list of invoices that have been raised late (after the 60 day limit). We need to follow up cases like this with the services that are raising invoices late.</p> <p>2. VAT Training The central registration of invoices will help with VAT checks, as there will be greater control centrally and we intend to arrange some VAT training for the Creditors team. They are best placed to check the VAT registration number of suppliers. The VAT training will also help the Creditors team to apply the correct VAT indicators once all invoices are processed centrally.</p>	Technical Accountant	Revised procedures now in place. Further training will be arranged specifically for Creditors Team to coincide with the implementation of the Central Invoice Registration project. Training will be completed by the end of September 2014.

Risk/ Issue No.	Risk/Issue	Action	Who	When
7.	<p>Insufficient guidance is available to employees on what alternative payment methods can be used within the Council (i.e. other than BACs or purchasing cards) and the circumstances under which they could be used.</p> <p>By not being proactive in raising awareness of what is permitted, there is a risk that payment methods are not approved, leading to unauthorised transactions, particularly if there is a lack of corporate oversight and review.</p>	<p>There are no alternatives to BACS or credit card. The Council has established accounts to allow the use of online auction sites in specific circumstances. Initial research suggests there is little demand for such facilities (e.g. the disposal of surplus technology and furniture is covered by corporate arrangements). However, a review is being completed to ascertain whether there is a need to develop such facilities, taking account of the likely cost, risks and benefits of doing so. The policy around the use of such facilities will be included in the revised Financial Regulations.</p>	<p>Chief Accountant and Business & Risk Manager</p>	<p>July 2014</p>
8.	<p>Not all finance officers are carrying out checks of purchasing card payments, and there is inconsistency to the extent of these checks. This could lead to error, poor value for money, financial loss and/or fraud going undetected.</p>	<p>Instructions have been issued to all finance officers reminding them of the need to complete the checks as required. Spot checks will be carried out throughout the year to ensure that checks and reconciliations are being completed consistently.</p>	<p>Chief Accountant and Finance & Assurance Managers</p>	<p>New procedures and instructions were issued in April 2014. Spot checks will be in July 2014.</p>
9.	<p>The review of documented budgetary control procedures is not yet complete. The development of procedures for both finance officers and new budget holders should help to reduce the risk of disruption to service delivery, particularly if key officers were unexpectedly absent for a prolonged period.</p>	<p>Elements have been completed and will be fully completed by the end of October 2014.</p>	<p>Chief Accountant and Finance & Assurance Managers</p>	<p>October 2014</p>

Denbighshire Internal Audit Services
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Denbigh High School

May 2014



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Purpose & Scope of Review

We carried out a review of Denbigh High School in January 2014 as part of the Welsh Government's assurance requirement for secondary schools. Our review focused on the following areas:

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

Tudalen 144

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 in place; however there are a few areas that do not comply with the Government of Maintained Schools (Wales) Regulations 2005. The School and the Customers & Education Support service are currently addressing these.

Since our last review of this School, a new Finance Manager has been appointed and the School is managing its budget more effectively. A Recovery Plan was originally put in place, as the School was projecting a significant budget deficit but it is now projecting a surplus for the next two financial years. A deficit is then forecast for 2016/17 but the School is already taking action to address this. There are good procedures in place to ensure business and financial management continuity in the Financial Manager's absence.

Some improvements are needed to the School's purchasing arrangements. A significant number of invoices were not paid within 30 days, exposing the Council to late payment charges from suppliers. A large number of invoices are also being raised without a purchase order, which increases the risk of unauthorised purchases and makes monitoring of the budget more difficult.

The successful introduction of the Parent Pay system has led to a reduction in cash and cheques held on site. Other income collected is managed well, with independent checks and regular banking.

We identified some weaknesses within the administration of the School Fund, including certificates not being submitted to us for checking. Improvements in this area will minimise the risk of unauthorised transactions.

Good security controls are in place for visitors and the School operates its own CCTV system; however, there is a lack of training on the system and data retention requirements that could put the School at risk of breaching the Data Protection Act. A lack of building security, with some external doors being left open all day, poses a safety risk to the pupils and members staff.

ICT controls are good, with regular password changes and back up procedures in place. Overall the School has improved since our last review, with the results of our latest review being mainly positive, with only a few issues that the School needs to address.

Action Plan

Audit Review of: Denbigh High School
Date: May 2014
Action Plan Owner: Mr Simeon Molloy – Head Teacher

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
Tudalen 145	1. The School is processing too many stand-alone invoices, which increases the risk of unauthorised purchases and makes budget monitoring more difficult	We have put annual purchase order commitments for suppliers, such as Canda Copying, examination boards, Waster Collection etc. so that Invoices we receive will “chip away” at the order and will not be processed as stand-alone.	Proactis Admin Officer Business Manager Finance Manager	April 2014
	2. The School has processed several invoices that have not been paid within 30 days, exposing the Council to potential claims for interest charges under the Late Payments Act.	The New Central Invoice Registration (CIR) process that will be introduced by Council soon will ensure that all invoices will be paid promptly. The School will action any exceptions/queries that the Creditors team refer to it within 48 hours, unless received in the Easter/Christmas/Summer holidays.	Proactis Admin Officer Business Manager Finance Manager	CIR due to be implemented in the summer 2014.
	3. The administration of the School Fund needs to be improved so that: <ul style="list-style-type: none"> • Internal Audit promptly receives School Fund certificates each year; • the Governing Body appoints an Auditor who is independent of the School and the Governing Body; and • income transferred to the delegated budget is easily identifiable. 	<p>A new auditor has been found and is ready to audit the account – we are just awaiting approval from the Finance Committee.</p> <p>A separate sheet is to be set-up evidencing funds transferred from the School Fund into the delegated budget.</p>	Business Manager	Summer 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
4.	The safety of pupils and employees could be compromised, as there are several external doors to the School building left open during the day.	All external doors to have maglocks checked and repaired where necessary. Timers to be checked.	Business Manager Caretaker Building Services	All doors now locked apart from Science Exit Door which is faulty. Temporary repair due May half-term and new door scheduled to be fitted during the summer.
5.	The ICT technician has not received any training on the operation of the CCTV system and is unaware of implications regarding the retention of data on the system.	Request made with ADT to train the ICT Technician on the operation of the CCTV system. Assistant Head Teacher in charge of data to explain procedure with regard to retention of data.	ICT Technician Business Manager Assistant Head Teacher	By 30 June 2014

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

Customer Services – Complaints and Standards

May 2014



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Tudalen 147





Purpose & Scope of Review

We undertook a review of the Council's Corporate Complaints Process during February/March 2014 to give assurance on the following areas:

- Governance arrangements
- Policies and procedures
- Monitoring and reporting

In addition, we reviewed progress against key objectives within the Council's Modernisation priority in relation to Customer Service Standards being implemented across services.

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 Council manages complaints effectively and its complaints policy and supplementary guidance complies in the main with the model set by the Public Services Ombudsman for Wales (PSOW). We identified some issues relating to staff training and awareness of complaints handling, which could compromise success and improvement in this area, but acknowledge that the Council is taking steps to address this by piloting a Customer Service qualification with some Streetscene (comprising of Public Realm and Highways) staff (working in partnership and delivered by Coleg Cambria).

The Council's governance arrangements around complaints management support the corporate priority of modernisation and improving services for our customers. Performance information demonstrates that the Council deals with the majority of its complaints within set timescales; however, in order to comply with PSOW guidance and be more effective in its oversight role, we consider that the Corporate Governance Committee should agree to receive periodic briefings of service improvements arising from responses to complaints.

There are some functionality issues with the Council's Customer Relationship Management (CRM) system that are causing inefficiencies in complaints monitoring and leading to inaccurate performance reporting. In addition, current use of the system does not support a proactive use of complaints data in learning lessons, to encourage service improvement and prevent repeat complaints.

