

To: Members of the Corporate
Governance Committee

Date: 19 April 2018

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Dear Councillor

You are invited to attend a meeting of the **CORPORATE GOVERNANCE COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 25 APRIL 2018** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN.**

Yours sincerely

G. Williams
Head of Legal, HR and Democratic Services

AGENDA

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

1 APOLOGIES

2 DECLARATION OF INTERESTS (Pages 5 - 6)

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

3 URGENT MATTERS

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

4 MINUTES (Pages 7 - 12)

To receive the minutes of the Corporate Governance Committee meeting held on 07 February 2018 (copy enclosed).

5 HOMELESSNESS PREVENTION REPORT (Pages 13 - 22)

To receive for information (copy enclosed) an update on the progress of the Homelessness Prevention Action Plan to be delivered to Partnerships Scrutiny 03 May 2018.

6 COMPLIANCE WITH DENBIGHSHIRE'S RISK MANAGEMENT POLICY (Pages 23 - 54)

To consider a report by the Strategic Planning Team Manager (copy enclosed) on the Strategic Risk Management Framework used in Denbighshire County Council.

7 INTERNAL AUDIT UPDATE (Pages 55 - 78)

To consider a report by the Chief Internal Auditor (copy enclosed) updating members on Internal Audit progress.

8 INTERNAL AUDIT STRATEGY (Pages 79 - 92)

To consider a report by the Chief Internal Auditor (Copy enclosed) on the Internal Audit Strategy for 2018-19.

9 INTERNAL AUDIT ANNUAL REPORT (Pages 93 - 110)

To consider a report by the Chief Internal Auditor (Copy enclosed) on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informs the 'annual governance statement'.

10 DRAFT ANNUAL GOVERNANCE STATEMENT (Pages 111 - 134)

To consider a report by the Chief Internal Audit or (copy enclosed) which provides the draft self-assessment report on the Council's governance and improvement arrangements for 2017/18.

11 WAO ANNUAL AUDIT PLAN (Pages 135 - 160)

To receive a report from the Wales Audit Office (copy enclosed) on the 2018 Annual Audit Plan for Denbighshire County Council.

12 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 161 - 162)

To consider the committee's forward work programme (copy enclosed).

PART 2 - CONFIDENTIAL ITEMS

It is recommended in accordance with Section 100A(4) of the Local Government Act 1972, that the Press and Public be excluded from the meeting during consideration of the following item(s) of business because it is likely that exempt information (as defined in paragraph 14 of Part 4 of Schedule 12A of the Act) would be disclosed.

13 INTERNAL AUDIT REPORT - PUBLIC CONVENIENCES (Pages 163 - 178)

To consider a confidential report by the Chief Internal Auditor (copy attached) providing details of a recent Internal Audit report on Public Conveniences that received a 'Low' Assurance rating.

MEMBERSHIP

Councillors

Mabon ap Gwynfor
Tony Flynn
Martyn Holland

Alan James
Barry Mellor

Lay Member

Paul Whitham

COPIES TO:

All Councillors for information
Press and Libraries
Town and Community Councils

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LOCAL GOVERNMENT ACT 2000

Code of Conduct for Members

DISCLOSURE AND REGISTRATION OF INTERESTS

I, (<i>name</i>)	<input type="text"/>
a *member/co-opted member of <i>(*please delete as appropriate)</i>	Denbighshire County Council
CONFIRM that I have declared a *personal / personal and prejudicial interest not previously declared in accordance with the provisions of Part III of the Council's Code of Conduct for Members, in respect of the following:- <i>(*please delete as appropriate)</i>	
Date of Disclosure:	<input type="text"/>
Committee (<i>please specify</i>):	<input type="text"/>
Agenda Item No.	<input type="text"/>
Subject Matter:	<input type="text"/>
Nature of Interest: <i>(See the note below)*</i>	<input type="text"/>
Signed	<input type="text"/>
Date	<input type="text"/>

*Note: Please provide sufficient detail e.g. 'I am the owner of land adjacent to the application for planning permission made by Mr Jones', or 'My husband / wife is an employee of the company which has made an application for financial assistance'.

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CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1a, County Hall, Ruthin on Wednesday, 7 February 2018 at 1.00 pm.

PRESENT

Councillors Mabon ap Gwynfor, Martyn Holland (Vice-Chair), Alan James, Barry Mellor (Chair) and Joe Welch

Lay Member Paul Whitham

Councillor Julian Thompson-Hill, Lead Member for Finance, Corporate Plan and Performance.

Councillor Julian Thompson-Hill and Councillor Mark Young, Lead Member for Corporate Standards

ALSO PRESENT

Head of Legal, HR & Democratic Services (GW), Head of Finance (RW), Chief Accountant (SG), Chief Internal Auditor (LL), Internal Auditor (GS), Head of Highways and Environmental Services (TW), Fleet Manager (CB), Business Information Team Manager (CB) and Committee Administrator (SJ).

Wales Audit Office Representative –Gareth Evans

1 APOLOGIES

Apologies for absence were received from Councillors Tony Flynn

Apologies for absence were received from Wales Audit Office representatives Anthony Veale and Gwilym Bury.

2 DECLARATION OF INTERESTS

Councillors Martyn Holland, Barry Mellor, Mabon ap Gwynfor, and Julian Thompson-Hill declared personal interests in agenda item 6 as they were school Governors.

3 URGENT MATTERS

No urgent matters were raised.

4 MINUTES

The minutes of the Corporate Governance Committee held on the 29 November 2017 were submitted.

Matters Arising –

Item 4 Minutes- Lay member Paul Witham requested clarification of the definition of Contingency and this be circulated to members. The Head of Legal, HR and Democratic Services apologised for the delay and confirmed he would research the definition and circulate to members of the committee.

RESOLVED that subject to the above, the minutes of the Corporate Governance Committee be received and approved as a correct record.

5 CORPORATE FLEET MANAGEMENT UPDATE

The Chief internal Auditor (CIA) introduced the Corporate Fleet Management Update report (previously circulated) to provide information on the progress of the action plan which had accompanied the Internal Audit report on Corporate Fleet Management in October 2015.

The Internal Audit follow up action plan appendix 1 indicated progress had been made with implementing the issues and risks identified by Internal Audit. Of the 13 issues raised in the original audit in 2015, 12 had been successfully resolved, which included developing a new transport policy, monitoring fuel stocks and improvement to Health and Safety driver checks. Work was still underway to resolve the one outstanding issue. The CIA was confident the issue would be resolved.

Head of Highways and Environmental Services (HHES) echoed the opinion of the CIA and confirmed work was on plan to resolve the final issue raised.

The following matters were raised during debate –

- Drivers holding clean driving licences – The Fleet Manager (FM) confirmed fleet vehicle users have their licence checked. Employees complete a declaration to inform management to any changes to driving licences immediately. The FM informed members duty of care and managing risk was priority.
- Members asked when the final issue was proposed to be resolved- The FM stated he anticipated the final issue would be resolved by October 2018.
- The FM confirmed that all Denbighshire Fleet Vehicles are fitted with black boxes. Information is collected and used to implement any changes required.
- Members asked about the effectiveness of fuel – The FM informed members at present no changes had been proposed to change fuel in fleet vehicles. Fleet services team are assessing sources of alternative fuel such as electric vehicles. At present the FM stated the infrastructure does not support the use of electric vehicles. The HHES stated the council is currently participating in a Welsh Government funded project which will help us to develop a roadmap to facilitate a move to using more sustainable fuel within our fleet.

The Chair thanked and praised the Fleet Services and Internal Audit for the hard work that had been involved in the completion of addressing the 12 issues raised.

RESOLVED that the Corporate Governance receive the Fleet Management update and note its contents.

6 INTERNAL AUDIT UPDATE

The Chief Internal Auditor (CIA), introduced the Internal Audit update report (previously circulated) updating members on the Internal Audit progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

The report provided information on work carried out by Internal Audit since the last committee meeting. The CIA guided members through the reports which provided an update as at January 2018 on:

- Internal Audit reports recently issued
- Follow up of previous Internal Audit reports
- Progress on Internal Audit work to date 2017-18
- A summary of upcoming Internal Audit projects
- Progress with Counter Fraud work
- Internal Audit Performance standards

The following matters were raised during debate –

- Document retention – The CIA confirmed that document retention had been discussed previously. Confirmation was given that arrangements had been put in place to improve housekeeping of document retention.
- Settlement Agreements – January 2018 – Members asked if trends had been found when looking at numerous departments. The CIA confirmed a sample of settlement agreements had been audited. Each agreement had been looked at individually as they were complex cases. Departments with higher volume of staff had more cases. The Monitoring Officer (MO) confirmed a risk base approach had been adopting when looking at settlement agreements.
- Progress with Counter Fraud Work – The Internal Auditor stated the result from fraud referrals investigated was positive. The small number of referrals were thoroughly investigated. Tight controls were in place to reduce the number of fraud cases with all findings recorded and regularly monitored. The MO echoed the positive transparency of the Audit report and stated no statements of concern had been made through the whistleblowing policy.

The Chair was pleased to see Health and Safety in Schools included in the upcoming projects and welcomed the Internal Audit Report.

The CIA explained that exploration had taken place into the use of a new system named VERTO to follow up and record Audit reports. It is envisaged that the new system would aid in reducing the number of audit days spent following up agreed actions, and highlighting any outstanding issues with senior management. Update reports will be produced and presented to the Corporate Governance Committee.

The Chair thanked the officers and Internal Audit for the report.

RESOLVED that the Corporate Governance Committee receive the update report and note its contents.

At this junction (14:05 a.m.) there was a 10 minute break.

Meeting reconvened at 14:15 a.m.

7 GENERAL DATA PROTECTION REGULATION (GDPR)

A presentation on General Data Protection Regulations (GDPR) was provided by the Business Information Team Manager (BITM). Via the PowerPoint presentation the BITM gave members outlined the work that had been undertaken prior to the introduction of GDPR in May 2018.

Members were informed of the basics changes that included-

- Wider definition of personal data
- Larger fines
- Mandatory notification of serious breaches within 72 hours
- Mandatory Data Protection Officer
- Mandatory Data Protection Impact Assessments for high risk activities
- Greater focus on evidencing compliance
- Legally binding contracts with data protection.

The BITM informed the committee that a Denbighshire County Council Information Governance Group had been established to support and monitor compliance and ensure all changes are managed effectively. Numerous policies would be reviewed and updated to reflect the changes and staff would receive training.

During discussion the following points were raised –

- Subject Access Requests- the BITM confirmed that if a deadline for information was exceeded the Information Commission Officer would consult as to the reason for the delay and could issue a fine.
- Member IPAD- holding data- The Monitoring Officer explained that Councillors were data controllers, training was provided to data controllers if required to update knowledge on storing data.
- Templates are being sought to adopt in Denbighshire to provide assurance and confidence.

RESOLVED, that the Corporate Governance Committee receive the update report on the General Data Protection Regulation.

8 ANNUAL TREASURY MANAGEMENT STRATEGY

The Head of Finance (HOF) introduced the Treasury Management Strategy Statement (TMSS) Report (Appendix 1 - previously circulated) which showed how the Council would manage its investments and its borrowing for the coming year and sets out the Policies within which the Treasury Management function operate. The report also outlined the likely impact of the Capital Plan on this strategy and on the Prudential Indicators. The Treasury Management Update Report (appendix 2) provided details of the Council's Treasury Management activities during 2017/18.

The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") required the Council to approve the

TMSS and Prudential Indicators annually. The Corporate Governance Committee were required to review the report prior to its approval at Council in February 2018.

During discussion the following points were raised –

- Regulators had 2 categories of Clients- Retail Client and Professional Client. The nature of the advice given was subject to the level of investment balance.
- The Council set aside money each year to repay debt – Minimum Revenue Payment (MRP). The MRP Policy received an annual review.
- The Capital fund ration had reduced due to the low rates of borrowing. The HOF informed members this would change in line with rate increases.
- A final Audit review was awaited. Publication was due later in the year.
- It was confirmed that the Treasury Management Report would be presented at full Council in February 2018.

RESOLVED, that the Committee note the Treasury Management Strategy Statement for 2018/19, the Prudential Indicators 2019/20 to 2020/21. The Committee note the Treasury Management Update Report 2016/17 and confirm it has read, understood and taken account of the Well-being Impact Assessment as part of its consideration.

9 CLOSURE OF STATEMENT OF ACCOUNTS

The Chief Accountant (CA) introduced the report (previously circulated) providing a summary of the work involved in the financial year- end closedown process and to update members on the progress made towards the statutory early closedown of accounts. The report highlighted an agreed change to the way the Council deals with non-material errors that are identified during the audit that will affect the final Welsh Audit Office (WAO) report to Corporate Governance Committee.

The CA guided members through the report, highlighting the Welsh Governments proposal to bring forward the publishing dates of the Statement of Accounts. An earlier publication date would enhance the accountability of authorities and the usefulness of accounts to local residents as the statement of accounts report would be available on a more timely basis. The CA assured members the Council was making positive progress working towards earlier deadlines.

It had been agreed by Denbighshire County Council and WAO that the draft Statement of Accounts will not be amended to correct non- material misstatements. The CA highlighted the following points-

- The overall opinion of the Audit was not affected
- WAO would still report uncorrected misstatements to Corporate Governance Committee.

The WAO representative echoed the update from the CA, adding that communication with the Finance team would still remain transparent. Completing clean set of accounts would remain the priority of the Council and WAO.

During discussion the following points were raised –

- The wording used in the accounts report was of high importance.
- Asset register would still be included in the report.

RESOLVED that the Corporate Governance Committee receive the report and note,

- I. *the progress made towards achieving the early closedown dates as stipulated by Welsh Government,*
- II. *the change in approach in the way the Council deal with non-material errors identified during the audit and the effect on the final WAO report.*

10 ANNUAL AUDIT LETTER

The Wales Audit Office (WAO) provided Members with an information letter (previously circulated) detailing the Annual Audit letter for Denbighshire County Council 2016-2017.

***RESOLVED**, that the committee receive and note the content of the WAO letter.*

11 WALES AUDIT OFFICE'S PROGRAMME OF WORK

The Wales Audit Office (WAO) provided Members with an information report (previously circulated) detailing the proposed programme of work. The report highlighted proposed Wales Audit Office reports on both financial and performance related audit work.

***RESOLVED**, that the committee receive and note the content of the WAO report.*

12 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

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

The Committee confirmed the Corporate Governance FWP subject to the following amendments:-

07 March 2018 –

- CIPFA (Audit Committee Practical Guidelines) / Terms of reference.

25 April 2018 –

- Compliance with Denbighshire's Risk Management policy

11 July 2018 –

- Treasury Management
- Update Constitution report

***RESOLVED** that, subject to the above, the Corporate Governance Committee approves the Forward Work Programme.*

The meeting concluded at 15:40 p.m.

Report To: Corporate Governance/ Partnerships Scrutiny Committee

Date of Meeting: 25April/ 3rd May 2018

Lead Member / Officer: Bobby Feeley, Lead Member for Wellbeing and Independence / Phil Gilroy, Head of Community Support Services

Report Author: Liana Duffy, Homelessness Prevention Commissioning Officer

Title: **Homelessness Prevention Action Plan Update**

1. What is the report about?

To update Partnerships Scrutiny on the progress of the Homelessness Prevention Action Plan, incorporating actions required by the Denbighshire Homelessness Strategy 2017-21; the Denbighshire Supporting People / Homelessness Prevention Annual (Commissioning) Plan, and the recommendations of the Welsh Audit Office report: 'How Local Government Manages Demand – Homelessness' (January 2018).

2. What is the reason for making this report?

To report on the progress to date in implementing the Homelessness Prevention Action Plan (including the latest position with respect of future Supporting People funding). It was agreed at Scrutiny in November 2017 that a progress report on the implementation of the Strategy and Plan (the Action Plan) be presented to the Committee at its meeting in May 2018.

3. What are the Recommendations?

3.1. For Scrutiny to support the delivery of the Homelessness Prevention Action Plan, to ensure that everyone is supported to live in homes that meet their needs;

3.2. For Scrutiny to be assured that plans are being developed to mitigate any risks associated with the potential future withdrawal of the protection currently afforded to Supporting People funding for homelessness prevention work.

4. Report details

4.1. The Denbighshire Homelessness Prevention Team continue to develop and work to a broad action plan, based on the Denbighshire Homelessness Strategy 2017-21 (the Strategy) and the Supporting People/Homelessness Prevention Annual Commissioning Plan 2018/19 (the Plan), as well as the recommendations of the Welsh Audit Office report: 'How Local Government Manages Demand – Homelessness' (January 2018).

4.2. The Strategy, which provides the over-arching direction, has been developed, and will be delivered, in accordance with the statutory requirement placed on us as a Local Authority by the Housing (Wales) Act 2014. The Strategy must be delivered in partnership across Council departments and with our external partners, if we are to be successful in achieving its vision: To end homelessness in Denbighshire. This is all the more imperative given budgetary pressures in Homelessness Prevention.

4.3. The table in Appendix 1 provides an overview update on key actions for 2017/18 and 2018/19, grouped under over-arching priority areas based on a collation of priorities set out in the Strategy, the Plan, and the eight recommendations of the WAO report, as follows:

- 4.3.1. Develop a Holistic Homelessness Prevention Service, that is psychologically informed
- 4.3.2. Prevention of Homelessness Against the Main Causes, including tackling poverty
- 4.3.3. Reduce the use of Temporary Accommodation and seek to end the use of Bed & Breakfast Accommodation
- 4.3.4. Improve Access to Accommodation
- 4.3.5. Develop an integrated approach to supporting people with multiple/complex needs
- 4.3.6. Prevent Youth Homelessness, including embedding a 'Positive Pathway' approach
- 4.3.7. Citizen Involvement
- 4.3.8. The sustainability of housing related support, including maximising existing provision

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

The Action Plan contributes to supporting Denbighshire's Corporate Plan 2017-22 in the following areas:

- Everyone is supported to live in homes that meet their needs
- The Council works with people and communities to build independence and resilience
- Younger people want to live and work here and have the skills to do so

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

6.1. The ongoing and future actions required will have significant implications for the statutory homelessness budget, and the Supporting People Grant - the latter of which is currently ring-fenced from Welsh Government; the former coming from central Community Support Services budget.

6.2. As with any such strategy/action plan, significant resource investment will be required. This will be managed within the existing allocated budgets; however there will be also be a requirement for the Homelessness Prevention Team to work and invest collaboratively with both internal and external partners. Any such plans will be developed and managed via relevant channels, including the Homelessness Prevention Planning Group. It's also vital that we achieve buy-in at all levels, including corporately.

7. What are the main conclusions of the Well-being Impact Assessment?

Wellbeing Impact Assessments have already been completed and shared with Scrutiny and Cabinet in 2017 during the Strategy and Plan's development.

8. What consultations have been carried out with Scrutiny and others?

8.1. The Strategy is primarily based on the findings of the 2016 Homelessness Review, which was informed by significant consultation. The Strategy itself was then primarily developed by the multi-agency Homelessness Prevention Steering Group, with

additional input from the Homelessness Prevention (previously Supporting People) Planning Group. It was also subject to a formal consultation period (13/07/2017 – 10/08/2017), during which time feedback was sought from citizens, service providers, and our other partners. It was also consulted on at the Annual Homelessness Prevention Day in August, which was well attended by citizens and other stakeholders. Following Partnerships Scrutiny in November 2017, the Strategy was approved by Cabinet in December 2017.

8.2. The priorities and actions set out in the Annual Plan were informed by a range of information we gather throughout the year, including the views of citizens, with our Citizen Involvement Officer working closely with projects to make sure people have their voices heard. At each stage of the Plan's development, the Homelessness Prevention Planning Group were consulted and given sign-off. The Plan was also subject to a formal consultation period (27/06/2017 – 22/08/2017), during which time it was discussed in several planning and other forums. It was also consulted on at the Annual Homelessness Prevention Day in August, which was well attended by citizens and other stakeholders. Following Partnerships Scrutiny in November 2017, the Strategy was approved by Cabinet in December 2017.

9. Chief Finance Officer Statement

Cost implications will become clearer as actions within the Plan and should be contained within existing resources. Whilst Supporting People grant funding levels are thought to be fixed overall in the short term, changes to policy or distribution may have an impact in future. The council's general approach is to pass reductions in grant funding through to the service area being provided.

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

10.1. Despite recent budget announcements from Welsh Government, stating that the Supporting People grant will not be reduced at a national level, Welsh Government may still continue with the redistribution formula of the SP Grant. This would mean a grant reduction for Denbighshire in future.

10.2. We must also await the outcome of the proposed super grant, and contribute to its development wherever possible, to ensure that front-line homelessness prevention services are protected. Guidance from Welsh Government is at present inconclusive.

10.3. Ongoing planning (as per appendix 1) is taking place in Denbighshire to mitigate any future grant reduction, to ensure the Action Plan remains financially viable and within the resources available.

11. Power to make the Decision

Section 7.4.2(b) of the Council's Constitution outlines Scrutiny's powers in respect of scrutinising and reviewing the Council's performance in relation to its policy objectives, performance targets and/or particular service areas.

Contact Officer:

Homelessness Prevention Commissioning Officer

Tel: 01824 712304

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Denbighshire Homelessness Prevention Action Plan

Priority Area	Progress since 2017	Future Actions & Considerations for 2018/19
<p>Develop a Holistic Homelessness Prevention Service, that is psychologically informed</p>	<ul style="list-style-type: none"> Remodelled four Supporting People (SP) contracts, creating one Multi-Disciplinary Homelessness Prevention project that will commence 1st June 2018. The project will provide holistic homelessness prevention support to people with a range of needs. R.1.2 Homelessness Prevention Officers have chosen individual specialisms (e.g. mental health) to lead on. PIE development - All of the Team (and a lot of our commissioned services) have had Psychologically Informed Environment (PIE) training – we are committed to developing all of our services to become PIEs. We have developed a number of joint homelessness prevention protocols with key agencies, e.g. Shelter Cymru, Children’s Social Services. R.6 We have recently trailed a new triage service, providing first contact information, advice and assistance to people experiencing housing problems. R.3.2 Case file systems have been improved to allow for more streamlined and needs-led service delivery. We have developed a user friendly homelessness prevention advice leaflet, and are working on improving our other resources. R.4; R.5 	<ul style="list-style-type: none"> We will continue to look at opportunities to remodel commissioned services, to ensure they deliver multi-disciplinary support that is needs-led. Learning from the triage pilot to inform future commissioning. R.3.3 Further work to be undertaken to improve our online presence (including developing online tools, supporting people to help themselves through online advice/signposting). We will work with ICT and Communications to reach SOCTIM four star rating. R.5 A range of Homelessness Prevention Service KPIs are to be developed, ensuring high standards of delivery across a broad range of service functions. R.4 Clear service standards will also be published, also incorporating the findings of the service review in line with the Equal Ground Standard (see Citizen Involvement priority area, below). R.4 Further development of PIEs, to include further staff training around areas such as ACEs (adverse childhood experiences), complex trauma and motivational interviewing, and beginning to use reflective practice. R.1.1 Some further joint protocols with key partners to be developed/finalised. R.6
<p>Prevention of Homelessness Against the Main</p>	<ul style="list-style-type: none"> There is now a clear corporate commitment to tackle homelessness and its causes in Denbighshire Community Navigator post to commence in 2018; foremost in response to the upcoming introduction of Universal Credit, they will be based primarily in the Job 	<ul style="list-style-type: none"> Training programme to be developed in 2018/19, to ensure homelessness prevention awareness amongst key agencies. Will need to consider how

<p>Causes, including tackling poverty</p>	<p>Centre, offering early intervention advice, support and assistance to prevent homelessness. R.3</p> <ul style="list-style-type: none"> • Universal Credit awareness training offered to all Homelessness Prevention (including commissioned services) staff in 2017/18. • Prison Resettlement Officer post to commence in 2018, ensuring the effective delivery of the Prisoner Pathway, ensuring early intervention and coordinated support and accommodation options to prevent homelessness amongst people leaving prison. • Working closely with employment support agencies, including DCC Strategic Employment, to ensure that people who are homeless or threatened with homelessness are able to access employment opportunities. This includes supporting the development of work experience opportunities. • Pre-eviction protocol developed with Community Housing. • Continued work to improve relationships with private sector landlords, including dedicated tenancy sustainment support for people moving on from temporary accommodation. • KPIs including very low level eviction targets are being included in all new SP contracts. • Paperwork and processes have been updated to ensure/allow for more creative options to be explored to prevent homelessness (e.g. use of the Homelessness Prevention Fund). • Awareness raising of mediation, with this often being a key element of a support offer to prevent homelessness due to relationship (e.g. family, landlord) breakdown. R.1.1 • We continue to closely monitor emerging needs (significantly revising our needs mapping system in 2017 to ensure a more valid and reliable picture of needs to inform service commissioning and delivery). This includes equality and diversity monitoring, which informs Team training (e.g. transgender awareness training). R.7 	<p>YouTube/social media could effectively be utilised for this awareness raising.</p> <ul style="list-style-type: none"> • Domestic Abuse homelessness prevention services to be reviewed/developed in 2018/19 in line with new commissioning guidance from Welsh Government. • Pre-eviction protocol to be finalised with other RSLs. • Ongoing work to allow the focus to really shift from reaction to prevention – resources and partnership working will be key to this.
<p>Reduce the use of Temporary Accommodation</p>	<p>Support service remodels and KPIs have been developed to support statutory homelessness functions, including swifter move on from, and preventing the use in the first place of temporary accommodation. R.6</p>	<ul style="list-style-type: none"> • DCC corporately will need to make decisions around funding of temporary accommodation / sourcing

<p>and seek to end the use of Bed & Breakfast Accommodation</p>	<ul style="list-style-type: none"> • Protocol developed with the Single Pathway (SP referrals Team) to ensure everyone in temporary accommodation can access SP support where needed. • Continued close working with SARTH (Single Access Route to Housing).* • Continued work to improve availability in the private sector via improving landlord relations and developing the landlord offer. • Significant work undertaken to reduce rent arrears amongst people in temporary accommodation, ensuring that arrears will not be a barrier to move on. • Projects with Public Protection and Crest are to commence in 2018, supporting the provision of quality move on accommodation – ensuring compliance with legal standards, and that accommodation is also of a standard to improve wellbeing, and that people are equipped with the skills and confidence to maintain their home (e.g. undertaking practical maintenance tasks). 	<p>alternative options – this is not something that the Homelessness Prevention Team can do in isolation.</p> <ul style="list-style-type: none"> • Targets around reducing the use of B&B accommodation will be incorporated into the Homelessness Prevention KPIs (as referenced above) • *Further work is needed to ensure a fully coordinated approach between SARTH and the Homelessness Prevention Team. R.6
<p>Improve Access to Accommodation</p>	<ul style="list-style-type: none"> • Public Protection and Crest posts, as above. • KPIs including target time frames for sourcing accommodation are being included in all new SP contracts. R.6 • Obtained grant funding for 5 internal and external homelessness prevention staff members to be trained in delivering the ‘Renting Ready’ course, equipping people who are homeless or threatened with homelessness with the skills and confidence to sustain a tenancy (e.g. manage bills, cook on a budget etc.) • KPIs including target levels of citizen access of Renting Ready are being included in all new SP contracts. 	<ul style="list-style-type: none"> • Move-on panel/protocol, in line with Homeless Link Guidance and best practice must be developed. This is a significant project that we aren’t currently able to undertake within current resources – this will need to be looked at in 2018/19. • Working with Communities, Assets and Housing, to be involved in work around utilising empty homes. • We will review the two rent bond schemes in Denbighshire, to avoid duplication and maximise citizen outcomes.

<p>Develop an integrated approach to supporting people with multiple/complex needs</p>	<ul style="list-style-type: none"> Secured dedicated high standard temporary accommodation for people with serious mental health issues, working closely with mental health services to provide specialist support packages. Continued close working with mental health services, including close working with hospital discharge, attending ward rounds, and contributing to the North Wales Together for Mental Health Local Implementation Team. Integrated Housing First consultancy/development work has been commissioned in 2017/18 – to scope needs, build partnerships, identify accommodation sources and develop an integrated Housing First service specification. R.6 Developed a Tenancy Enabler service in the DCC Complex Disabilities Team, enabling people with learning disabilities / acquired brain injury / autistic spectrum disorder to move on to more independent accommodation, reducing the demand on statutory managed care/support services. 	<ul style="list-style-type: none"> Developing the multi-agency Denbighshire Homelessness Forum is a priority. With the loss of the Homelessness Strategy Officer, we will need to consider resources to get the Forum off the ground. A lot of joined up working will be needed to develop an integrated Housing First service, based on the findings of the consultancy/development work in 2017/18. Homelessness Prevention cannot deliver Housing First in isolation. We must continue to explore options for best supporting people with serious alcohol use problems, including looking at options around safe drinking environments offering holistic support, and learning from Alcohol Concern’s ‘Blue Light’ multi-agency harm reduction agenda.
<p>Prevent Youth Homelessness, including embedding a ‘Positive Pathway’ approach</p>	<ul style="list-style-type: none"> Developed Young People’s Positive Pathway Project – a partnership between Homelessness Prevention, Children’s Services and Youth Justice – providing dedicated homelessness prevention interventions and support for all young people (up to 25) presenting as homeless/at risk of homelessness to DCC. As a result of the project’s development, in 2017/18, between quarter and quarter 3, referrals for formal support reduced significantly from an average of 83% to 39% - with young people being empowered to use their own strengths and resources, and remain in the family home wherever possible. The Dyfodol young people’s supported housing project continues to be remodelled, with the Collaborative Agreement for the new service due to commence in October 2018. The new service will be better geared up to supporting young people with a range of needs, offering more appropriate accommodation to best safeguard and improve the wellbeing and other outcomes of young people supported. R.6 	<ul style="list-style-type: none"> Improving employment opportunities for young people continues to be absolutely vital, so that they are able to afford to live in their own accommodation. We will support the trial project offering DCC catering work experience placements, in the pipeline for this year. We must also contribute to work in DCC to develop strategic employment. We must work alongside DCC Housing Strategy and other partners to consider options for shared accommodation in future. Community housing accommodation to be identified that can be solely maintained for 16/17 year olds – work needs to be done to ensure a joined up commitment and understanding of roles and responsibilities across key partners, including Homelessness Prevention, Children’s Services etc.

<p>Citizen Involvement</p>	<ul style="list-style-type: none"> • DCC Homelessness Prevention Citizen Involvement Policy finalised in 2017 – setting out our commitments and service standards in relation to meaningful involvement and co-production in all that we do. R.4 • Citizen Involvement Officer has begun a series of citizen consultations – part of reviewing our overall service in line with Equal Ground Standard. R.4 • Citizen Involvement Officer and Commissioning Officer have begun to work far more closely, including joint visits to meet supported housing residents, to ensure that citizen feedback is a much more organic part of our commissioning. 	<ul style="list-style-type: none"> • Homelessness Prevention service review in line with the Equal Ground standard to continue. • The Annual Commissioning Plan and Homelessness Prevention Day must be far more citizen led – this must be a real co-production project in 2018.
<p>The sustainability of housing related support, including maximising existing provision</p>	<ul style="list-style-type: none"> • The Supporting People and Homelessness Prevention Teams merged in 2017, enabling a far more integrated approach and maximisation of resources, supporting greater sustainability, especially in light of future proposed funding changes (the 'Super Grant') • We now have less dependency on the SP Grant for Homelessness Prevention roles – from April 2018 all Grant Administration Staff are funded via, and sit within, central Community Support Services. • Continuing to contribute to consultations around the future of supported housing funding regimes. • We have critically reviewed the activities undertaken by the Homelessness Prevention Officers, to determine aspects of work that can be completed by other roles within the service and ensure a focus on prevention. This has helped to inform the development of the triage pilot and the Community Navigator post. R.1.1; R.1.3; R.8 • We are also working to ensure that commissioned services best complement statutory functions, including via the KPIs incorporated into each new SP contract, and rolling out a programme of awareness raising/training on the work of the Homelessness Prevention Team amongst all of our commissioned services. R.6 	<ul style="list-style-type: none"> • We must await the outcome of the proposed super grant, and contribute to its development wherever possible, to ensure that front-line homelessness prevention services are protected. Guidance from Welsh Government is at present inconclusive. • DCC Strategic Employment and Strategic Planning are leading on preparations for the grant changes, which we will support throughout the year. • We will self-assess our service in 2018/19 according to the WAO 'Key considerations for local authorities in managing demand' checklist. R.8

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Report To:	Corporate Governance Committee
Date of Meeting:	Wednesday 25 April 2018
Lead Member / Officer:	Julian Thompson Hill, Lead Member for Finance & Efficiency / Alan Smith, Head of Business Improvement & Modernisation
Report Author:	Nicola Kneale, Strategic Planning Team Manager
Title:	Corporate Risk Management Framework

1. What is the report about?

- 1.1 This report is about the Strategic Risk Management Framework used in Denbighshire County Council. The framework governs how we manage risk at the corporate and service level.