The Council's website contains up to date information on how a customer can make a complaint but the process could be made simpler. Further, to ensure that residents without computer access have up to date complaints information, leaflets available in public spaces need to be made available and updated to reflect recent policy changes.

There is much work underway to foster a customer-focused approach across the Council through the implementation of Customer Service Standards and other initiatives. While there is evidence of good practice in certain service areas, further work is required to fully embed Customer Service Standards in the day-to-day culture of all Council services. We consider lessons learned from complaints will enhance this process; however, as detailed above, current practices make this difficult.

As a result of our review, we are able to provide a medium assurance rating of this area.

Action Plan

Audit Review of: Customer Services – Complaints and Standards
Date: May 2014
Action Plan Owner: Head of Customers and Education Support

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
Tudalen 149	<p>1. The terms of reference of the Council's Corporate Governance Committee state that it should review corporate complaints data reports twice a year; however, in practice they are only reviewed annually.</p> <p>We consider this to be the responsibility of Democratic Services to address for the Corporate Governance Committee's Forward Work Plan.</p>	<p>The Corporate Customer Complaints Officer e-mailed the Chair of the Corporate Governance Committee on 24 March 2014, quoting the terms of reference for the Committee and asking when the next complaints report will be required.</p> <p>The Chair is to meet with the Head of Legal & Democratic Services and Head of Internal Audit to develop a new forward work plan for the Corporate Governance Committee.</p>	Chair of Corporate Governance Committee / Head of Legal & Democratic Services / Head of Internal Audit	31 July 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
2. Tudalen 150	<p>Current reporting arrangements to members on complaints data does not comply with the Public Services Ombudsman for Wales' model policy, which states that the Board/Cabinet should <i>"receive reports on the number and type of complaints received, their outcomes and any remedial action taken as a consequence"</i>. Presently reports to Performance Scrutiny Committee contain only statistical information on numbers of complaints handled and timescales for dealing with them.</p> <p>We consider it may be more appropriate for the Corporate Governance Committee to receive more detailed information in this area.</p>	<p>This forms part of the Service Challenge and is included in the Lead Member Framework used to challenge Heads of Service. General themes are raised at Performance Scrutiny Committee but specific complaints are not discussed, as this is a public forum. This was agreed by elected members.</p> <p>The Head of Internal Audit has subsequently discussed this issue with the Chair of Corporate Governance Committee and Head of Legal & Democratic Services. The new forward work plan for Corporate Governance Committee will include a report that shows service improvements arising from customer feedback. Performance Scrutiny will receive a statistical report that shows service performance in dealing with complaints. This will form part of the forward work plan discussions in Issue 1 above and will be presented to the chairs & Vice-chairs Group for discussion.</p>	<p>Chair of Corporate Governance Committee / Head of Legal & Democratic Services / Head of Internal Audit</p>	<p>31 July 2014</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
Tudalalen 151 3.	<p>Improvements to staff training and awareness of complaints handling is required, as detailed later in our report, but summarised below:</p>	<p>The Customer Service Strategy outlines how information will be available for members of staff and customers via the internet.</p>	<p>Head of Customers & Education Support</p>	<p>SLT – April 2014 MMC & Cabinet – May 2014 Published - June 2014</p>
	<ul style="list-style-type: none"> Staff guidance on 'Your Voice' is not easy to find on the Council's intranet. 	<p>This is already available on the Council's intranet:</p> <ul style="list-style-type: none"> on the homepage under popular documents, under the document list on the Customers & Education Support service page, and found using the 'search documents' function, using 'Your Voice', 'complaints' 'compliments' and 'comments' as keywords. However, the ranking is determined by the intranet search facility and it is not currently as robust as it should/could be, so the Intranet Officer will contact Source, who are the system providers of the intranet, to find out whether the 'Your Voice - Complaints Policy' can be moved up the ranking so that the search box becomes more efficient 	<p>Campaign/Accounts Management Officer</p>	<p>June 2014</p>
	<ul style="list-style-type: none"> Employees without computer access are not always aware of the customer complaints policy. There are inconsistencies in employees understanding of what is a complaint and a request for service. There is a lack of staff awareness of the Council's revised complaints process. 	<p>This is included in the Customer Service qualification we are currently piloting with Streetscene staff, and is included in the Induction & Refresher training template recently circulated. All service complaint officers were involved in the consultation process for the new revised process and are fully aware of the contents and are the point of contact for members of staff within their service.</p>	<p>Customer Service Business Partner</p>	<p>Closure report submitted to SLT - June 2014</p>
	<ul style="list-style-type: none"> The guidance template for the newly implemented service specific induction training does not include details of the service complaints representative. 	<p>The guidance template has been updated and, in March 2014, the revised version was circulated to the organisation.</p>	<p>Customer Service Business Partner</p>	<p>Completed</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
4.	The method by which residents can log a complaint via the Council's website may be confusing, as there are several options available depending on the nature of the complaint and the service it affects.	On forward work programme for Webteam to review content to make more user-friendly.	Corporate Complaints Officer/Web Manager	30 June 2014
5.	The 'Your Voice' information leaflets currently available in public areas are out of date and do not reflect crucial changes to the complaints handling process. Further, some public areas do not have this information available as their leaflet stock has run out.	Design brief in progress. Awaiting approval by Destination, Marketing and Communication Lead Officer before sending out to tender. Once created and printed they will be made available at all the main public access points.	Corporate Complaints Officer	31 October 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
Tudalen 153	<p>6. Functionality issues with the CRM system are preventing proper administration and monitoring of complaints and lead to misleading performance reports on the number of complaints handled. These include:</p>	<p>We agree. Currently developing a Business Case for a new CRM/ Customer Portal</p>	<p>Head of Customers & Education Support</p>	<p>31 October 2014</p>
	<ul style="list-style-type: none"> complaints statistics reports have to be manually compiled, as the CRM system does not have the facility to extract this information automatically; 	<p>As above</p>		
	<ul style="list-style-type: none"> the audit trail of a complaint from the initial point of contact to its final conclusion cannot be held on CRM and relies on the Complaints Officers knowledge to trace any Ombudsman's decision and resultant time and trouble payments made; and 	<p>All information relating to customer complaints is saved onto a shared drive, using a defined filing structure, owned and only accessible to Customer Services staff. Should any information be required during any absences incurred by the Corporate Complaints Officer, planned or unplanned, peers / colleagues will be able to find and provide the relevant information.</p>	<p>Corporate Complaints Officer</p>	<p>Completed</p>
	<ul style="list-style-type: none"> the system does not bring complaint details from Stage 1 through to the Stage 2, but records them; therefore if a complaint progresses to Stage 2, it is recorded twice, resulting in overinflated complaints totals. 	<p>EDRMS is being rolled out in Customer Services in June at which time all complaint documentation will be transferred to the system and accessed by authorised personnel only.</p> <p>Manual intervention will remove the double counting element of the totals reported.</p>	<p>Corporate Complaints Officer</p> <p>Corporate Complaints Officer</p>	<p>September 2014</p> <p>Completed</p>

Denbighshire Internal Audit Services

Caledfryn, Smithfield Road, Denbigh LL16 3RJ

Report By: Lisa Lovegrove, Senior Auditor

Date: 26 June 2014

Subject: Project Management Overview

Introduction:

This report gives an overview of the results from our recent review of three sample projects. This is to give evidence for the Council's governance arrangements for 2013/14.

We selected the sample projects as they were forecasting a cost increase and delay to completion and/or they were categorised as "at risk" in the Corporate Project Management Register. The projects chosen were:

- Rhyl Foryd Harbour Bridge;
- West Rhyl Housing Improvement; and
- Ysgol Twm o'r Nant.

Our reviews covered identified weaknesses, governance arrangements, risk management and the overall management of the projects.

Audit Opinion:

Overall, the Council's project management arrangements have much improved over recent years, consisting of better governance and oversight, internal controls and risk management.