2. What is the reason for making this report?

- 2.1 This report summarises how the Corporate Risk register is monitored and managed and therefore represents an annual report for Corporate Governance Committee to consider how Risk is managed in the Authority.
- 2.2 A formally updated version of the Corporate Risk Register was agreed at Cabinet Briefing on 9 April 2018 and will be presented for consideration at Performance Scrutiny on 26 April 2018.

3. What are the Recommendations?

- 3.1 It is recommended that Members discuss the report and consider whether any further actions are required to provide assurance about the risk management framework.

4. Report details

- 4.1 The Corporate Risk Register enables the council to manage the likelihood and impact of risks that it faces by evaluating the effect of any current mitigating actions, and recording deadlines and responsibilities for further action that should enable tighter control.
- 4.2 The Corporate Risk Register has been developed by, and is owned by, the Corporate Executive Team. The process for reviewing the Corporate Risk Register is as follows:
 - Services are encouraged to review their risk registers twice per year (according to the Corporate Risk Management methodology) prior to each Corporate Risk Register review, and also prior to their Service Performance Challenge meetings. Any issues or queries are discussed in the Service Performance Challenge meetings.
 - The Strategic Planning Team analyses all service risk registers to identify any risks of corporate significance, or any risk themes emerging across services.

- Updates on current corporate risks are collected from risk owners, and updates on mitigation actions are collected from action owners.
- Individual meetings are held with the Chief Executive and Directors to discuss the risks for which they are lead. Consideration is given to whether the risk remains, whether the scores are accurate, and whether any new risks under their jurisdiction need to be included.

- 4.3 The Corporate Risk Register is formally reviewed twice yearly by Cabinet and CET. However, any significant new or escalating risks are brought to the attention of CET (via the Strategic Planning Team) as and when they are identified. CET then take a view as to whether that risk should be included in the Corporate Risk Register.
- 4.4 Following each formal review of the Corporate Risk Register (twice per year), the revised document is presented to Performance Scrutiny. See Appendix 1 and 2 for the latest documents and background information presented to Cabinet Briefing in April.
- 4.5 Actions identified to address corporate risks are included in Service Plans (where appropriate), which enables Performance Scrutiny Members to monitor progress. Any performance issues in relation to the delivery of these activities should be highlighted as part of the Service Performance Challenge process.
- 4.6 The council's Internal Audit function provides independent assurance on the effectiveness of the internal control procedures and mechanisms in place to mitigate risks across the council. It also offers independent challenge to ensure the principles and requirements of managing risk are consistently adopted throughout the council. Internal Audit Services also use information from our service and corporate risk registers to inform its forward work programme.
- 5. How does the decision contribute to the Corporate Priorities?**
The purpose of the Corporate Risk Register is to identify the potential future events that may have a detrimental impact on the council's ability to deliver its objectives, including its corporate priorities. The identified controls and actions are therefore crucial to the delivery of the corporate priorities.
- 6. What will it cost and how will it affect other services?**
The cost of developing, monitoring and reviewing the Corporate Risk Register is absorbed within existing budgets.
- 7. What are the main conclusions of the Well-being Impact Assessment?**
This report is for information only and does not require a Well-being Impact Assessment.
- 8. What consultations have been carried out with Scrutiny and others?**
Details of the consultation process to review the Corporate Risk Register are contained in paragraph 4.2.

9. Chief Finance Officer Statement

There are no financial implications arising from the process outlined in this report for developing, monitoring and reviewing the Corporate Risk Register.

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

The main risk associated with the risk management process is that the registers are not regularly reviewed and do not therefore become a dynamic and meaningful management tool. However, the process is fully integrated into the council's performance management framework, which should mitigate against this.

11. Power to make the Decision

Local Government Act 2000.

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The main changes made to the Corporate Risk Register are listed below, along with any points of note:

- i. DCC001: *'The risk of a serious safeguarding error where the council has responsibility, resulting in serious injury or death'*. Two actions have been completed: launch of a corporate safeguarding training package, and relocation of the POVA team. A new action has been added: 'Monitor the completion of the Safeguarding e-learning module', because the e-learning package has only recently been launched. Depending on completion rates, the score will be reviewed in the next iteration of this risk register.
- ii. No change to DCC006: *'The risk that the economic and financial environment worsens beyond current expectations, leading to additional demand on services and reduced income'*. The 2018–19 budget-setting process is now complete, but there are serious pressures from 2019–20. For this reason, a strategic board has been established (Reshaping the Council Budget) made up of corporate directors and the CE, supported by the head of Finance. The purpose of the Board is to make suggestions to Members on how to reshape services to deliver a balanced budget. It's hoped that the necessary decisions will be made within necessary timescales, so the inherent risk score has reduced to C3.
- iii. DCC011: *'The risk of an ineffective response to a severe weather, contamination, or public health event (including cyber attack)'*. Risk of cyber attack added to the list of possible causes of this risk. There's a new mitigation action in place, namely that a mock disaster exercise took place in DCC in October 2017, and services were largely able to cope with the disruption. Lessons learnt from that exercise have produced an additional action: agree core staff who should have access to buildings during crisis situations. Change score from D2 to E2.
- iv. No change to DCC012: *'The risk of a significantly negative report(s) from external regulators'*.

- v. No change to DCC013: *'The risk of significant liabilities resulting from alternative models of service delivery'*.
- vi. No change to DCC014: *'The risk of a health & safety incident resulting in serious injury or the loss of life'*.
- vii. DCC016: *'The risk that the impact of welfare reforms is more significant than anticipated by the council'*. This risk has been updated to include actions currently underway to ensure a strategic approach is taken to tackle the potential risks and issues associated with the impact of Universal Credit. Risk score remains the same.
- viii. DCC018: *'The risk that programme and project benefits are not fully realised'*. Updates to boards listed in light of the new programme boards since creation of new corporate plan and introduction of Reshaping the Council's Budget Board. Two key controls have been added: i) Strategic Planning team will support the Boards, and also support performance management in the organisation, therefore there's a strong alignment between 'change' and BAU, and ii) New Corporate Plan Programme Boards chaired by Corporate Directors, who have attended Programme Management training. The likelihood of the risk materialising is the same at present, but there is scope to reduce that as we feel more assured that the new arrangements are effective.
- ix. No change to DCC021: *'The risk that effective partnerships and interfaces between BCU Health Board and Denbighshire County Council (DCC) do not develop, leading to significant misalignment between the strategic and operational direction of BCUHB and DCC'*.
- x. DCC027: *'The risk that the decisions that are necessary to enable the delivery of a balanced budget are not taken or implemented quickly enough'*. The Shaping the Council's Budget board has been established, which is likely to make some controversial suggestions that will require political support. Therefore there may be increased risk of not achieving approval for the service changes required to deliver a balanced budget. For this reason, the likelihood of this reason coming to fruition has increased from a D2 to a C2.

- xi. No change to DCC028: *'The risk that the changes we introduce have a greater positive or negative impact than we anticipated'*.
- xii. Removal of DCC029: *'Risk of successful challenge that we are illegally depriving people of their liberty'*. There is an action to continue to assess people, which reflects that this activity is now business-as-usual. This risk was initially raised corporately as a response to a legal precedent that was set, but now that appropriate arrangements are in place it's recommended that the risk is managed at service level.
- xiii. DCC030: *'The risk that appropriate capacity and skills to sustain service and corporate performance is not available'*. A new Corporate Plan, coupled with budget pressures, will sometimes require capacity to be redeployed from one area of work to another. There is a risk that the pace of the organisation's response to these requirements is not quick enough, therefore fewer benefits are realised and/or delivery of these benefits is delayed. A mitigating action here is that all services should reconsider their activities in light of new corporate priorities (whether they be from the Corporate Plan, budget decisions, or other sources of change, e.g. legislation). There is no change in the risk score at the moment, but the situation will be monitored.
- xiv. No change to DCC031: *'The risk of fraud and corruption resulting in financial and reputational loss and possibly impacting on service delivery.'*
- xv. No change to DCC033: *'The risk that the cost of care is outstripping the Council's resource'*. The mitigating actions are not quick-to-deliver, so it will be some time before they will impact on the risk score.
- xvi. New risk DCC034: *'The risk that demand for specialist care cannot be met locally'*. Availability of some specialist adult and child places can be scarce, leading to the requirement to provide expensive services that aren't available locally. Reduction in availability of domiciliary care provision also poses a risk to being unable to provide services needed (particularly in the South of the county).

- xvii. New risk DCC035: *'The risk that the return on investment that Denbighshire receives from the Regional Growth Deal is disproportionate'*. The regional growth deal offers opportunity to develop DCC's economy, and there is a risk that there is insufficient engagement to capitalise on these opportunities. Conversely, with the benefits not being clear at present, there is a risk that DCC puts in a lot of effort but doesn't receive a proportionate return on investment. Denbighshire's Strategic Employment Manager is part of the People workstream of the Growth Deal, but there is concern that greater involvement and scrutiny is required. This is reflected in the fact that the inherent and residual risk score are the same, at C1 (very high risk).

Authors

Authors Nicola Kneale, Iolo McGregor, Heidi Barton-Price, Carol A Evans, Emma Horan & Natasha Hughes

Executive Summary

Executive Summary

Programme Code CRR

Programme Name Corporate Risk Register

Programme Board Members

Carol A Evans

Project Role Programme Support

Emma Horan

Project Role Programme Support

Heidi Barton-Price

Project Role Programme Support

Nicola Kneale

Project Role Programme Support

Iolo McGregor

Project Role Programme Support

Vision

Justification and Context

Fit with Relevant Strategies

Outcomes and Benefits

Delivery Approach and Reporting Processes

Delivery Approach

Reporting Processes

Risks

Risks

00001 The risk of a serious safeguarding error where the council has responsibility, resulting in serious harm or death

Description

This risk - concerning children and adults at risk - is increasing as the environment is changing, with growing expectations around our duties in relation to 3rd party provision. The cumulative impact of reducing resources across the public sector may impact agencies' ability to appropriately recognise safeguarding risks which may also create extra pressures for the Local Authority.

Impact / Consequences

1. Significant reputational loss.
2. Possible intervention by Welsh Government.
3. Legal/compensation costs.

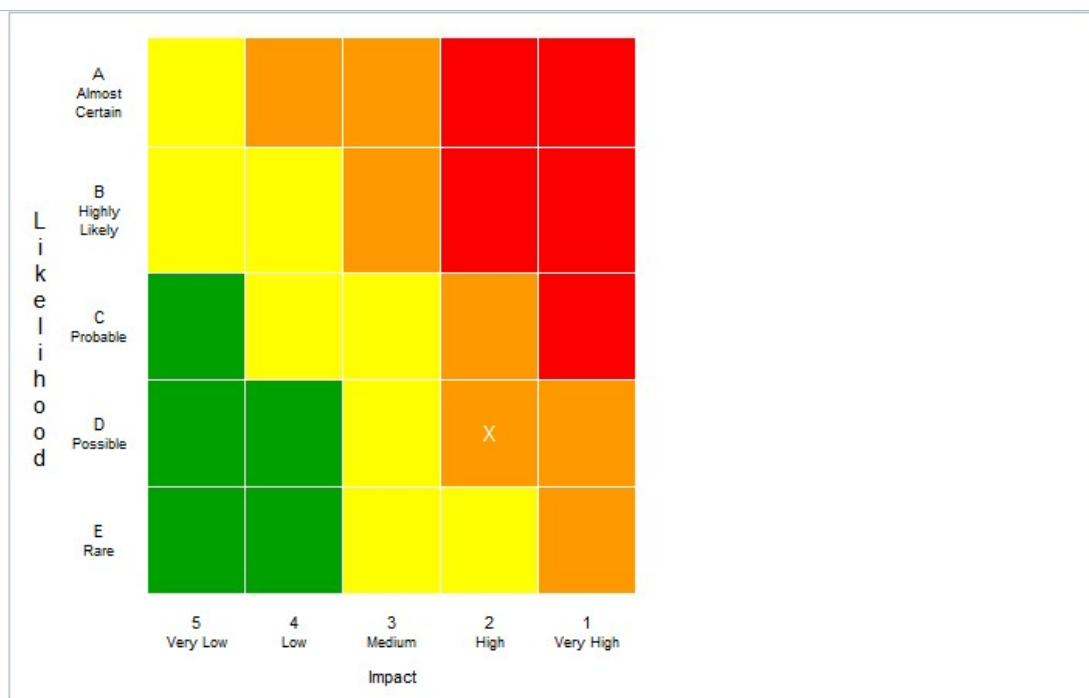
Inherent Risk

L i k e l i h o o d	A Almost Certain					
	B Highly Likely				X	
	C Probable					
	D Possible					
	E Rare					
		5 Very Low	4 Low	3 Medium	2 High	1 Very High
		Impact				

Controls to Manage Risk (in place)

1. Safeguarding policy & procedures are in place
2. Corporate Safeguarding Training Programme.
3. Wales Interim Policy & Procedures for the Protection of Vulnerable Adults from Abuse.
4. Framework of self-assessment for schools in relation to safeguarding has been established.
5. Section 28 Audits, and annual reporting requirement for services to demonstrate how they are discharging their duties in relation to safeguarding.
6. Section 28 audit tool in place for voluntary sector to ensure safeguarding practices are in place.
7. Compliance with safeguarding practises is part of the annual HR audit of schools.
8. Regional arrangements for safeguarding a) children and b) adults at risk are in place. The regional safeguarding boards set priorities and actions regionally, eg training and policies & procedures.
9. Denbighshire Leadership Conference focussed on Safeguarding, November 2014
10. Risk assessments in place for recruiting staff who require a DBS check and/or references
11. Safeguarding policy review has taken place with Schools and new guidance has been developed
12. Corporate Safeguarding Panel has been reviewed including the terms of reference, roles and responsibilities.
13. Heads of Service have been asked to ensure they consider safeguarding when reviewing their risk registers and that safeguarding be included in service challenge where appropriate.
14. Key posts within the Council that could have an impact on safeguarding have been identified and Heads of Service are reviewing the posts to ensure that adequate checks are undertaken by the Council or and external body. All new employee contracts make reference to safeguarding.
15. Briefing sessions on safeguarding and Child Sexual Exploitation have been delivered to County Council and the Leader has included corporate safeguarding in his portfolio.
16. Improvements have been made to safeguarding arrangements with contractors including (i) DBS contract checks, (ii) ensuring that Council staff responsible on site for the contractor and managing the tendering / contract process are clear of thier responsibilities in respect of safeguarding, (iii) ensuring contacts terms and conditions (including JCT) in relation to DBS checks are appropriate, (iv) ensuring that self-assessment arrangements as part of contract management are appropriate.
17. The Corporate Safeguarding Policy has been reviewed and updated in line with new legislation.

Residual Risk



Further Actions

00061 Develop a formal mechanism for recording and sharing safeguarding incidents and near misses

Description

This is a standing item on the Corporate Safeguarding Panel agenda. We will also share case reviews where there is a corporate perspective for lessons learned.

As part of the development of the CRM system, we will look at the feasibility of having a corporate system for recording safeguarding incidents.

Service representatives will report any key messages from Panel meetings to members of staff within their services.

Action Due Date

30/06/2017

Person Responsible

Nicola Stubbins

00076 Monitor the completion of the Safeguarding e-learning module

Description

Report on the percentage of staff that have completed the safeguarding e-learning package

Action Due Date

30/06/2018

Person Responsible

Nicola Stubbins

Lead Member(s)

Cllr Bobby Feeley & Cllr Huw Hilditch-Roberts

Active

Yes

Risk Owner

Nicola Stubbins

00006 The risk that the economic and financial environment worsens beyond current expectations, leading to additional demand on services and reduced income.

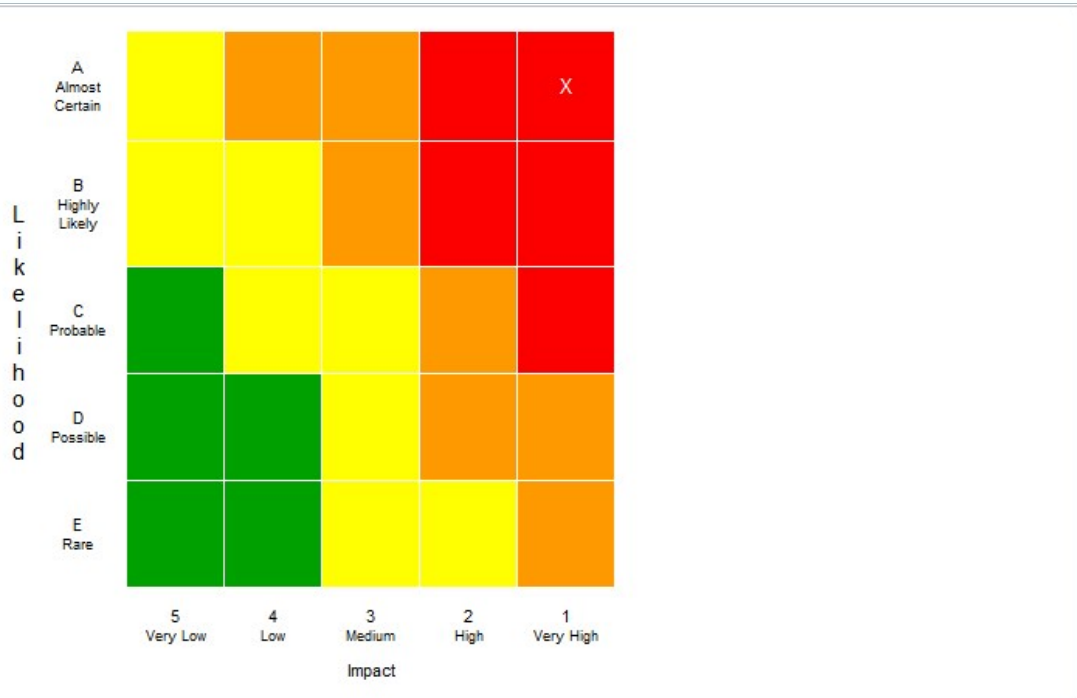
Description

The latest settlement was equal to the lowest anticipated, and the next one will probably also be very low, affecting our ability to effectively plan for the medium term.

Impact / Consequences

The council suffers from a significant reduction in income, leading to an inability to deliver current levels of service provision.

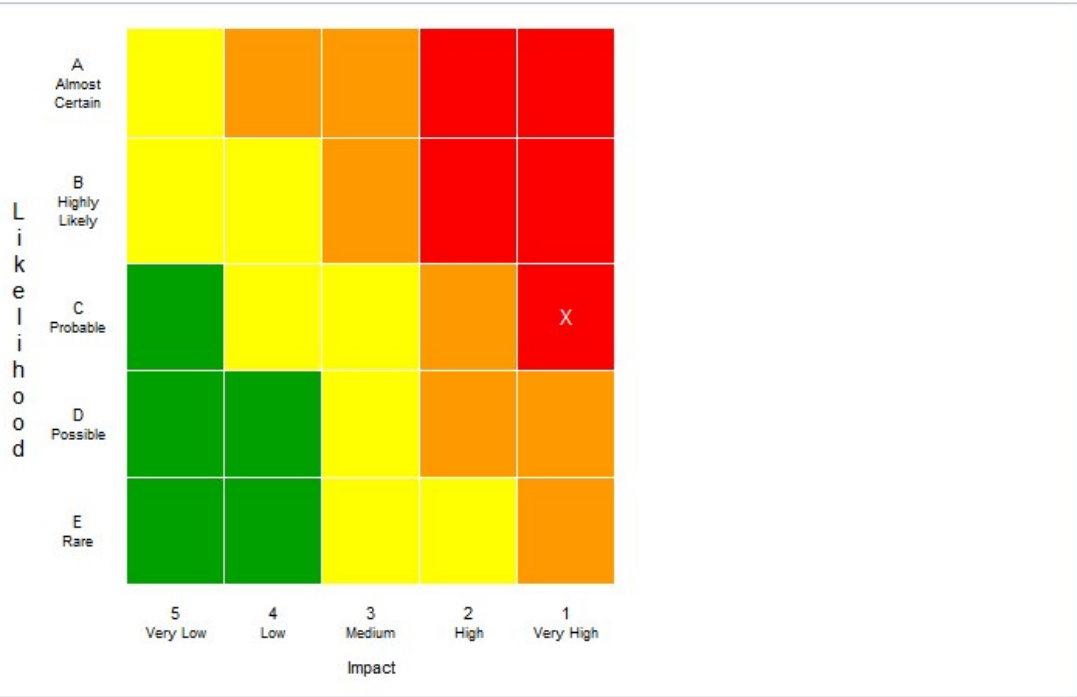
Inherent Risk



Controls to Manage Risk (in place)

1. The council has no control over the global economy or the WG settlement. Therefore the inherent risk score likely to remain high.
2. Annual, detailed budget setting process that considers economic environment
3. The Medium Term Financial Plan (MTFP) contains different scenarios to ensure it can deal with changes in the external environment, and is considered on a quarterly basis: it has revised its expectations further downwards.
4. A robust budget-setting process raises awareness of implications of significantly reduced income due to the economic environment. It also identifies a range of proposals should cuts be incurred.
5. Regular (usually monthly) financial planning meetings between services and management accountants are in place.
6. Service's budgets and budget proposals are scrutinised by the Lead Member for Finance and the Head of Service during budget-setting talks.
7. Establishment of the 'Reshaping the Council Budget' programme board.

Residual Risk



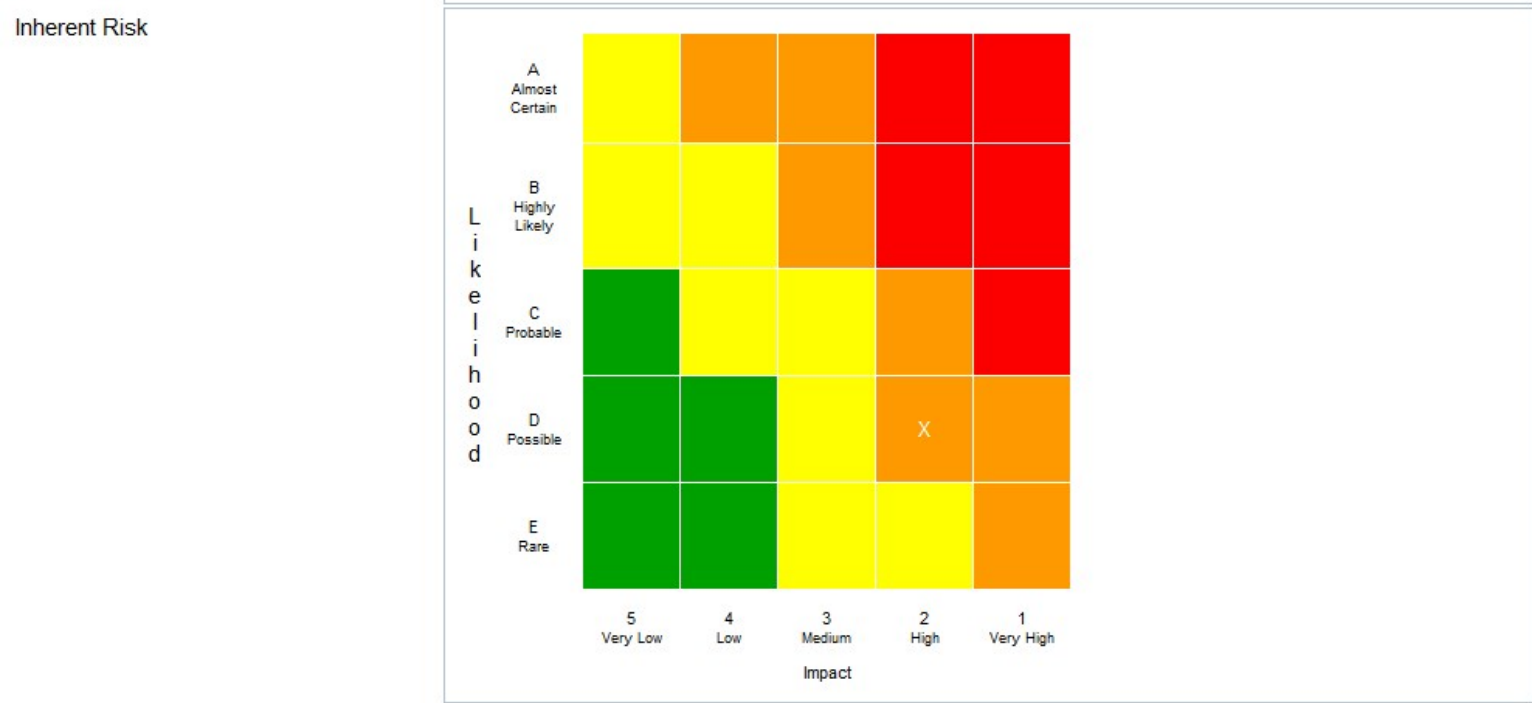
Further Actions

Lead Member(s)	Councillor Julian Thompson-Hill
Active	Yes
Risk Owner	Mohammed Mehmet

Description
 Services plan for the impact of expected seasonal variations in weather, but severe weather events can impact on service delivery. Similarly, we put plans in place to monitor food, water and air quality, but any contaminations can impact on service delivery, as would any viral pandemics. Cyber attacks can affect our ability to provide services electronically, putting our business continuity plans to the test.

Impact / Consequences

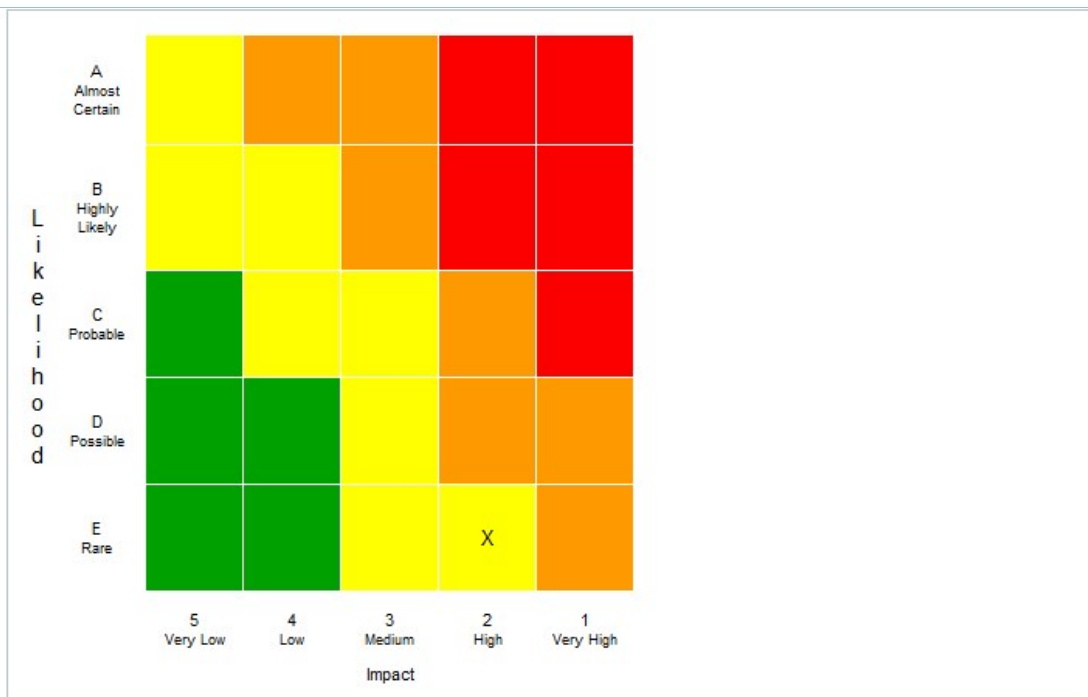
1. Significant disruption to core services.
2. Serious injury or fatality due to road network closure, poisoning or infection.
3. Reputational risk to the council if unable to deal with issues.



Controls to Manage Risk (in place)

1. The control environment in this area is the Regional Emergency Planning Service (Wrexham, Flintshire, Denbighshire, Conwy, Gwynedd and Anglesey), and local emergency management response groups have been established.
2. We also continually review our procedures for winter highways maintenance and flood response. Secondary rota established and operational.
3. Service disruption is minimised through our arrangements for business continuity and emergency planning, with separate Directors responsible for Response and Recovery.
4. There's an on-call rota in place for CET.
5. Emergency Planning Response report taken to Partnerships Scrutiny in June 2015.
6. Vulnerable people mapping tool is in operation.
7. New chairs for the Communications and Operational Response Groups have strengthened arrangements.
8. Gold & Silver training in place for new representatives.
9. Deputies for Chairs of response teams appointed.
10. Trial business continuity exercise took place in DCC in October 2017. Overall the exercise was successful.

Residual Risk



Further Actions

00077 SLT to agree core staff that should have access to buildings in a crisis situation

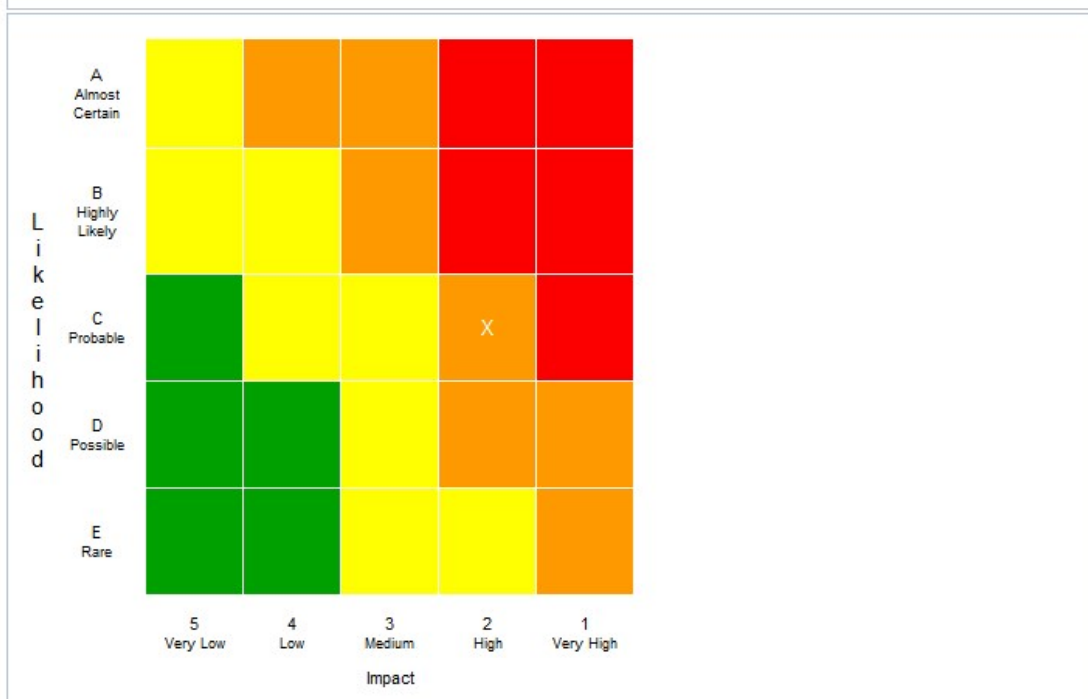
Action Due Date	30/06/2018
Person Responsible	Graham Boase
Lead Member(s)	CLlr Richard Mainon
Active	Yes
Risk Owner	Graham Boase

00012 The risk of a significantly negative report(s) from external regulators.

Impact / Consequences

1. Reputational damage.
2. Potential intervention by the WG.
3. Significant resources may be required to be diverted to deliver immediate and substantial change.
4. Regulation we're subject to includes: CSSIW (Care and Social services Inspectorate Wales); WAO Office; Estyn; HSE (Health & Safety Executive); ICO (Information Commissioner's Office)

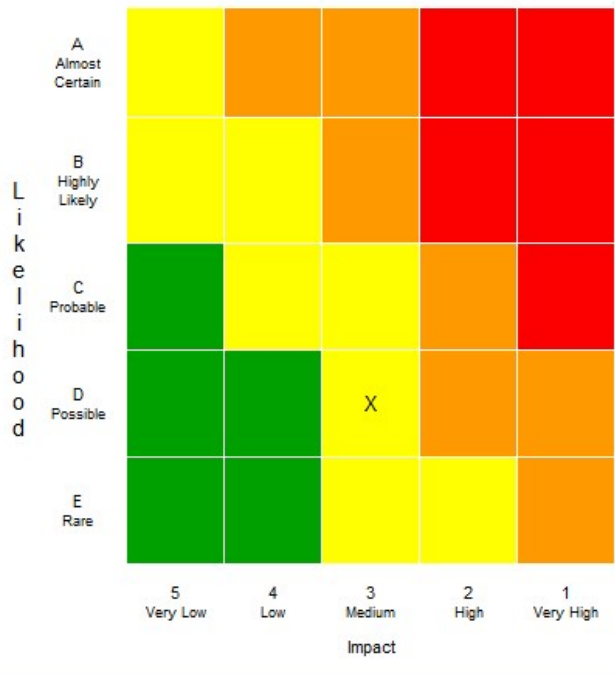
Inherent Risk



Controls to Manage Risk (in place)

1. The corporate performance management framework (PMF) is the main control in this area.
2. Head of Business Improvement & Modernisation, Strategic Planning Team Manager and Head of Audit meet monthly with Wales Audit Office to understand and respond to their concerns.
3. Regulators sit on Service Performance Challenges.
4. Reserch & Intelligence team creates Needs & Demands, and Comparative reports to support service self assessment and Service Performance Challenges.
5. Annual Governance Statement and Performance Self Assessment now combined.
6. Protocol developed for addressing recommendations from WAO national studies: services' response will be the subject of performance scrutiny and service challenge.