Examples of the key developments that have contributed to this are:

- establishing a Corporate Programme Office to manage the large capital projects and business transformation programmes that will deliver the Council's objectives. It also offers support and guidance to project managers within various Council services;

- formation of a Stage Review Group consisting of key service representatives to assess business cases for robustness before they are sent to the Strategic Investment Group for approval;
- implementing a project management application “Verto” to enable all services to input project details, simplify reporting requirements and facilitate corporate oversight of progress; and
- training all relevant staff in the PRINCE2 project management methodology, including a qualification at either foundation or practitioner level. This globally recognised qualification is the industry standard for project management and provides a benchmark of capability.

It is clear that the Council application of the project management methodology is progressing in the right direction; however, our review of a sample of projects that were on-going showed that some aspects have yet to properly embed. We have combined the issues that we found that have a corporate element in an action plan for the Corporate Programme Office to consider what actions will further promote an effective framework for managing projects and reduce the risks that are often associated with them, such as unnecessary overspends and delays.

Based on the areas reviewed, we give the following assurance rating:

	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: Project Management Overview
Date: June 2014
Action Plan Owner: Corporate Programme Office Manager

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.	<p>Despite the medium to large size of the Ysgol Twm o'r Nant project, a project board has not been established. Where programme boards decide to do away with this requirement, we would expect the board to agree how key decisions, monitoring and oversight will take place along with setting project tolerances from the project's outset.</p> <p>There is little corporate guidance for programme board members to explain the different requirements for project board composition to correspond with the various project sizes and complexities.</p>	<p>Prepare and communicate guidance for programme boards to include clarification on their role in the absence of project boards. Given the nature of the Schools / Education Programme Board, it would be cumbersome to expect each project to have individual boards with the same stakeholders on each board.</p> <p>Steering groups are in place at local level; however, key decisions are made at programme board level.</p>	Corporate Programme Office Manager / Head of Customers & Education Support	31 August 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
2.	<p>There was a lack of systematic review and challenge at the start of the Rhyl Foryd Harbour Bridge project to ensure that it remained realistic, viable and affordable.</p> <p>The Council lacked the necessary skills and experience to effectively challenge a project of this nature, size and complexity. Arrangements should be available to ensure that, where appropriate, independent specialist advice is available.</p>	<p>Additional controls have already been introduced for challenging business cases i.e. Stage Review Group. This project would not have progressed in the same way in current control climate.</p> <p>The Corporate Programme Office (CPO) is refining the Stage Review Group process to establish an escalation process, should the Group feel that it is unable to scrutinise a particular element of the proposal, which may include seeking independent specialist advice.</p> <p>The CPO is considering the benefit of applying the principles of the 5 case business model, which the Welsh Government applies to some of their funding streams.</p>	Stage Review Group	30 September 2014
3.	<p>Suitable resource i.e. the right people with the right experience is needed to be able to challenge the contractor to manage costs to ensure that what is delivered meets the required benefits and outcomes. (Rhyl Foryd Harbour Bridge project)</p>	<p>Project sponsors and the Stage Review Group to assess the scope of the project and the demand that this places on resources to ensure that staffing arrangements are sufficient in terms of experience and knowledge and capacity.</p>	SLT and CPO (Stage Review Group)	Commenced, and on-going
4.	<p>The need for contingency funding was identified early for this project on the recommendation of the Head of Finance & Assets. However, a clear mechanism is needed to ensure that sufficient contingency is made available where projects are of a complex nature, particularly where there is a significant risk that unforeseen circumstances or known risks could materialise and escalate costs. (Rhyl Foryd Harbour Bridge project)</p>	<p>Stage Review Group and Strategic Investment Group (SIG) to review project costs and contingencies for reasonableness.</p>	Corporate Programme Office & Strategic Investment Group	Commenced, expect it to embed by December 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
5.	The project as it stands is not financially viable and will continue to financially impact the Council unless potential income sources are secured. The handover from the Project Manager to the eventual service manager will need to apply good change management. (Rhyl Foryd Harbour Bridge project)	See Risk 1 with regards to stronger challenge and assessment of initial business case by the Stage Review Group, which includes ensuring that there is sufficient evidence of the long-term financial viability of projects.	Corporate Programme Office Manager	December 2014
6.	<p>Weak contract arrangements was a feature of all three projects reviewed:</p> <p>Rhyl Foryd Harbour Bridge: Weak contract arrangements and management of contractor relationships and performance has contributed to project costs escalating over budget and reducing the specification and quality of the final product. There is also a risk of dispute from other contractors over the way the Council has awarded the construction and maintenance contract.</p> <p>Ysgol Twm o'r Nant: The Council does not have a formal signed contract with the contractor, Wynne Construction Ltd. This contravenes the Council's Contract Procedure Rules. Without formally setting the Council's terms and conditions, the Council could face further delays and financial repercussions if any disputes arise (such as Legal costs).</p> <p>West Rhyl Housing Improvement: The Council does not yet have a formal signed contract for the Green Space work, despite awarding the tender in November 2013. This contravenes the Council's Contract Procedure Rules. The Council's terms and conditions were set out within the initial tender documents that the contractor has agreed to; however, the Council could be at risk of delays and financial repercussions if any disputes arise.</p>	<p>Project board or project sponsors to be reminded to call on procurement and legal advice to gain assurance where necessary.</p> <p>Legal Services is notified of upcoming projects and procurements using various methods to ensure that it is aware of what is happening. Once notified, the Deputy Monitoring Officer allocates complex contractual arrangements to capable, experienced solicitors; however, they are awaiting appointment of a contract solicitor to provide additional capacity (Legal Services have been unsuccessful at filling the post over the past 12 months). In the meantime, agency employees are assisting with this work.</p> <p>The new e-procurement system that will be rolled out shortly includes tasks assigned to Legal Services for:</p> <ul style="list-style-type: none"> a) drawing up the contracts with the successful bidder(s); b) issuing the contracts to the successful bidder(s); and c) arranging to have the contracts signed/sealed upon their return. <p>The process for construction -related</p>	<p>Corporate Programme Office Manager</p> <p>Deputy Monitoring Officer</p> <p>Acting Strategic Procurement Manager</p>	<p>31 August 2014</p> <p>In place. Vacancy advert for Contract Solicitor May 2014.</p> <p>September 2014</p>

Risk/ Issue No.	Risk/Issue	Action	Who	When
		procurement may differ, with Quantity Surveyors assuming the role of Legal for drawing up and issuing contracts. A workshop will be held to formulate the process to ensure that Legal input is obtained where necessary, and to monitor that contracts are sent out and signed copies returned.		
7.	<p>All three projects reviewed were not formally capturing lessons learned while the project was progressing:</p> <p>West Rhyl Housing Improvement: Lessons learned have only been informally captured to date. If this information is not captured and communicated effectively to other project managers across the Council, there is a risk that the same errors or pitfalls may be repeated unnecessarily.</p> <p>Ysgol Twm o'r Nant: Lessons learned are shared informally in Modernising Education but they are not formally captured to facilitate the project closedown nor communicated to help other projects within other services to reduce common pitfalls and errors:</p> <ul style="list-style-type: none"> • There is little prompt for lessons to be logged following identification of an issue. • Project Managers in different services are not made aware of lessons from similar projects. • Capturing lessons learned is left until the end of the project i.e. the project closedown stage. <p>Rhyl Foryd Harbour Bridge: Lessons learned have only been informally captured to date, and there is a risk that other projects will suffer the same or similar issues if this information is not captured and communicated effectively to other project managers across the Council.</p>	<p>This issue appears systemic across the portfolio. Proposals to improve this are:</p> <ul style="list-style-type: none"> • pursue Project Closure reports more rigorously, which includes lessons learned; and • provide guidance, training and support in undertaking post-implementation reviews on projects to enable easier capture of lessons for reporting and future use. 	Corporate Programme Office Manager	July to December 2014

Denbighshire Internal Audit Services

Caledfryn, Smithfield Road, Denbigh, LL16 3RJ

Report By: Lisa Lovegrove, Senior Auditor

Date: 8 April 2014

Subject: Project Evaluation – Three County Procurement

Introduction:

We carried out an evaluation of the Strategic Outline Case (SOC) and Outline Business Case (OBC) for the Three County Procurement Project to assess its effectiveness and feasibility for delivering value for money against the Regional Collaboration Fund bid. The Full Business Case (FBC) does not form part of the scope for this review as it is currently being developed.