Residual Risk



Further Actions

Lead Member(s)
Active
Risk Owner

Councillor Hugh Evans
Yes
Graham Boase

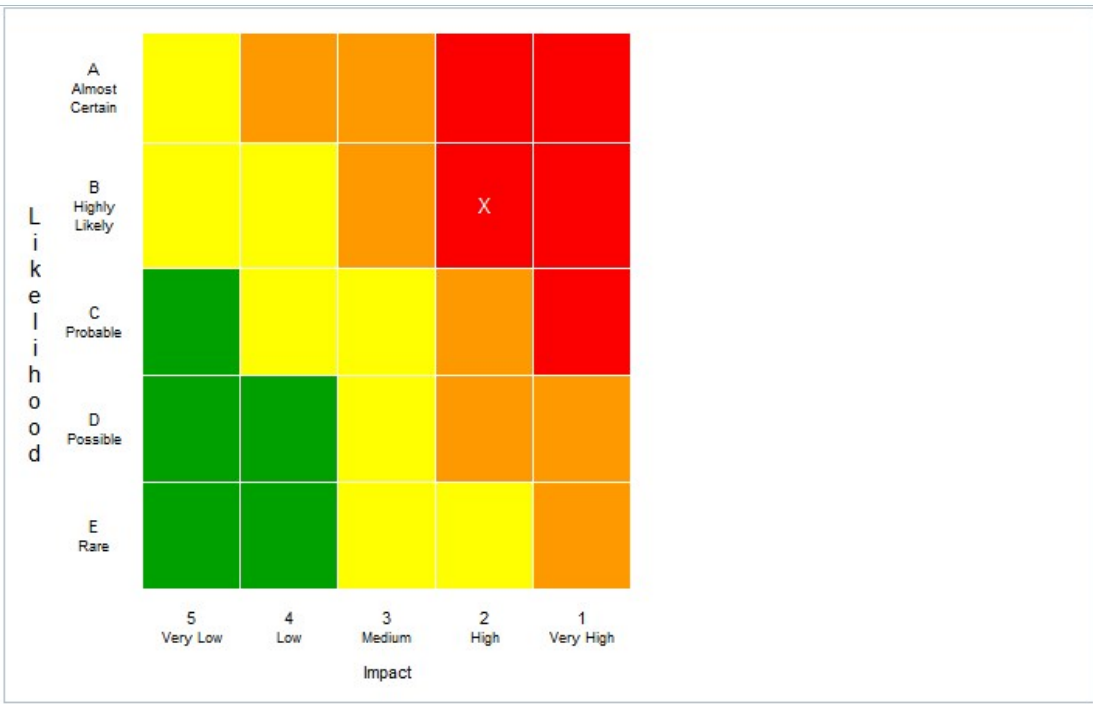
00013 The risk of significant liabilities resulting from alternative models of service delivery

Description
Impact / Consequences

Liabilities could arise due to financial, HR, safeguarding, or general management problems and could impact on the sustainability of service provision

1. Financial liabilities.
2. Property Liabilities.
3. Reduction in levels of service provided to the community, or increased revenue costs to continue delivery.
4. Reputation damage to the council

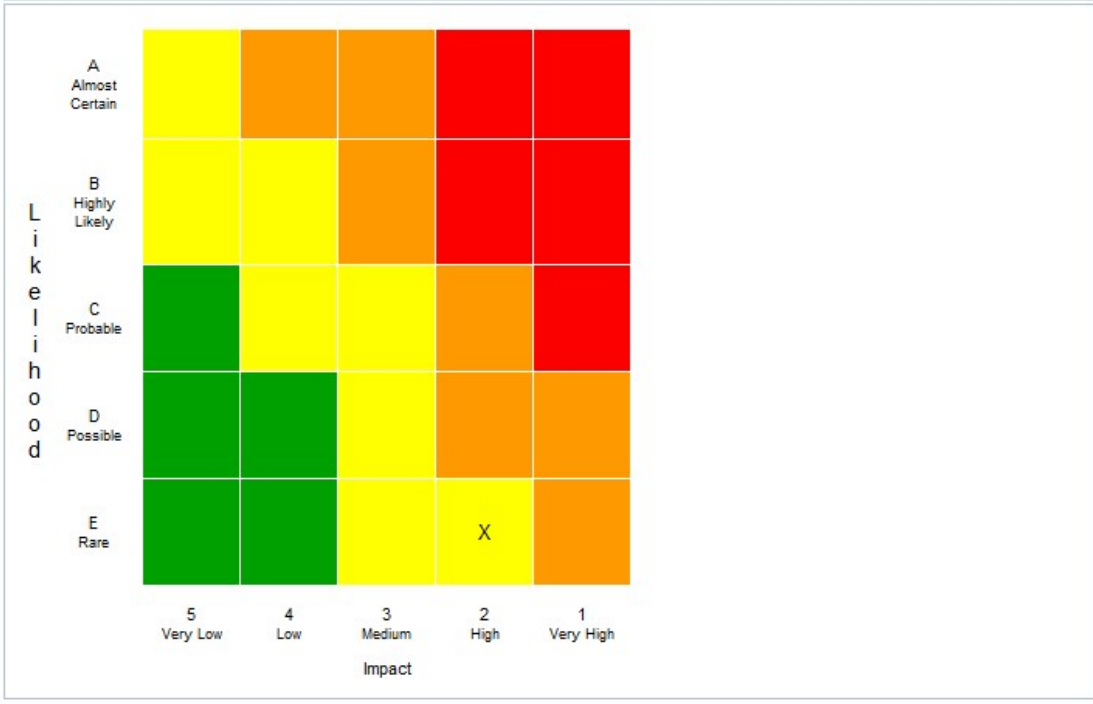
Inherent Risk



Controls to Manage Risk (in place)

1. Council is entitled to representation on Boards, and Heads of Service providing strategic advice to facilities.
2. Heads of Service advise DCC on any emerging issues and risks.
3. Financial support and/or subsidies being provided.
4. Processes are in place to manage relationships between DCC and Arm's Length organisations.
5. Intervention measures are exercised by DCC if relationships with Arm's Length organisations are difficult to manage.
6. Resources have been committed to improve financial monitoring of facilities and services

Residual Risk



Further Actions

Lead Member(s)

TBC

Active

Yes

Updates

21/06/2017

Risk Owner

Mohammed Mehmet

00014 The risk of a health & safety incident resulting in serious injury or the loss of life. (Where H&S is referred to, this incorporates fire safety)

Description
Impact / Consequences

This could be as a result of unsafe acts, unsafe work places or ineffective H&S management.

1. Serious injury or death of an employee and/or any other person.
2. Significant reputational damage
3. Substantial legal/litigation costs.
4. Criminal prosecution of staff or the organisation.

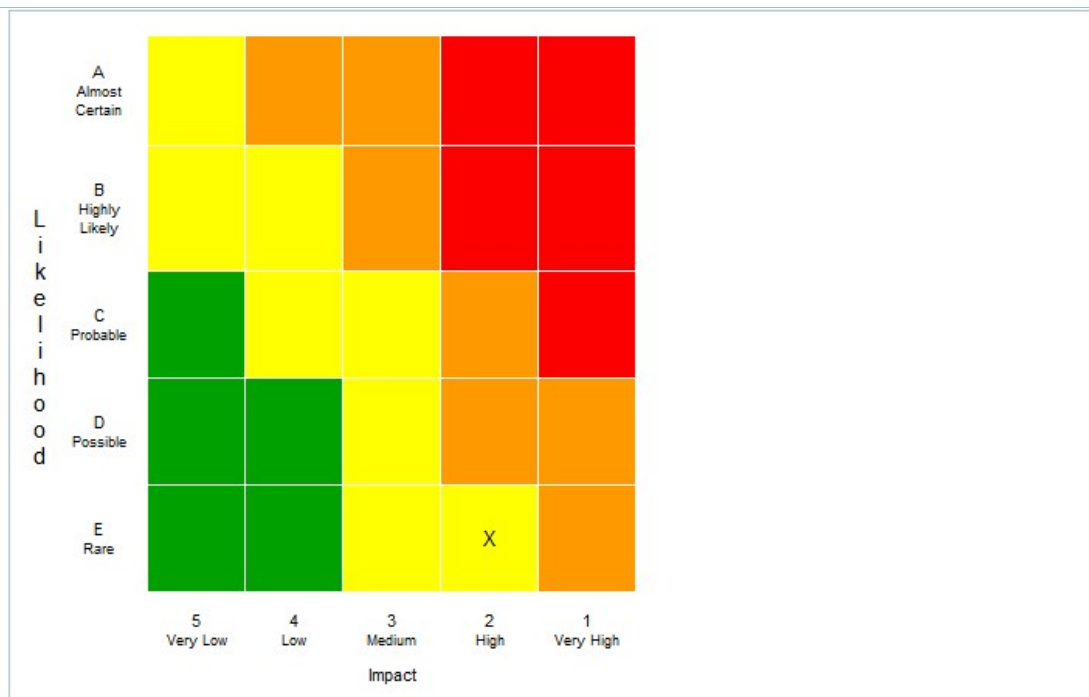
Inherent Risk



Controls to Manage Risk (in place)

- Updated Feb 2018
1. Strategic leadership provided by a Head of Service with delegated responsibility for Health and Safety.
 2. Competent H&S advisors are employed by the organisation to provide support, guidance and training on H&S.
 3. A Corporate Health and Safety Policy is in place which defines the H&S organisation and arrangements in DCC
 4. There is an established H&S Management System in place.
 5. An established Corporate H&S Committee is in place which is a forum for the employer and employee representatives to discuss and consult on H&S.
 6. A number of service level H&S committees meet to provide a forum for service managers and employee representatives to discuss and consult on H&S.
 7. A H&S training program focussed on DCC activities and the way we manage H&S in DCC.
 8. "Managing safely in Denbighshire" training is mandatory for all managers.
 9. Health & Safety forms part of the service challenge process through self-assessment
 10. The corporate H&S team carry out a program of targeted monitoring
 11. An online accident, incident reporting process is in place. There is an expectation that all accidents and incidents are reported
 12. Significant H&S related accidents and incidents are investigated internally

Residual Risk



Further Actions

Lead Member(s)	Councillor Julian Thompson-Hill
Active	Yes
Risk Owner	Graham Boase

00016 The risk that the impact of welfare reform (Universal Credit) is more significant than anticipated by the council.

Description	Welfare reform (Universal Credit) has potentially significant implications for a large proportion of residents, and also on the council in terms of increased demand for services and reduced income.
Impact / Consequences	<ol style="list-style-type: none"> 1. Potential increase in demand for services: e.g. homelessness and homelessness prevention services; housing (especially for stock which is currently scarce); benefits support / advice, etc. 2. Reduced income from rents and council tax payments with reduced cash flow and an increase in bad debt for the authority. 3. We expect to see a significant increase in the number of customers requiring digital support from our Library / One Stop Shop Service. 4. Also an impact to Social Services due to Disability Living Allowance changes. 5. This could also impact on our ability to deliver our Corporate Priorities

Inherent Risk



Controls to Manage Risk (in place)

A Cross-Authority / Multi Service Universal Credit Board has been established and is working to address as far as possible the risks and issues associated with the impact of Universal Credit.
 The Board have developed a Risk Register and Activity Plan to cover all strategic and operational risks as a result of Universal Credit, these include detailed Actions and Controls with owners assigned to each risk. This register is reviewed on a frequent basis and updates provided at each Board meeting.

Residual Risk



Further Actions

Lead Member(s)

Councillor Mark Young

Active

Yes

Risk Owner

Richard Weigh

00018 The risk that programme and project benefits are not fully realised.

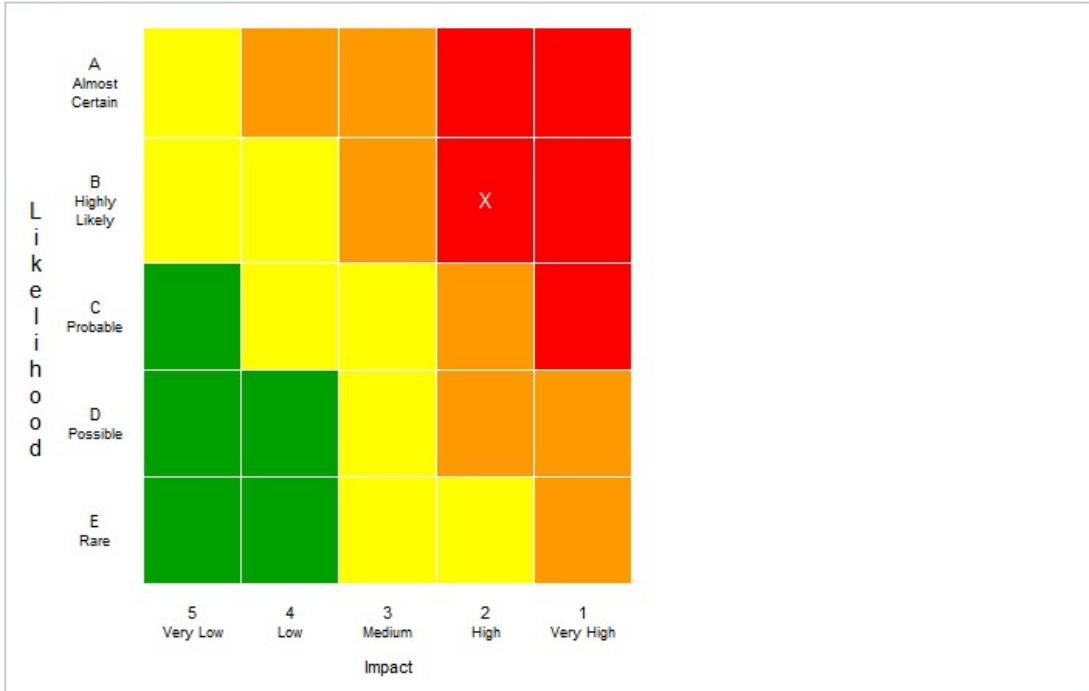
Description

The council currently does not consistently deliver all benefits from projects. Some of the issues include: inconsistent management; resistance to change; staff behaviour and processes not changing as planned. Programmes to be mindful of include: Corporate Plan programme boards, Digital Futures, Reshaping the Council Budget.

Impact / Consequences

The forecast changes that were alluded to in business cases do not materialise and, hence, neither do their benefits

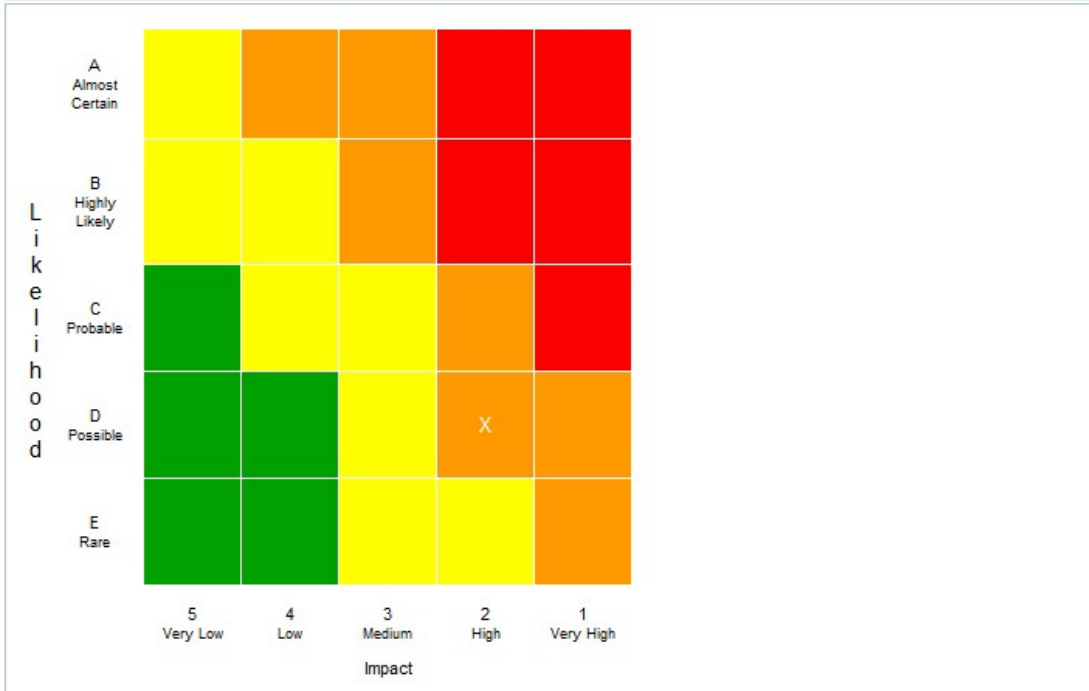
Inherent Risk



Controls to Manage Risk (in place)

1. Corporate Programme Office established.
2. Leadership Strategy in place
3. Strategic Planning team will support the Boards, and also support performance management in the organisation, therefore there's a strong alignment between 'change' and BAU.
4. Use of Verto to record benefit tracking.
5. Change toolkits, together with factsheets, are on the intranet to support managers.
6. Finance remove savings from budgets to ensure financial savings are delivered.
7. Denbighshire Way Change Management Guidance has been developed
8. CET reviews key projects every three months.
9. New Corporate Plan Programme Boards chaired by Corporate Directors, who have attended Prog Mgt training.