This summary report provides the results of our review of the contents of the SOC and OBC against the Green Book guidance “Public Sector Business Cases Five Case Model” (2013). Where insufficient information was available in these documents, or following our request, we have recommended future actions to address this. These should be factored into the Full Business Case and monitored by the Project Board and Project Team.

Conclusion:

Based on our review of the two business cases (SOC and OBC) and other supporting evidence provided during our review, we are able to provide assurance that the necessary project management arrangements are in place to progress this project.

The SOC has been prepared to a good standard and in accordance with the Five Case Business Model. The OBC expands on the SOC, providing some additional information and evaluation; however, some sections did not provide the expected level of information for this level of business case i.e. elements of the Economic Case and Management Case were weak. We understand that time pressures linked to the grant funding has been the main cause for this, and the Project Team expects a more thorough evaluation will be included within the FBC. Therefore, until the FBC is completed (anticipated for April 2014), we are unable to determine whether the project is financially viable.

Recommended future actions:

- The Investment Options contained within the Strategic Case of the SOC and OBC need further development to make them 'SMART' i.e. specific, measurable, achievable, relevant and time-bound. Also, reference to a communication strategy should be presented within the Strategic Case as well as a statement concerning security and confidentiality.
- The Economic Case needs strengthening to evidence an economic appraisal for each short-listed option i.e. cost benefit analysis. Justification for the preferred option should also be elaborated upon to properly demonstrate how the proposed project will provide value for money.
- The Commercial Case should contain a change management plan, especially as change is recognised as a potential constraint and a significant risk to the project. In addition, although no large procurement activity is anticipated for this project, a procurement strategy should be outlined to cover existing and potential future procurement activity. For example, Bangor University tendering to deliver the FBC.
- The Financial Case should include capital/revenue requirements for all three years of the project to justify the grant funding and enable each Council to review their budgets if there is a perceived funding shortfall. Note, the SOC and OBC only covers Year 1. In the interim, an outline profile of anticipated spend has recently been developed for Year 2 (separate document entitled 'Schedule 1') until the FBC provides more accurate figures for Years 2 and 3.
- In the absence of a project plan within the SBC and OBC that details expected implementation activity and timescales, we expect that this will be available in the FBC. While waiting for the completion of the FBC, we are aware that the 'Schedule 1' document has recently set outline target dates for the project's second year.
- The Management Case includes a framework for benefits realisation; however, the OBC should include a benefits realisation plan/register for existing known benefits. Therefore, we would expect to see greater coverage of anticipated benefits within the FBC.
- The Management Case of the OBC should contain a change management strategy, framework and plan; however, this information is absent. Section 6.5 of the OBC should be updated to demonstrate that the project has robust arrangements in place for change management.
- The Management Case presents an outline of how risks are managed and mitigated; however, the risk scoring matrix shown is different to what has been used for the risk register. These should be consistent to prevent any confusion.
- The project's risk register highlights a few risks that could affect the future of the project. In light of this, the Contingency Plan should be elaborated on to cover the various scenarios that could affect the project's future delivery. For example, if one Council pulled out, or if grant funding is further reduced or pulled completely.

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

North Wales Commissioning Hub

April 2014



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Ivan Butler CMIIA, MBA, Head of Internal Audit Services

Purpose & Scope of Review





We undertook a review of the North Wales Commissioning Hub to seek assurance on the partnership arrangements for input to the Council's Annual Governance Statement.

The scope of our review was based on a generic programme of work for partnerships designed for use with other internal audit services in north and mid-Wales.

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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

The North Wales Commissioning Hub (NWCH) has been well structured and managed since its inception, through its project proposal, outline business case to the full business case, as approved by the Management Board. Each document was comprehensive in content and is subsequently reflected in the robust Partnership Agreement that all partners have signed.

The outline business case included several options for developing the Hub after consultation with stakeholders and partners. An option appraisal and evaluation led to the Hub being established in its current format. Some potential weaknesses identified during our review and linked to the Partnership Arrangement can be easily addressed through a supplementary memorandum of understanding or similar document.

Governance arrangements are effective and the Management Board scrutinises the Hub closely, fulfilling its Terms of Reference. Further improvements are being instigated by the introduction of the Hub Operational Group to ensure that both strategic and operational matters are dealt with by an appropriate body. A decision-making protocol will further enhance the transparency of any significant decisions made.

Risk management is clearly in place but adopting a formal methodology will help to ensure consistency in approach.

Developing a communication plan will inform all partners and stakeholders as to what they can expect to receive from the Hub, how often and by which method.

The Hub's Annual report provides positive feedback that operations during its first year have achieved the initial expected outcomes. Continued improvements are being made through several operational procedures and development of the Quality Monitoring Framework for contract monitoring. The local commissioning teams (outside of the Hub) will also benefit from having access to the results of this process via the system used to record the contract data and intelligence. Members of the Hub Team are conscientious in bringing new initiatives into its day-to-day activities but the capacity of the Team hinders the pace of progress in new areas.

We have raised five issues, which can be addressed at an operational level but will further enhance the robustness of the framework that the Hub currently operates under.

Action Plan

Audit Review of: North Wales Commissioning Hub
Date: April 2014
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	
Tudalen 165	1.	There are some gaps in the Partnership Agreement and, although they may be deemed to be more operational as opposed to legal requirements, it would be beneficial to consider each area and the best way to capture it, e.g. in a memorandum of understanding between partners, as implied within the 'Management Case' section of the Full Business Case. The two areas are as follows: <ul style="list-style-type: none"> • Approval of changes to the agreement • Conflict of interest (Board members and partners) (See report for further detail)	Declarations of conflict of interest will be sought and recorded at each meeting of the Management Board The Management board will agree changes to the scope of NWCH and decisions clearly documented in the decision log (see below)	NWCH Chair NWCH Chair & NWCH Manager	April 2014 As required
	2.	The Partnership Agreement makes reference to the equality impact assessment and states that the Management Board will review this annually to ensure that it complies with the Equality Act 2010, but the Hub Manager confirmed that this has not been done to date.	The equality impact assessment will be reviewed by the Hub Operational Group (HOG) and presented to the Management Board for approval. This will be recorded in the decision log. <i>The view of the Management Board is that, in future, agreements should only be required if there have been changes to the work of NWCH/Partnership agreement</i>	HOG / Management Board	June 2014

Risk/ Issue No.	Risk/Issue	Action	Who	When
3.	<p>Although meeting minutes capture Board decisions, the level of detail is brief and they may not demonstrate that specific factors such as risk management, equality impact assessment, diversity and safeguarding are being considered (although this may happen informally).</p> <p>A decision-making protocol may be a useful approach to provide greater transparency within the process.</p> <p>Additionally, target dates for completing proposed actions are not currently shown in the minutes to help ensure that they are not overlooked at subsequent meetings.</p>	<p>A decision log will be used to record decisions and action notes made at each Board meeting and will clearly document identified risks. In turn, identified risks will be captured in the risk log</p> <p>Action note format will be revised to include timescales</p>	<p>NWCH Manager</p> <p>NWCH Manager</p>	<p>June 2014</p> <p>April 2014</p>
4.	<p>The Hub does not have a communication plan to confirm the methods being used, how this will take place within the partnership and how it will take place with stakeholders, together with the frequency of communications.</p> <p>The Management Board does not have a forward work programme so that its members are fully aware of what they can expect to receive at each meeting.</p>	<p>A communication plan will be developed</p> <p>A forward work programme will be developed with / for the Management Board (as distinct from the NWCH work programme)</p>	<p>NWCH Manager with HOG</p> <p>Management Board</p>	<p>June 2014</p> <p>April 2014</p>
5.	<p>The Hub Manager confirmed that the methodology used to manage risks has remained unchanged since the Full Business case was drawn up. Although this may be acceptable, there is nothing documented to state how risk management is to be approached or the formal method to be adopted, e.g. that of the host authority, to ensure that risks are assessed and consistently scored, mitigating actions are monitored with future actions proposed, and the methodology is approved by the Board.</p>	<p>Current methodology will continue to be used but any changes to the risk matrix will be documented in the action notes and decision log of the Management Board</p>	<p>Management Board</p>	<p>April 2014</p>

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Denbighshire Internal Audit Services

Caledfryn, Smithfield Road, Denbigh LL16 3RJ

Report to: See recipient list below

Report By: Nanette Williams, Auditor

Date: 14 July 2014

Subject: Cessation of Employment – Overpayments to School Leavers

Introduction:

We undertook an audit of Cessation of Employment during May and June 2014. The purpose of our review was to ascertain how well the Council manages its leavers' process for elected members and employees, including those who are made redundant, redeployed, are retiring, as well as those taking career breaks.

In addition, we sought to explore the reasons behind continuing overpayments made as a result of late notification of leavers, which has been a recurring issue in our annual Payroll audits. Late notification of changes that affect payroll, predominantly for leavers causes unnecessary and avoidable financial costs to the Council through overpayments, as well the recovery costs incurred through pursuing the debt.

We traced key dates for a sample of leavers who were overpaid to ascertain where the hold-up occurred, as well as discussing the process with line managers to determine possible reasons for any delays. The purpose of this report is to communicate the results of our sample testing in relation to schools specifically and includes an action plan to address the issue raised.

Conclusion:

Our sample testing of overpayments indicates that the problem of late notification of leavers resulting in the overpayments lies predominantly with schools and in particular primary schools. A breakdown of our results is as follows:

- Between April 2013 and March 2014, approximately **£34,000** was paid to employees in error (including leavers and some current members of staff).





- Within this total, there were 32 overpayments made to former members of staff as a result of late notification of leavers. Of these, 69% (22) related to employees leaving schools.
- Of the 22 overpayments 68% (15) related to primary schools & 32% (7) to secondary schools.
- On further examination into the specific source of the delays (e.g. HR, Payroll or the source department), we found that, in the majority of cases, the overpayment was the result of the school failing to notify HR promptly before the employee left. This indicates that, in the majority of cases, the overpayment was preventable.
- There may be a training issue with some schools, particularly primary schools in relation to the leaver process. Further, we acknowledge that, owing to resources within the smaller schools, and teaching commitments of some Head teachers, time to process leavers can be restricted.

Our review also identified some issues with the layout of the leavers' form that line managers must complete, which may have caused some confusion as to when to send the completed form to HR, and therefore may have perpetuated the issue. In addition, there were eight instances within our sample where HR further contributed to an overpayment by failing to instruct payroll quickly after receiving notification of the leaver, albeit late by the school/department. We will report these issues as part of our Strategic HR audit, which is currently underway.

While the issue of overpayments to leavers due to delays in notifying payroll has existed for several years, it is important that the Council takes action to address it. However, we consider that this can be done at service level and therefore can provide a medium assurance rating of this area. It is our opinion that the Customers and Education Support Service is best placed to action changes to rectify this problem.

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: Overpayments to School Leavers
Date: July 2014
Action Plan Owner: Head of Customers & Education Support

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

Tudalen 169

Risk/ Issue No.	Risk/Issue	Action	Who	When
1.	<p>Late notification of changes affecting payroll is still causing unnecessary and avoidable financial costs to the Council from overpayments to leavers.</p> <p>Our review shows that, during April 2013-Mar 2014, approximately £34,000 was paid to members of staff in error, with 31% originating from schools, predominantly primary schools failing to notify HR promptly when an employee leaves. While this represents an improvement from the total noted during our 2012/13 payroll review, it still highlights that several of these overpayments could have been avoided.</p>	<p>The School Funding Manager to write to schools reminding them of the correct process once he has been provided with the new leavers form by HR. Payroll was contacted but was not supportive of the possibility of charging schools for late notifications, as they felt that on many occasions it would be difficult to agree who was at fault, if schools claimed they have forwarded information to HR on time.</p>	<p>School Funding Manager</p>	<p>September 2014</p>

Denbighshire Internal Audit Services

Caledfryn, Smithfield Road, Denbigh LL16 3RJ

Report to: Head of Finance & Assets

Cc to: Chief Executive, Corporate Governance Committee

Report By: Nanette Williams, Auditor

Date: 1st April 2014

Subject: Role of the Section 151 Officer

Introduction

This review seeks to provide assurance for the Council's Corporate Governance Framework and self-assessment on whether the Council's Section 151 Officer role complies with the CIPFA's Statement on the role of the chief financial officer (CFO) in public service organisations.

As the organisation's most senior position charged with leading and directing financial strategy and operations, the CFO is responsible for ensuring that their organisation controls and manages money well and that strategic planning and decision making is supported by sound analysis. In the public service context, the CFO must also meet the demands of openness and accountability in decision making, balance competition for limited resources across a range of objectives, deliver value for money and safeguard taxpayer's money. Delivering these requires a range of personal qualities, as well as support from both the finance function and the organisation as a whole. It is these expectations, combined with the personal qualities and leadership skills needed for them to be met, that have shaped the CIPFA Statement.

The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. For each principle the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties. It also sets out the core responsibilities of the CFO role, as well as the leadership skills and technical expertise required of the individual officer.

Audit Opinion

We have based our opinion on discussions with the Head of Finance and Assets (Section 151 Officer), current governance arrangements within the Council and a review of key documentation. The table below sets out the 5 principles of the CIPFA Statement, as well as the 15 key elements underpinning these.





In the main, we are satisfied that the Council's current arrangements around the role of the Section 151 Officer comply with the requirements of the CIPFA Statement. Therefore, we award a high assurance rating.

The CFO in a public service organisation:		
Principle 1		
...is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.		
	Compliant (Y/N or Partly)	Comment
Key member of the Leadership Team	Yes	
Developing and implementing organisational strategy	Yes	
Helping resource and deliver organisational objectives	Yes	
Delivering the organisation's strategic objectives sustainably and in the public interest	Yes	
Principle 2		
...must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy.		
	Compliant (Y/N or Partly)	Comment
Responsibility for financial strategy	Yes	Note: Our review of the Head of Finance and Assets' job description showed that while it covers all of the key responsibilities of a CFO identified in the CIPFA Statement, it does not include up to date information regarding service structure and coverage.
Influencing decision-making	Yes	
Providing appropriate financial information for decision-makers	Yes	
Principle 3		
...must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively		
	Compliant (Y/N or Partly)	Comment
Promotion and delivery of good financial management	Yes	Note: recent Internal Audit reviews of key financial systems have not identified any significant risks or weaknesses in internal control.