Residual Risk



Further Actions

Lead Member(s)

Cllr Julian Thompson-Hill

Active

Yes

Risk Owner

Mohammed Mehmet

00021 The risk that effective partnerships and interfaces between BCU Health Board and Denbighshire County Council (DCC) do not develop, leading to significant misalignment between the strategic and operational direction of BCU and DCC

Description	With BCUHB in special measures there is increased political and regulatory scrutiny. This is resource intensive and further detracts from effective partnership working.																																				
Impact / Consequences	<ol style="list-style-type: none"> 1. Inefficient services 2. Gaps in service provision 3. Delays/failure to deliver joint projects 4. Reputational damage 5. Ability to meet statutory duties - Wellbeing of Future Generations Bill, Social Services and Wellbeing Act 																																				
Inherent Risk	<table border="1"> <tr> <td>A Almost Certain</td> <td>Yellow</td> <td>Orange</td> <td>Orange</td> <td>Red</td> <td>Red X</td> </tr> <tr> <td>B Highly Likely</td> <td>Yellow</td> <td>Yellow</td> <td>Orange</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>C Probable</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Orange</td> <td>Red</td> </tr> <tr> <td>D Possible</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Orange</td> <td>Orange</td> </tr> <tr> <td>E Rare</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Orange</td> </tr> <tr> <td></td> <td>5 Very Low</td> <td>4 Low</td> <td>3 Medium</td> <td>2 High</td> <td>1 Very High</td> </tr> </table> <p style="text-align: center;">Impact</p>	A Almost Certain	Yellow	Orange	Orange	Red	Red X	B Highly Likely	Yellow	Yellow	Orange	Red	Red	C Probable	Green	Yellow	Yellow	Orange	Red	D Possible	Green	Green	Yellow	Orange	Orange	E Rare	Green	Green	Yellow	Yellow	Orange		5 Very Low	4 Low	3 Medium	2 High	1 Very High
A Almost Certain	Yellow	Orange	Orange	Red	Red X																																
B Highly Likely	Yellow	Yellow	Orange	Red	Red																																
C Probable	Green	Yellow	Yellow	Orange	Red																																
D Possible	Green	Green	Yellow	Orange	Orange																																
E Rare	Green	Green	Yellow	Yellow	Orange																																
	5 Very Low	4 Low	3 Medium	2 High	1 Very High																																
Controls to Manage Risk (in place)	<ol style="list-style-type: none"> 1. DCC presence in Key meetings and Boards looking at implementing integrated new approaches although there is a notable lack of progress on the integration agenda 2. Denbighshire Joint Locality Forum established. 3. Nicola Stubbins appointed Associate Member of BCUHB Board 4. NWWSIC has reviewed its governance arrangements in partnership with BCUHB. 5. BCUHB Area Director in place. 6. Locality Structure has bedded in. 7. Implementation of the new Regional Partnership Board to progress cooperation and integration. 8. BCUHB Area Director chairs the Conwy/Denbighshire PSB, which will have shared priorities and a shared governance vision. 																																				

Residual Risk



Further Actions

Lead Member(s)

Councillor Bobby Feeley

Active

Yes

Risk Owner

Nicola Stubbins

00027 The risk that the decisions that are necessary to enable the delivery of a balanced budget are not taken or implemented quickly enough

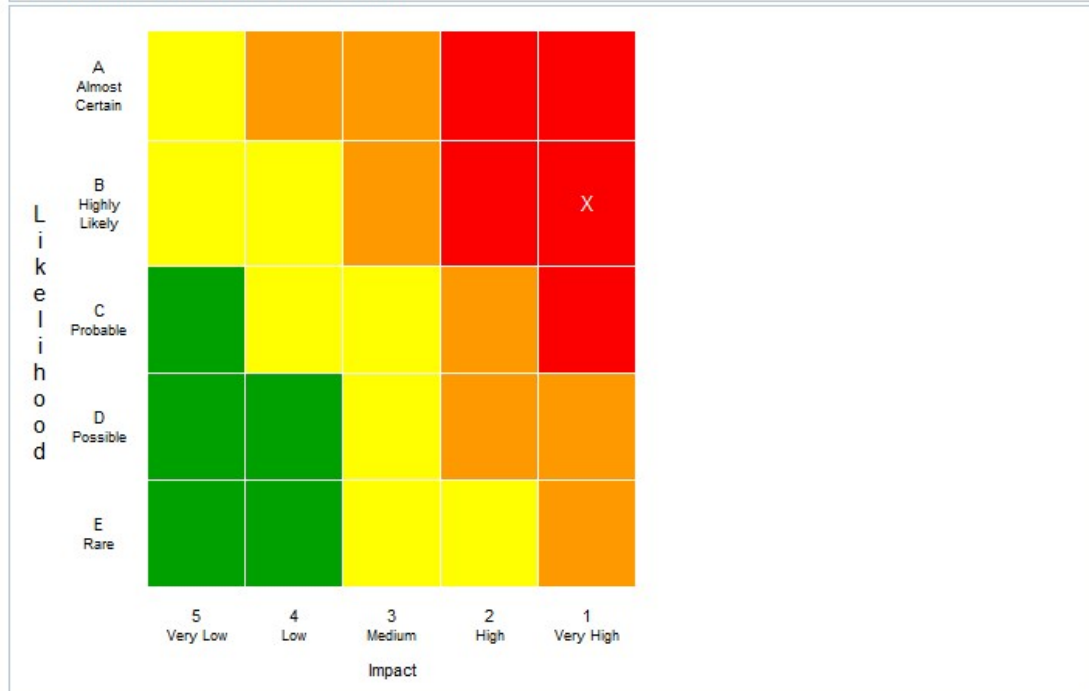
Description

As our settlement reduces, we need to develop and gain approval for plans as to where to stop spending in our budget. Any plans require the approval of Council, and must be implemented in a timely manner that complies with legislation. While the budget process has been successful to date there are still substantial future savings to be made by the Local Authority and the political environment remains sensitive.

Impact / Consequences

Denbighshire overspends on its budget

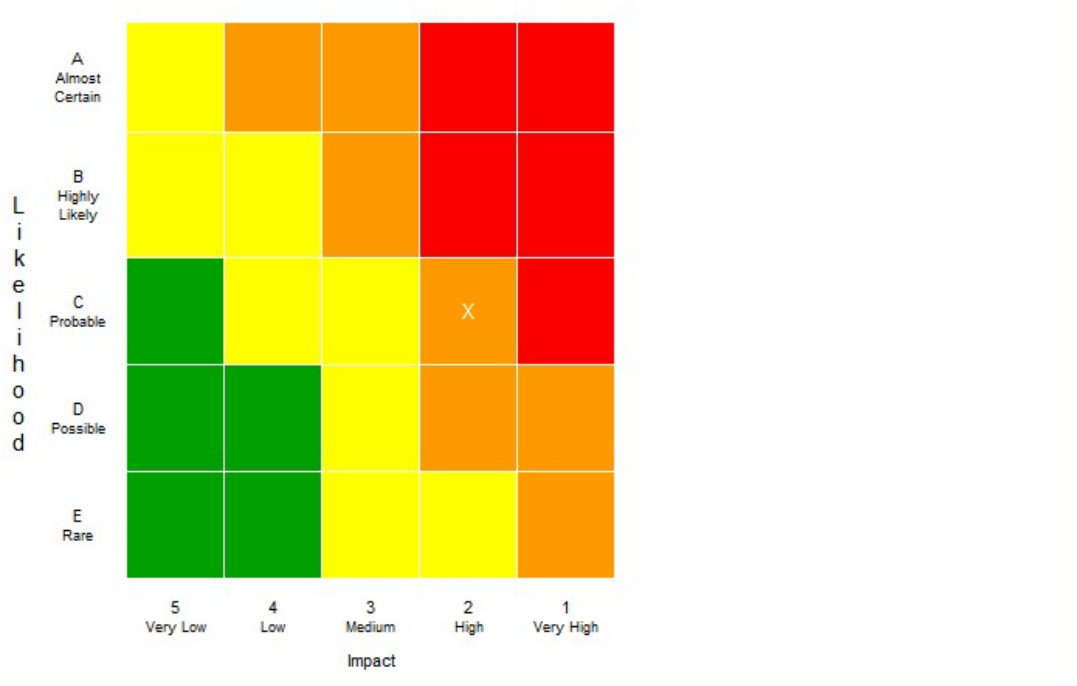
Inherent Risk



Controls to Manage Risk (in place)

1. The budget setting process involves Members, so they understand that difficult decisions are necessary, and they are involved with developing the proposals. This should make them more likely to support the recommendations made.
2. As decisions are becoming harder then lead in times are becoming longer.
3. Services have delivered savings earlier than budgeted which has created a short-term financial cushion.
4. The Shaping the Council's Budget board has been established, which is likely to make some controversial suggestions that will require political support. Therefore there may be increased risk of not achieving approval for the service changes required to deliver a balanced budget.

Residual Risk



Further Actions

Lead Member(s)
Active
Risk Owner

Cllr Hugh Evans
Yes
Mohammed Mehmet

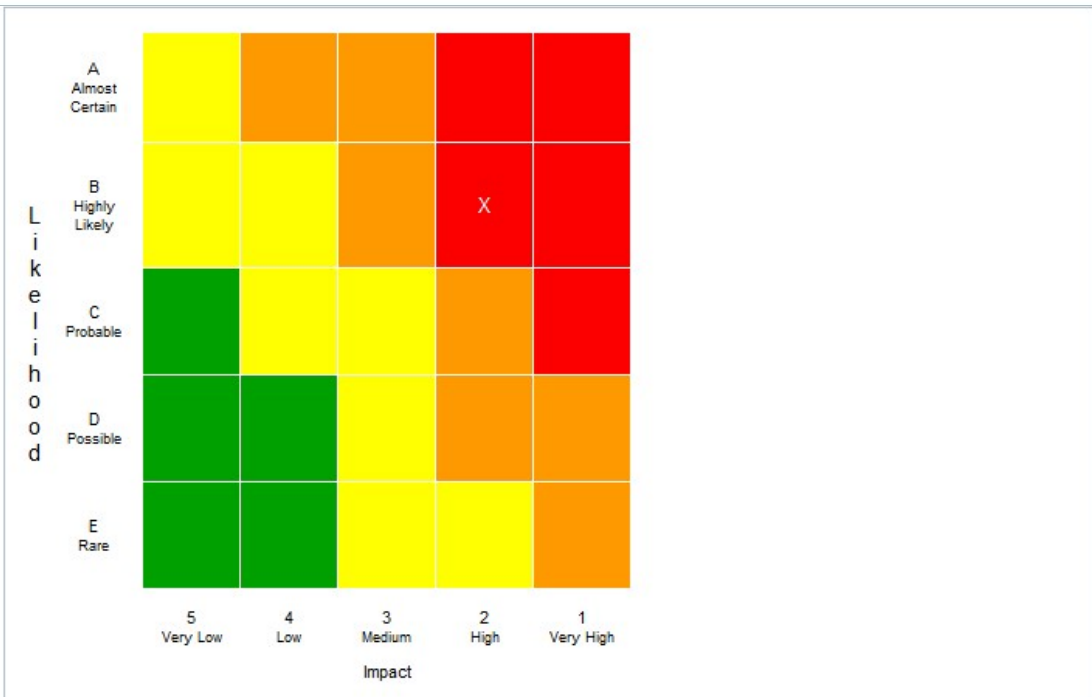
00028 The risk that the changes we introduce have a greater positive or negative impact than we anticipated

Description
Impact / Consequences

When deciding where to make changes, we endeavour to ensure the quality of key services. There is a risk that we haven't identified the correct services as being 'key', and/or that the changes we make are more disruptive than we anticipated

1. Services that are important for our residents are no longer available
2. Performance in important areas of our business (for our residents) deteriorates
3. Reinstatement/correction in performance is difficult and slow to achieve
4. Reputation can suffer if performance deteriorates
5. Reputation can suffer if messages are not managed

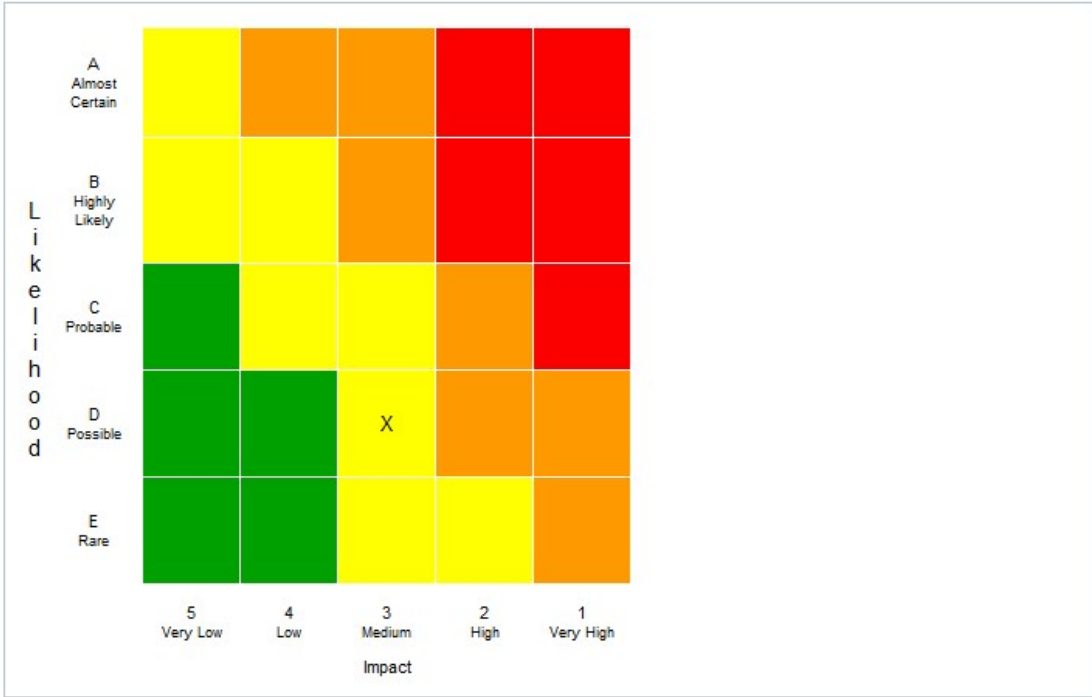
Inherent Risk



Controls to Manage Risk (in place)

1. Impact Assessments are undertaken and part of cover reports for decisions
2. Cover reports for all decisions ask for risks to be articulated

Residual Risk



Further Actions

Lead Member(s)
Active
Risk Owner

Cllr Hugh Evans
Yes
Mohammed Mehmet

00029 Risk of successful challenge that we are illegally depriving people of their liberty

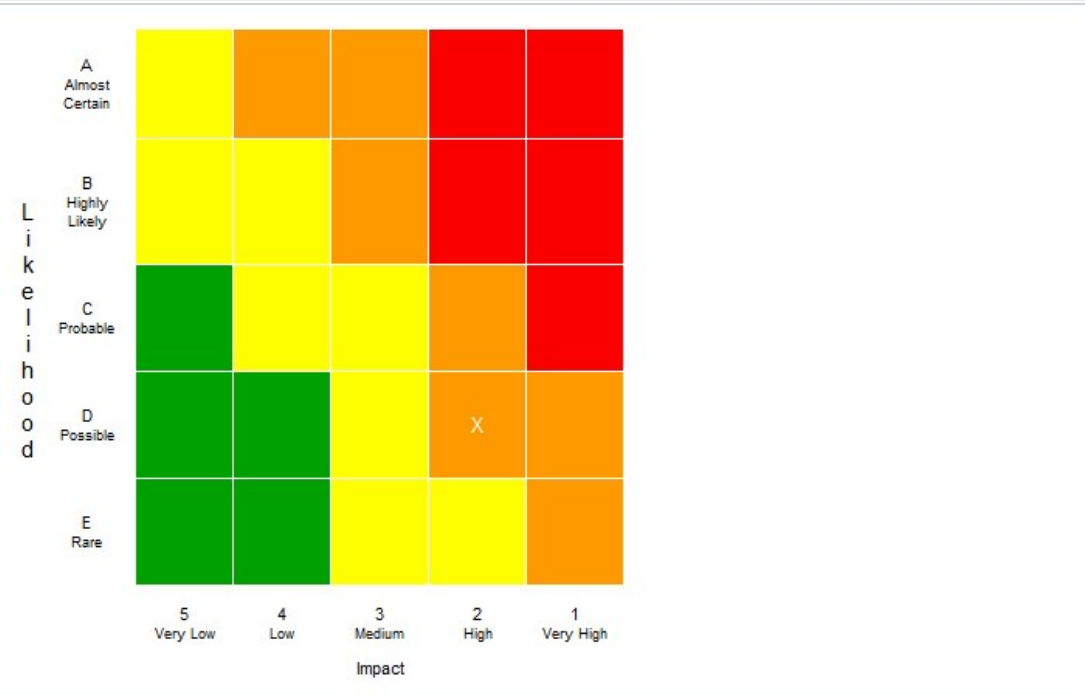
Description

There is the potential for future legal challenges following the recent Supreme Court ruling on deprivation of liberty. The court ruled that all people who lack the capacity to make decisions about their care and residence and, under the responsibility of the state, are subject to continuous supervision and control and lack the option to leave their care setting are deprived of their liberty. The ruling overturned previous judgements that had defined deprivation of liberty more restrictively. This means that many people are likely to have been deprived of their liberty unlawfully and without safeguards in settings including care homes and supported living placements. This is likely to result in a significant increase in DOLS case numbers regarding care home placements, and also applications to the Court of Protection to authorise deprivations of liberty in supported living. We are already beginning to see the impact of the ruling in Denbighshire.