Ensuring value for money	Partly	Recent Internal and External Audit reviews of Construction Procurement have identified weaknesses in the current procurement arrangements. As a result, the Council is unable to demonstrate that it is achieving value for money in this area. However, we acknowledge that work to address the issues raised is currently underway.
Safeguarding public money	Yes	
Assurance and scrutiny	Yes	
To deliver these responsibilities the CFO must:		
Principle 4		
...lead and direct a finance function that is resourced to be fit for purpose		
	Compliant (Y/N or Partly)	Comment
Meeting the finance needs of the business	Yes	Note: while the Finance and Assets Service has developed Customer Standards, they are largely focused on external customers of the Council Tax and Housing Benefit service, rather than internal customers of the Finance service. Nor has there been a review of the services provided by the Finance service from a customer focus perspective. The Head of Finance and Assets advised us that he is considering doing some work in this area; however, based on feedback received from other Heads of Service, he is confident that there are no significant issues arising.
Appropriately developed finance skills within the organisation	Yes	
Principle 5		
...be professionally qualified and suitably experienced		
	Compliant (Y/N or Partly)	Comment
Demonstrating professional and interpersonal skills	Yes	
Applying business and professional experience	Yes	

Assurance Rating

Based on the 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

Appendix 3 - Internal Audit Follow up Reviews

Audit Report	Outcome of Follow Up
Public Conveniences	<ul style="list-style-type: none"> • 5 of 7 actions due for completion addressed • 2nd follow up in progress – awaiting response from service
ICT Operations Management	<ul style="list-style-type: none"> • 10 actions due for completion addressed • Remaining 5 actions in progress and due for next follow up in September 2014
Welfare Advice	<ul style="list-style-type: none"> • 3 actions due for completion addressed • Remaining 7 actions in progress and due for next follow up in September 2014
Council Housing Responsive & Void Repairs	<ul style="list-style-type: none"> • All actions due for completion addressed or form part of the longer-term Excellent Housing project
Countryside Services	<ul style="list-style-type: none"> • 4 actions due for completion addressed • Remaining 3 actions in progress and due for next follow up in December 2014
North Wales Commissioning Hub	<ul style="list-style-type: none"> • 2 actions due for completion addressed • Remaining 6 actions due for follow up in January 2015. 4 are in progress and 2 not yet commenced.
St. Brigid's School, Denbigh	<ul style="list-style-type: none"> • All 48 actions have now been addressed
Fire Risk Assessments	<ul style="list-style-type: none"> • All 16 actions have now been addressed
Corporate Health & Safety	<ul style="list-style-type: none"> • All 7 actions have now been addressed
Residential care & extra care housing	<ul style="list-style-type: none"> • All 13 actions have now been addressed
Deputy for Finance (Court of Protection)	<ul style="list-style-type: none"> • All 8 actions have now been addressed
West Rhyl Housing Improvement	<ul style="list-style-type: none"> • All actions due for completion addressed or form part of the longer-term Excellent Housing project

Action Plan

Audit Review of: Procurement of Construction Services

Date: February 2014

Action Plan Owner: Head of Finance & Assets

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

Updated 1/14

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
1.	The Council's Procurement Strategy ran until March 2012. Setting the direction for Council procurement is vital to ensure that it is aligned with national, corporate and service requirements. A risk analysis of current spend should be assessed against the Council's requirements to show how procurement can contribute more effectively.	Develop a robust Procurement Strategy that will encompass the requirements in the latest Denbighshire Economic and Community Ambition Strategy, the Welsh Procurement Policy Statement and the Welsh Government's Construction Procurement Strategy. Strategic Procurement Manager – January 2014	In progress The revision of the Procurement Strategy is currently in progress with a target to have a draft document completed by 31 March 2014	Final version will require Council approval
2.	Given the high value of construction-specific procurement across various Council services, not having a construction procurement strategy could lead to the key issues continuing without effective action and the area showing little or no improvement. In addition, the Council could suffer scrutiny if it does not adopt the National Construction Procurement Strategy.	The construction procurement strategy will be incorporated within the corporate procurement strategy. The SPU and Property Services will develop the construction procurement strategy element jointly with input from the other Council services that undertake construction procurement activity. This will need to align with the National Construction Procurement Strategy Strategic Procurement Manager & Property Manager– January 2014	In progress This is on-going through the Construction Procurement Working Group. The basic premise has been established comprising <ul style="list-style-type: none"> • 21st Century Schools Framework for OJEU works • Advertising on Sell 2 Wales for project over £250K and frameworks for work below this threshold 	Development of the Frameworks

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
3.	<p>The SPU has previously identified several initiatives to improve construction procurement but little progress has been made, as resources are being pulled in different directions e.g. collaboration.</p> <p>Unless a clear procurement plan is developed and prioritised, with sufficient steer from a senior level, initiatives such as introducing an e-sourcing system corporately and category leads, are likely to slip further and result in longer delays.</p>	<p>E-sourcing will be rolled out by March 2014 but it does not include interfaces for third party job costing systems e.g. asset management. A project plan and Verto is being used for this.</p> <p>To ensure that this programme is rolled out effectively there is a need to establish a project board with a senior member of staff as chair to ensure the project plans are implemented efficiently.</p> <p>Acting Strategic Procurement Manager – March 2014</p>	<p>In progress Delays in the creation of project templates and documentation have caused a slip in the expected roll-out date. This should now commence during April 2014. Some departments are using the system on small projects with assistance from the SPU.</p>	
4.	<p>Management information and performance measurement of construction-related spend has its limitations. This hinders the Council in identifying opportunities for price savings and cost reduction.</p> <p>The introduction of a corporate e-sourcing system over the next two years promises additional tools to help management and provide continuous improvement.</p>	<p>The SPU will develop reports to introduce better management information to services and senior managers. E-sourcing will introduce performance information by way of customer feedback logged against each supplier.</p> <p>Performance feedback will be input to the e-sourcing system and will be more transparent. The system can set reminders to prompt customers/clients to input their feedback.</p> <p>As part of the 21st Century Schools procurement project, KPIs are being established to promote continuous improvement.</p> <p>Acting Senior Procurement Manager – July 2014</p>	<p>Not yet due – in progress This is currently on target. The introduction of M-Power in Finance will greatly assist this requirement.</p>	

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
5.	<p>Awareness of and adherence to CPRs are weak in some services. For example:</p> <ul style="list-style-type: none"> when requested, Bridges and Structures were unable to produce a signed contract for works valued over £50k aggregate spend on suppliers on the approved lists often exceeds £100k, but little comparison is done to make sure the Council gets value for money 	<p>Revised CPRs have been developed and are currently out for consultation. CPR awareness workshops will be held with various services to promote awareness and understanding of CPRs. Schools and Public Realm are a priority for this training due to recent cases of non-compliance.</p> <p>Acting Senior Procurement Manager - January 2014</p>	<p>In progress All comments have been correlated and issued to the individuals for further review. The comments are now under review by Legal Services. Once these have been received Procurement and Legal will meet to identify the issues raised. The intention is to have a final draft copy available for 31 March 2014.</p>	<p>Final version will require Council approval</p>
	<p>There is also limited awareness that the SPU could be contacted as a source of knowledge on procurement activity.</p> <p>The introduction of the e-sourcing system over the next two years along with associated training is an opportunity to reach out to service representatives and promote compliance.</p>	<p>A Construction Procurement Working Group has been convened comprising the main construction procuring services and the SPU. This group will consider and determine what is achievable and drive forward changes in respect of framework agreements and how to deal with reactive small works procurement. This will be tied in with the new framework manager role within Property.</p> <p>Acting Strategic Procurement Manager and Property Manager - Informally by August 2013 with more formal arrangements from March 2014. First group meeting held September 2013.</p>	<p>Complete The working group has been established and meets monthly. It includes representation from Property, Procurement, Housing and Housing Renewals. An agreed way forward in terms of reactive maintenance and asbestos removal procurement has been agreed and frameworks for these elements are being developed. There are some issues with the procurement of Housing renewals works, which are individually tendered. The procurement of works between £5K-£250K is now being considered.</p>	<p>Framework development on-going. Review of Housing Renewal scheme procurement to determine best way forward.</p>

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
		<p>HR to be requested to provide a procurement training element into the standard induction training provided to all new starters within Denbighshire.</p> <p>Acting Senior Procurement Manager - October 2013</p>	<p>Complete HR has been requested to include a Procurement Awareness session into their induction training. This will be a brief explanation on CPR's and Procurement procedures.</p>	<p>On-going discussions with the HR Trainer to ensure this takes place.</p>
6.	<p>The Council does not maintain a corporate contracts register, which is required for transparency and is an important management tool. Signed contracts are vital documents that should be easily accessible in case the Council needs to resolve disputes with any of its contractors.</p> <p><i>Note: Services may be spot purchasing goods or services but contracts specific to other departments may offer advantageous pricing if accessible.</i></p>	<p>Each service needs to start collating a list of service specific contracts in order to populate a central contract register. This requirement is already set within the revised CPRs for Heads of Service to action. In order to capture this information, the SPU has developed a spread sheet to issue to all 'tier 1' managers to populate with details of their current contracts. The spread sheet will be issued to departments in October 2013.</p> <p>Acting Senior Procurement Manager - January 2014</p> <p>Create contract register for Highways & Environment.</p> <p>Performance Officer – December 2013</p> <p>E-sourcing will have a separate contract management module and any tenders going through this will automatically be included as and when services begin using it following roll-out.</p> <p>Acting Senior Procurement Manager - July 2014</p>	<p>In progress Information has been received from the majority of departments and is currently undergoing review. Completion of the review by 31 March 2014</p> <p>No response</p> <p>Not yet due – in progress Currently on target</p>	<p>Live contracts to be added to the Proactis e-Sourcing system when reviewed.</p>

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
7.	<p>The Council has several different lists used for construction-related works. All have control deficiencies to different extents that could put the Council at risk of health and safety sanction, financial losses and reputation damage.</p> <p>There is an opportunity to combine approved lists, which should reduce errors, improve consistency and remove the duplication of their upkeep to reveal efficiencies.</p>	<p>The revised CPRs (out for consultation at the time of this report) reduce the limit for using approved lists for construction works to £250k (these are for individual items). It also specifies that the 'Head of Procurement' must approve the use of approved lists.</p> <p>Acting Senior Procurement Manager - January 2014</p> <p>Highways will review the Highways & Environment approved list to ensure that all suppliers and contractors comply with the Council's criteria for inclusion. In the medium to long term, framework agreements for highways minor works will negate the need for approved lists in this area (See Risk Issue 9).</p> <p>Performance Officer – November 2013</p>	<p>Complete Following the establishment of the Construction Procurement Working Group the use of Approved Lists will be discontinued for the majority of services and replaced by Framework Agreements. This removes the need for the Head of Procurement to approve their use.</p> <p>No response</p>	
8.	<p>On occasion, services and schools contract suppliers that are not on an approved list and without first consulting Property Services for advice. A contributing factor may be that they have concerns about the transparency of the costs they are being committed to without their consent or knowledge. Without clear communication channels and more cohesive working relationships, the Council and schools could fail in their obligation to maintain suitable health and safety arrangements, and poorly specified jobs could result in higher costs and</p>	<p>CPRs will be formulated to cover schools using the same format as the revised Council CPRs. This will give the necessary guidelines on acceptable procurement practices, with scope for sanction where there are any breaches.</p> <p>To support this, the SPU, Property and Internal Audit will work together to provide awareness training for schools (Finance Managers) to promote compliance.</p> <p>Acting Strategic Procurement Manager, Education Planning & Resource Manager, Property Manager and Head of Internal Audit – January 2014</p>	<p>In progress The School Cluster Groups will be used to disseminate training once CPR's have been developed. Legal Services and School Improvement are currently working on a version for schools.</p> <p>An initial awareness session with schools Finance and Business Managers has been undertaken.</p>	

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
	inferior quality work.	<p>Enhance the Purchasing Systems (Proactis P2P) to create additional workflow approval for construction-related purchase orders i.e. before placing an order with a supplier, a nominated construction lead will have to approve it. A prototype has been tested in Flintshire County Council. A pilot project using the procurement of furniture will be established in this Council in October 2013. This will then be extended to other commodity areas including construction once the principle has been proved.</p> <p>Acting Strategic Procurement Manager to lead, with assistance from Construction Working Group and Senior Management Accountant – April 2014</p>	<p>Not yet due – in progress Further discussion is required with Finance on this in order to create the additional workflow required.</p>	
9.	<p>There is an opportunity for services to collaborate and pool resources to reduce costs on minor works. A framework agreement, if arranged properly, should save time and money in the long term. The challenge is to maintain a transparent and fair process that gives local suppliers (Small Medium Enterprises) an equal opportunity to win the tender. This promotes diversity and competition and ties in with the National and Council's Corporate priority of economic</p>	<p>The SPU will formulate a working group to develop both projects (Highways and Property minor works framework agreements). The building minor works framework agreement will be developed separately to highways but using the same method/approach (see specific action below). The working group will carry out analysis of all construction spend. Based on the analysis, procurement action plans will be developed for the different areas of spend.</p> <p>Acting Strategic Procurement Manager & Construction Working Group – September 2013</p>	<p>In progress Working groups for both Highways and Property have now been established. Spend analysis is ongoing at this point in time along with identification of areas of spend to establish frameworks. The intention is to commence work on establishing frameworks for asbestos removal during April 2014 with other areas by July 2014.</p>	

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
	regeneration.	<p>Property Services will work with the SPU business partner to develop frameworks for lower value work. Efficiencies should be possible through reducing management costs, but the cost needs to be balanced with quality and legislative compliance.</p> <p>Acting Strategic Procurement Manager & Procurement Manager - Proposals will be developed by March 2014</p>	<p>In progress As above</p>	
		<p>The Highways & Environment Service Plan for 2013-14 contains an improvement activity under Outcome 1 for "Developing a minor works framework" (HES101a). Once developed, this can be rolled out to other areas of the service.</p> <p>Works Unit Manager / Performance Officer (with assistance from SPU) - Completion date for HES101a is 31 March 2014, but can possibly be brought forward should the need arise</p>	<p>In progress This is currently in progress with the intention of having relevant frameworks in place by July 2014</p>	

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
10.	<p>Tendering and contract-related templates (e.g. H05s and pre-qualification questionnaires) are inconsistent and direct the selection of suppliers to be based on lowest value instead of best value.</p> <p>In line with Welsh Government requirements, services need to standardise PQQs (pre-qualification questionnaires), tender and contract templates to make it easier for suppliers to tender for work. If possible, this should be in coordination with other local authorities to be most effective.</p>	<p>A construction procurement working group will be formed to review all current PQQ and tender documentation (including supplementary terms and conditions) and agree on a common set of construction-related documents. The Strategic Procurement Manager is developing a set of generic templates in line with the values set within the revised CPRs. These will be circulated as part of the CPR awareness training (see action again Risk Issue 8)</p> <p>Acting Strategic Procurement Manager – January 2014</p>	<p>In progress This action is on target for completion by end March 2014</p>	
		<p>In partnership with the SPU business partner, Property Services will review forms/letters etc. used across the Council and develop a standard set of documents. These could be used as a model for use by other local authorities (consensus on the forms has proved difficult in the past).</p> <p>Acting Strategic Procurement Manager & Property Manager – January 2014</p>	<p>In progress This is currently in progress and due for completion during April 2014</p>	
		<p>Standardise the relevant Highways & Environment documents and incorporate them into the service's ISO 9001 document control system.</p> <p>Performance Officer – December 2013</p>	<p>No response</p>	

Risk/ Issue No.	Risk/Issue	Agreed Action Responsibility & Timescale	Current Status	Further Action Needed
11.	Many procurement projects fail if they are not properly planned and adequately resourced. Such problems could be minimised if better links were established between procurement and project management. A large, complex procurement exercise should not be able to progress without a sound business case and agreed procurement plan.	<p>The SPU is developing a checklist for procurements valued over £100k and this will shortly be available as a spread sheet. These will be linked to CPRs, the project management system (Verto) and the procurement section of the business case template.</p> <p>Acting Strategic Procurement Manager – October 2013</p> <p>New CPRs state that a procurement checklist must be completed for contracts valued over £100k. The SPU must give approval and, if the construction relates to Property, HR or ICT, additional approval is required from each of the affected services. If valued less than £100k, the questionnaire should still be completed; however, the SPU approval is not required (note: approval from HR, ICT and/or Property still applies).</p> <p>Acting Strategic Procurement Manager and Corporate Programme Office Manager – October 2013</p>	<p>In progress The checklist has been completed and is now under review following comments received during the CPR consultation exercise. This should be finalised in conjunction with the CPR's</p> <p>In progress As above</p>	