Impact / Consequences

Legal challenge, reputational damage, financial costs

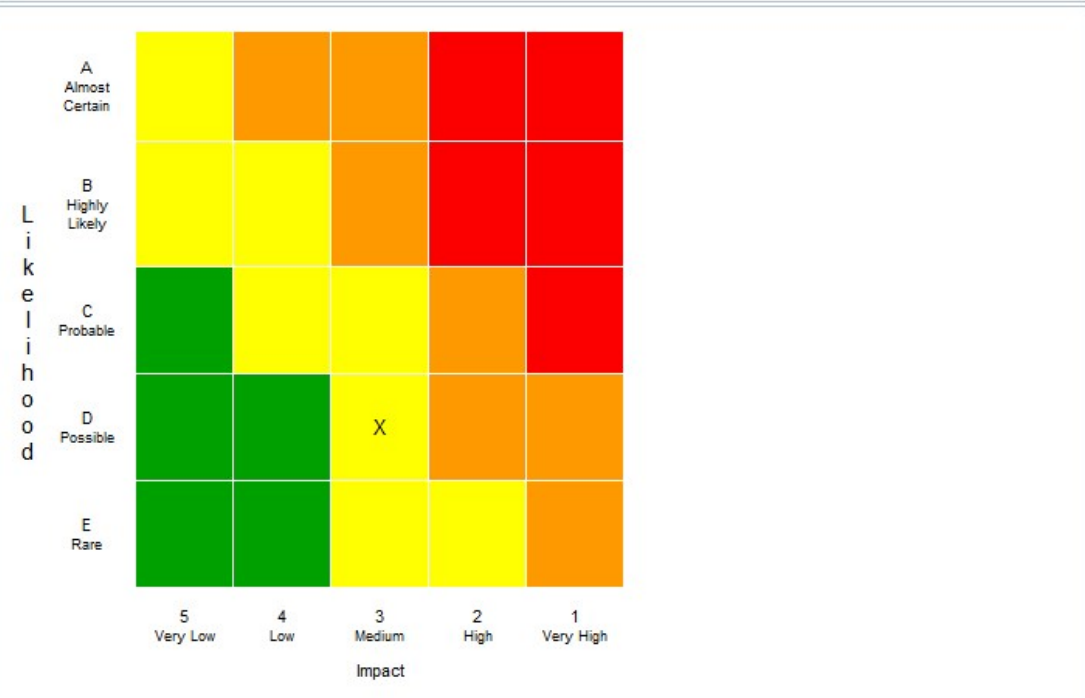
Inherent Risk



Controls to Manage Risk (in place)

- 1 Every provider has received a letter describing our pragmatic approach
- 2 Additional staff members have been trained as Best Interest Assessors
- 3 Increased signatory capacity is reducing backlogs following assessment
- 4 New Senior Practitioner in post for DOLS who will manage the process offering support and supervision

Residual Risk



Further Actions

Lead Member(s)

Bobby Feeley

Active

Yes

Risk Owner

Nicola Stubbins

00030 The risk that appropriate capacity and skills to sustain service and corporate performance is not available

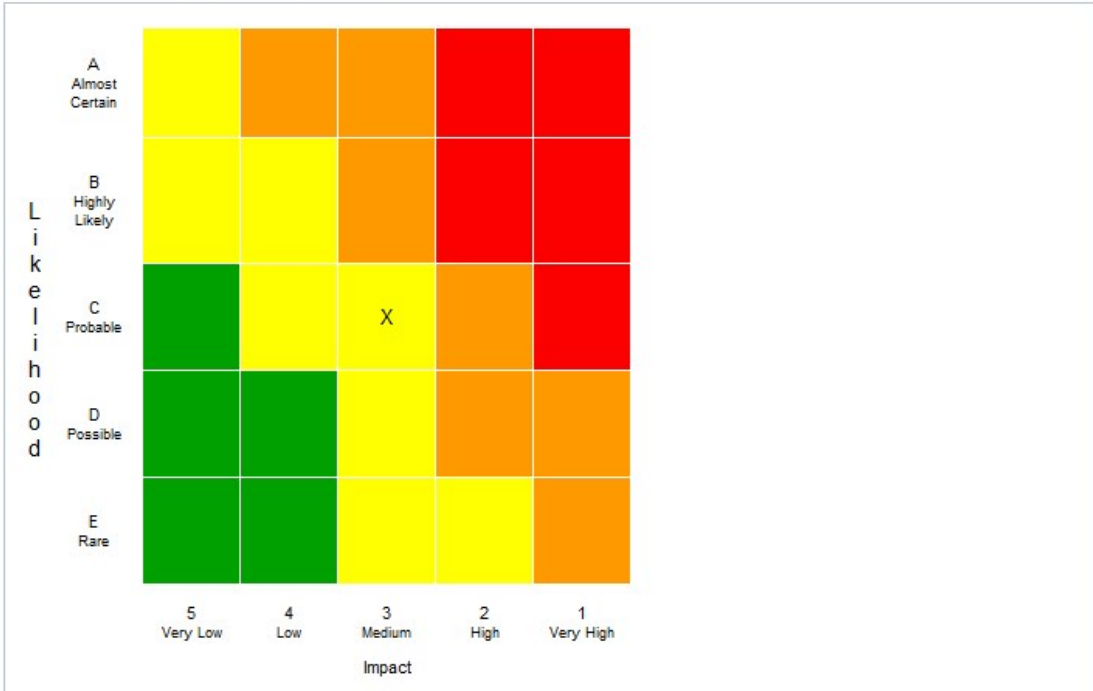
Description

Impact / Consequences

Inherent Risk

The current structure of the Senior Leadership Team has been built on the strength and experience of current postholders. As the number of posts at CET and SLT has reduced there is a concentration of key roles that are critical to the successful delivery of services, and the organisation's ability to respond to policy and legislation. There is a risk that individuals with particular skill sets would be difficult to replace, and there is also a risk that the organisation is not flexible enough to keep up with the pace of change required in light of new corporate priorities and future budget pressures.

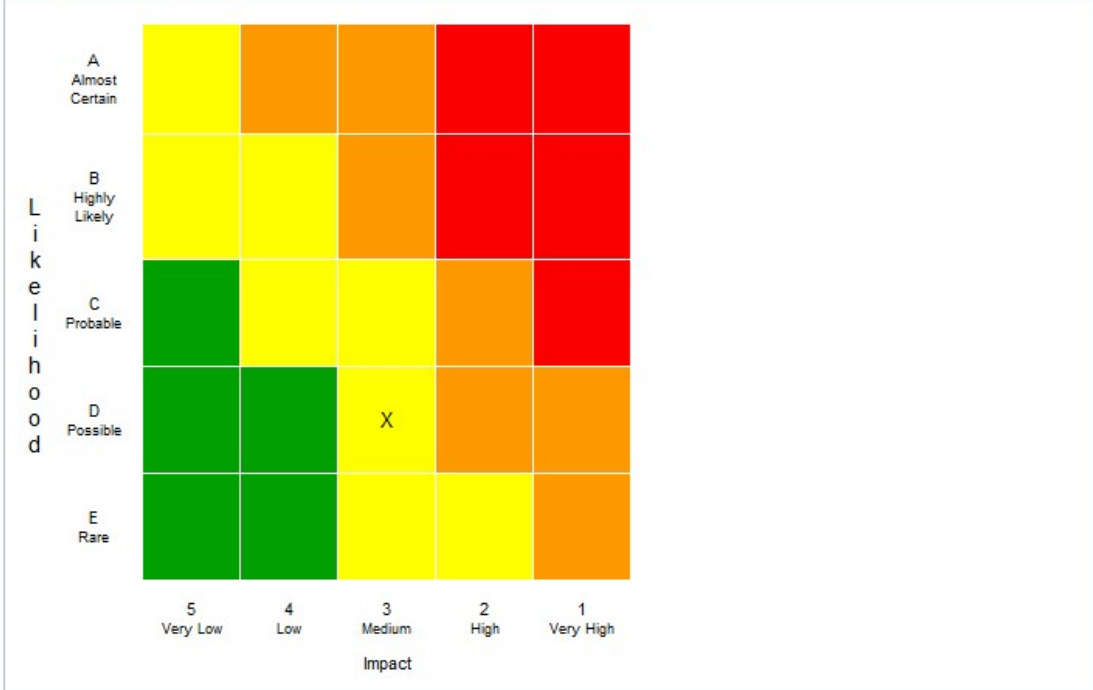
Reputational damage
Declining performance
Poor performance against new priorities



Controls to Manage Risk (in place)

Residual Risk

1. Greater opportunities for Middle Managers to 'act up' to key posts in order to gain experience at a more senior level
2. Appointment of more senior Middle Managers
3. Leadership Strategy is in place
4. Heads of Service are tested on their succession plans through Service Challenge
5. Quarterly Leadership Conferences held to develop middle managers.
6. Training Needs Analysis for SLT & Middle Managers is now complete, with an emphasis on leadership now being led through the DCC Leadership Conferences.
7. HoS encouraged to rethink their service plans against context of new corporate plan, budget decisions, and any new legislation, etc.



Further Actions

Lead Member(s)	Hugh Evans
Active	Yes
Risk Owner	Mohammed Mehmet

00031 The risk of fraud and corruption resulting in financial and reputational loss and possibly impacting on service delivery.

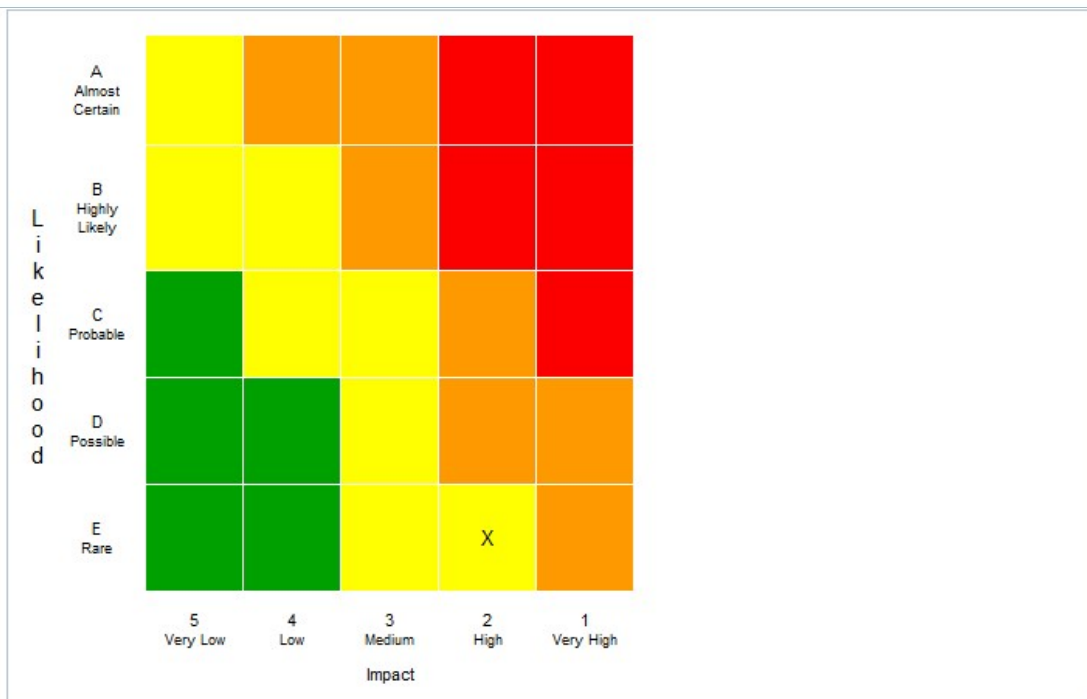
Description	<p>Denbighshire County Council (the Council) employs around 4,500 staff and spends in excess of £300 million per year. It commissions and provides a wide range of services to individuals and households and works with a wide range of private, public and voluntary sector organisations. As with any other large organisation, the size and nature of the Council's services mean that there is an ongoing risk of loss due to fraud and corruption from both internal and external sources. There is also an ongoing risk of bribery as the Council provides and procures goods, works and services.</p> <p>The Council recognises that as well as causing financial loss, fraud is also detrimental to the provision of services, and damaging to the reputation of, and confidence in, the Council and public bodies in general.</p>
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Impact / Consequences	<p>1) Financial loss 2) Loss of reputation and confidence in the Council and public bodies in general 3) Negative impact on service provision / delivery 4) Legal / compensation costs 5) Criminal prosecution 6) Negative audit / inspection reports</p>
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Inherent Risk	<p>The risk matrix is a 5x5 grid. The vertical axis is labeled 'Likelihood' with categories A (Almost Certain), B (Highly Likely), C (Probable), D (Possible), and E (Rare). The horizontal axis is labeled 'Impact' with categories 5 (Very Low), 4 (Low), 3 (Medium), 2 (High), and 1 (Very High). The cells are color-coded: A-5 is yellow, A-4 is orange, A-3 is orange, A-2 is red, A-1 is red; B-5 is yellow, B-4 is yellow, B-3 is orange, B-2 is red (marked with 'X'), B-1 is red; C-5 is green, C-4 is yellow, C-3 is yellow, C-2 is orange, C-1 is red; D-5 is green, D-4 is green, D-3 is yellow, D-2 is orange, D-1 is orange; E-5 is green, E-4 is green, E-3 is yellow, E-2 is yellow, E-1 is orange.</p>
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Controls to Manage Risk (in place)	<p>In its policies and procedures the Council gives out the clear message that it will not tolerate any impropriety by employees, elected Members or third party organisations. It has put in place arrangement and proportionate systems to minimise this risk and these are kept under constant review, including:</p> <ul style="list-style-type: none"> • The Code of Corporate Governance • The Code of Conduct for Elected Members • The Employees' Code of Conduct • Financial Regulations including Contract Procedure Rules • The Whistleblowing Policy • The Anti-Money Laundering Policy • Recognition and monitoring of the risk of fraud in service risk registers • Systems of internal control • Recruitment processes • Regular internal and external review of our systems and procedures • Review of Council's anti-Fraud arrangements against the CIPFA Standard 2016 (checklist)
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Residual Risk



Lead Member(s)

Councillor Julian Thompson-Hill

Active

Yes

Risk Owner

Mohammed Mehmet

00033 The risk that the cost of care is outstripping the Council's resource

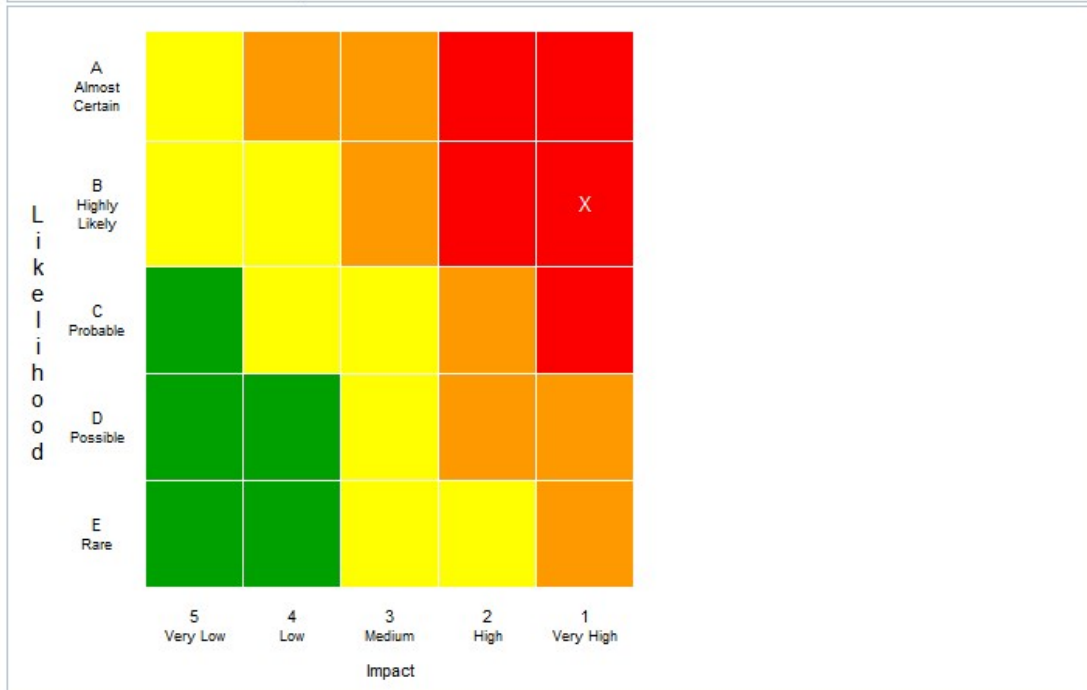
Description

Since the Whittleston Judgement and its implementation as well as the increase in the national living wage, the cost of purchasing care has increased by 5% for 2016/17 and is projected to increase by 4% per year for the next four years; largely due to care home fees.