Appendix 4 - Internal Audit Performance 2014/15

<i>All targets 100%</i>
Review of agreed Statutory Assurance areas in Assurance Plan by 31/03/15
We have completed 25% of the planned projects to at least draft report stage and are on target to achieve 100% by the end of the financial year.
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 91%, as a scoping document was not sent for one project.
Send the customer a draft report within 10 working days of the closing meeting
Current performance is 90%, as one draft report was issued in 17 days.
Send the customer our final audit report within 5 working days of agreeing the draft
Current performance is 100%

Mae tudalen hwn yn fwriadol wag

29 Medi 2014		Eitemau Sefydlog	
		Adroddiadau	
	1	Cymeradwyo'r Datganiad Cyfrifon 2013/14	Pennaeth Cyllid ac Asedau, Paul McGrady / Cynghorydd J. Thompson-Hill
	2	Llythyr Asesu Gwelliant Swyddfa Archwilio Cymru	Pennaeth Cyllid ac Asedau, Paul McGrady / Cynghorydd J. Thompson-Hill
	3	Cynllun Gwella Llywodraethu	Pennaeth Archwilio Mewnol, Ivan Butler
5 Tachwedd 2014		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio	Cydlynnydd Archwilio, Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd	Pennaeth Busnes, Cynllunio a Pherfformiad, Alan Smith / Keith Amos
Tudalen 185	3	Adroddiad Cynnydd Archwilio Mewnol	Pennaeth y Gwasanaethau Archwilio Mewnol, Ivan Butler / Cyng Julian Thompson-Hill
	4	Adborth o'r Cyfarfod Cydraddoldeb Corfforaethol – adroddiad llafar	Y Cynghorwyr Martyn Holland / Hugh Evans
	5	Rhaglen Gwaith i'r Dyfodol	
		Adroddiadau	
	6	Proses Gyllideb 2015/16	Pennaeth Cyllid ac Asedau, Paul McGrady
	7	Diogelu Data - Rheoli Ceisiadau	Rheolwr Gwybodaeth Gorfforaethol / Craig Berry
	8	Polisi Rheoli Risg	Pennaeth Busnes, Cynllunio a Pherfformiad, Alan Smith / Nicola Kneale
	9	Adroddiad Archwilio Mewnol - Diwygiadau Lles	Pennaeth Archwilio Mewnol, Ivan Butler
	10	Taliad ariannol i rai sy'n Gadael Gofal - Diweddariad	Pennaeth Archwilio Mewnol, Ivan Butler
	11	Materion Arolwg Staff	Pennaeth Archwilio Mewnol, Ivan Butler
	12	Polisi Twyll a Llygredd.	Pennaeth y Gwasanaethau Cyfreithiol a Democrataidd/ Gary Williams
	13	Cyfansoddiad Model Newydd.	Pennaeth y Gwasanaethau Cyfreithiol a Democrataidd/ Gary Williams

	14	Rheolau Gweithdrefnau Contractau:	Pennaeth y Gwasanaethau Cyfreithiol a Democrataidd/ Gary Williams
	15	Hyfforddiant Aelodau	Pennaeth y Gwasanaethau Cyfreithiol a Democrataidd/ Gary Williams
	16	Adolygiad Blynyddol o Weithredu'r Broses Gwynion	Pennaeth Cwsmeriaid a Chymorth Addysg / J. Walley
	17	Adroddiad o gwynion a gafwyd	Pennaeth Cwsmeriaid a Chymorth Addysg / J. Walley
17 Rhagfyr 2014		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio	Cydlynnydd Archwilio, Rhian Evans
Tudalen 186	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd	Pennaeth Busnes, Cynllunio a Pherfformiad, Alan Smith / Keith Amos
	3	Adborth o'r Cyfarfod Cydraddoldeb Corfforaethol – adroddiad llafar	Y Cyngorwyr Martyn Holland / Hugh Evans
	4	Rhaglen Gwaith i'r Dyfodol	
		Adroddiadau	
	5	Proses Gyllideb 2015/16	Pennaeth Cyllid ac Asedau, Paul McGrady
	6	Cynllun Gwella Llywodraethu	Pennaeth Archwilio Mewnol, Ivan Butler
28 Ionawr 2015		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio	Cydlynnydd Archwilio, Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd	Pennaeth Busnes, Cynllunio a Pherfformiad, Alan Smith / Keith Amos
	3	Adroddiad Cynnydd Archwilio Mewnol	Pennaeth y Gwasanaethau Archwilio Mewnol, Ivan Butler/ Cyng Julian Thompson-Hill
	4	Adborth o'r Cyfarfod Cydraddoldeb Corfforaethol – adroddiad llafar	Y Cyngorwyr Martyn Holland / Hugh Evans
	5	Rhaglen Gwaith i'r Dyfodol	

		Adroddiadau	
	6	Proses Gyllideb 2015/16	Pennaeth Cyllid ac Asedau, Paul McGrady
	7	Datganiad Strategaeth Rheoli'r Trysorlys a Dangosyddion Darbodus 2015/16	Pennaeth Cyllid ac Asedau, Paul McGrady
	8	Adroddiad Blynyddol Rheoli Trysorlys 2014/15	Pennaeth Cyllid ac Asedau, Paul McGrady
	9	Adroddiad o'r Gofrestr Risg Gorfforaethol	Pennaeth Busnes, Cynllunio a Pherfformiad, Alan Smith / Nicola Kneale
25 Mawrth 2014		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio	Cydlynnydd Archwilio, Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd	Pennaeth Busnes, Cynllunio a Pherfformiad, Alan Smith / Keith Amos
	3	Adborth o'r Cyfarfod Cydraddoldeb Corfforaethol – adroddiad llafar	Y Cynghorwyr Martyn Holland / Hugh Evans
	4	Rhaglen Gwaith i'r Dyfodol	
		Adroddiadau	
	5	Proses Gyllideb 2016/17	Pennaeth Cyllid ac Asedau, Paul McGrady
	6	Cynllun Gwella Llywodraethu	Pennaeth Archwilio Mewnol, Ivan Butler
	7	Strategaeth Archwilio Mewnol	Pennaeth Archwilio Mewnol, Ivan Butler
	8	Adroddiad o gwynion a gafwyd	Pennaeth Cwsmeriaid a Chymorth Addysg / J. Walley
	9	Strategaeth Rheoli Gwybodaeth, Adroddiad Rhyddid Gwybodaeth	Rheolwr Gwybodaeth Gorfforaethol / Craig Berry
20 Mai 2015		Eitemau Sefydlog	
	1	Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio	Cydlynnydd Archwilio, Rhian Evans
	2	Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd	Pennaeth Busnes, Cynllunio a Pherfformiad, Alan Smith / Keith Amos
	3	Adroddiad Cynnydd Archwilio Mewnol	Pennaeth y Gwasanaethau Archwilio Mewnol, Ivan Butler / Cyng Julian Thompson-Hill
	4	Adborth o'r Cyfarfod Cydraddoldeb Corfforaethol –	Y Cynghorwyr Martyn Holland /

		adroddiad llafar	Hugh Evans
	5	Rhaglen Gwaith i'r Dyfodol	
		Adroddiadau	
	6	Proses Gyllideb 2016/17	Pennaeth Cyllid ac Asedau, Paul McGrady

DS Nid yw union ddyddiad cyhoeddi adroddiadau achlysurol gan er enghraifft Swyddfa Archwilio Cymru neu Adroddiadau Blynyddol gan yr Ombwdsmon yn hysbys ar hyn o bryd. Bydd dyddiad cyfarfod yn cael ei neilltuo ar eu cyfer gynted ag y bo'n ymarferol.

Yn rhinwedd Paragraff(au) 14, 15 Rhan 4, Atodlen 12A
Deddf Llywodraeth Leol 1972.

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