Impact / Consequences

Overspends in Social Care place significant budget pressures on the Council and could result in the scaling back or withdrawal of non-statutory services.

Inherent Risk

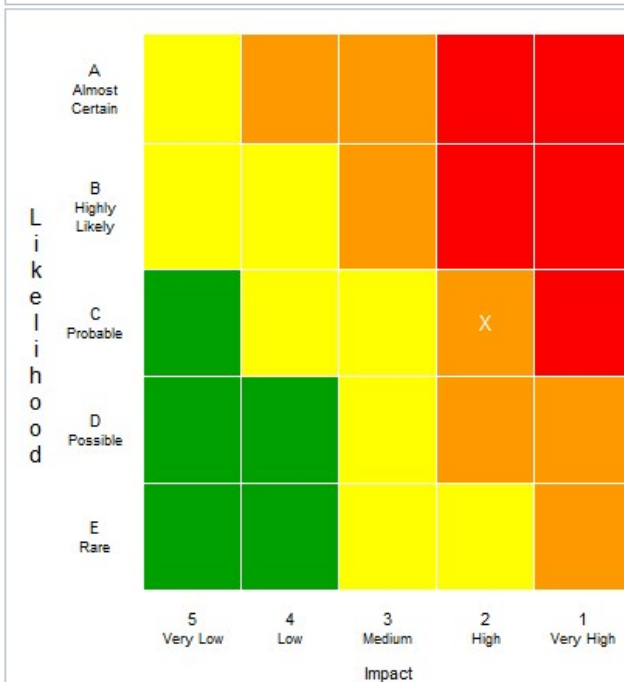


Controls to Manage Risk (in place)

Demand needs to be managed in order to maintain current levels of expenditure. The following controls are currently being embedded:

- A focus on prevention and early intervention so people don't need to go into care.
- Third Sector grant programme.
- Talking Points.
- Community Navigators.
- Supporting Independence Strategy.
- Being innovative and maximising use of grant monies.
- New approach to supporting people to achieving outcomes.
- Improved partnership working with BCU and integrated assessment as well as managing continuing health care.

Residual Risk



Further Actions

00074 Revision of Domiciliary Care contracts to build in the requirement of providers to work in a more outcome focused way and re-able people.

Action Due Date

31/12/2017

00075 Development of additional extra care housing (subject to agreement by Cabinet) by our Housing Association partners.

Action Due Date

01/04/2020

Lead Member(s)

Bobby Feeley

Active

Yes

Risk Owner

Nicola Stubbins

00034 The risk that demand for specialist care cannot be met locally

Description

Availability of some specialist adult and child places can be scarce, leading to the requirement to provide expensive services that aren't available locally. Reduction in availability of domiciliary care provision meaning they are unable to provide services needed (particularly in the South of the county)

Impact / Consequences

1. High cost
2. Individuals with eligible needs unable to receive suitable domiciliary care due to lack of resources and service provision
2. If far from home there is a detrimental impact on a client's well-being (and that of their family)
3. Unable to meet need in preferred language

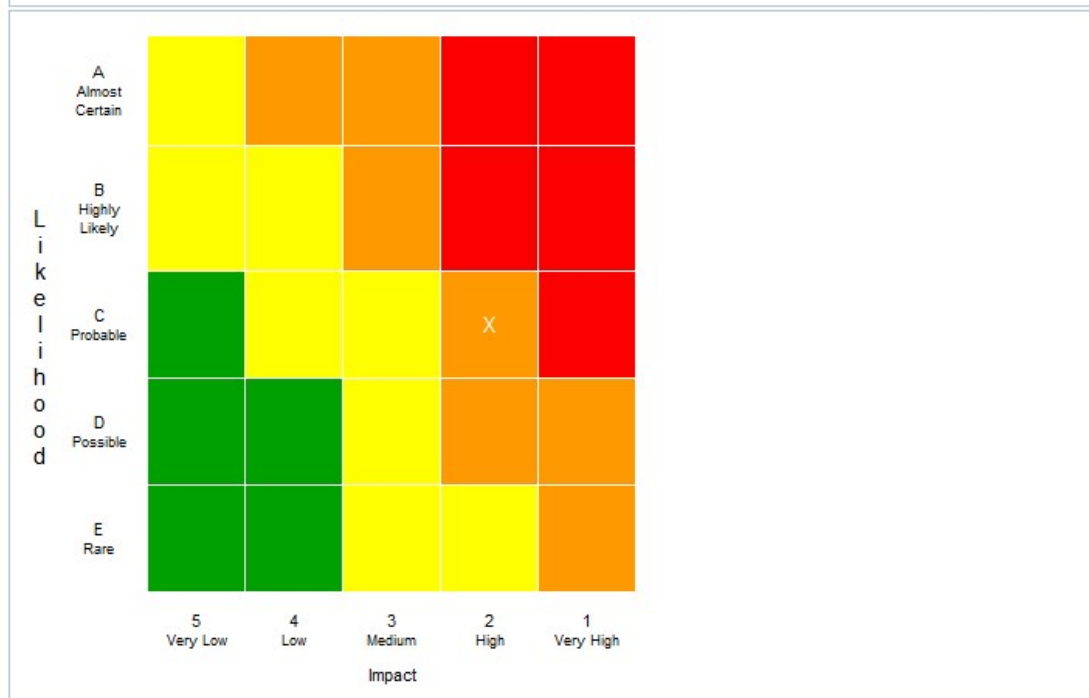
Inherent Risk



Controls to Manage Risk (in place)

- Single Point of Access now fully established and proving successful in providing advice and information to individuals in order for them to access community services themselves.
- Community Led Conversations 'What Matter's' project changing the way staff support individuals enabling them to take control of their own wellbeing and utilising other external resources where possible.
- Developing a range of staff skill mixes through workforce development in order to enable staff to work in new ways that complement the new government agenda.
- Series of meetings with providers across CSS underway to negotiate increasing fees.
- Review and re-assessment project to ensuer individuals are still eligible under new criteria
- Further development of support budgets
- Recruitment fayres taken place in county to highlight the need for specific health and social care staff.
- CSSIW national review of domiciliary care - implementing recommendations.
- Regional project considering issues.
- Recommissioning domiciliary care project in progress - this includes the implementation of the new regional domiciliary care framework in Denbighshire to include patch based commissioning for difficult rural areas.
- New care team in CSS South Locality (reablers providing longer term support whilst identifying appropriate agency)

Residual Risk



Lead Member(s)

Cllr Bobby Feeley, Cllr Huw Hilditch-Roberts

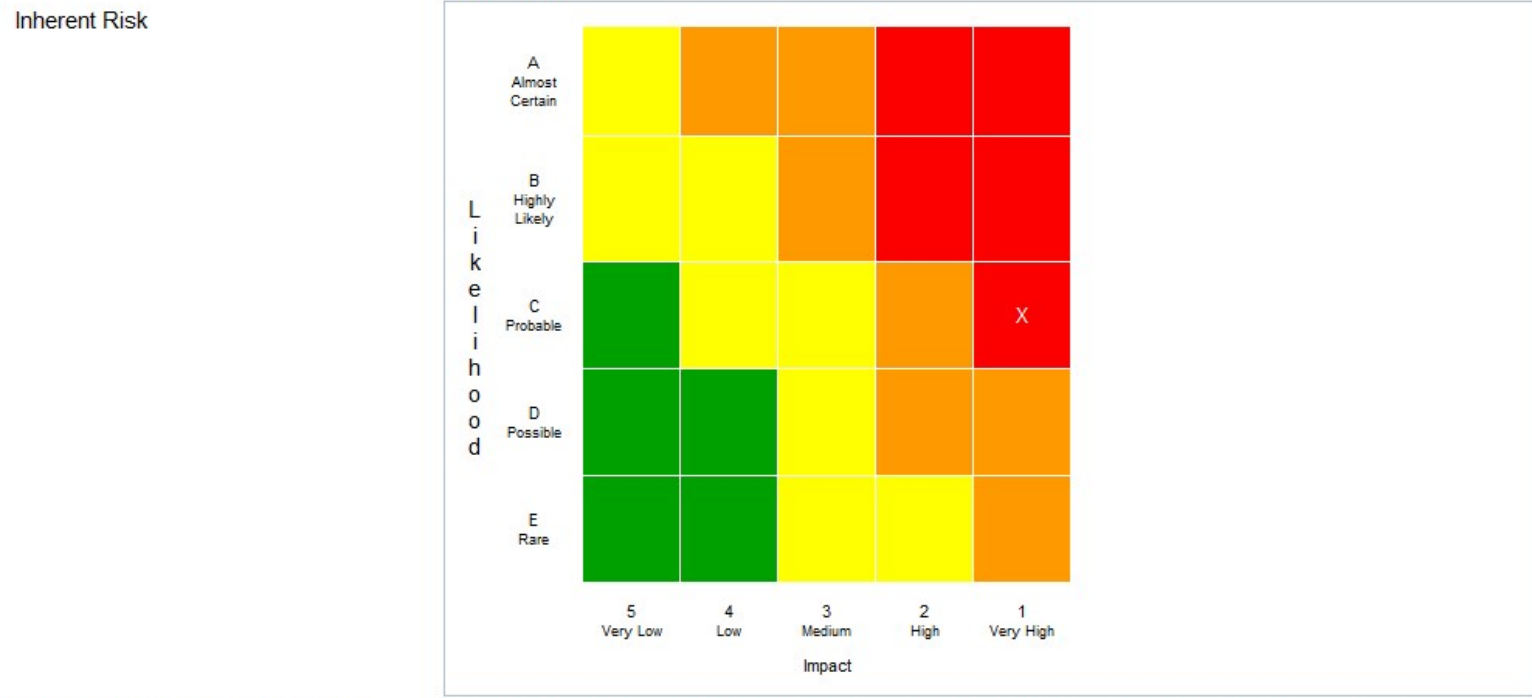
Active

Yes

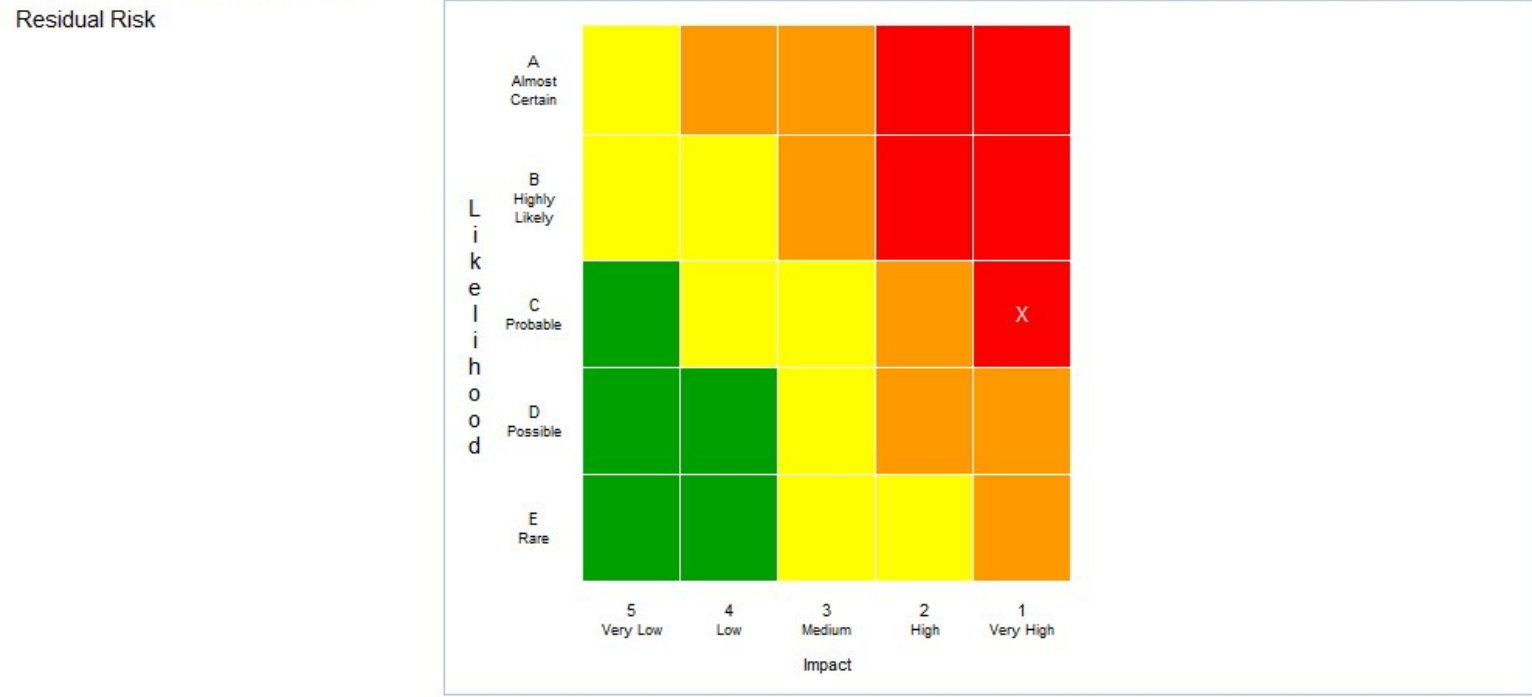
Risk Owner Nicola Stubbins

00035 The risk that the return on investment that Denbighshire receives from the Regional Growth Deal is disproportionate

Description The regional growth deal offers opportunity to develop DCC's economy, and there is a risk that there is insufficient engagement to capitalise on these opportunities. Conversely, with the benefits not being clear at present, there is a risk that DCC puts in a lot of effort but doesn't receive a proportionate return on investment.



Controls to Manage Risk (in place) The Strategic Employment Manager contributes to the workstream that's concerned with People.



Lead Member(s) Cllr Hugh Evans

Active Yes

Risk Owner Graham Boase

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Report To: Corporate Governance Committee

Date of Meeting: 25 April 2018

Lead Member / Officer: Lisa Lovegrove – Chief Internal Auditor

Report Author: Lisa Lovegrove – Chief Internal Auditor

Title: Internal Audit Update

- 1. What is the report about?**
This report provides an update for Corporate Governance Committee on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.
- 2. What is the reason for making this report?**
This reports provides information on work carried out by Internal Audit since the last Committee meeting. It allows the Committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports so that the Committee can receive assurance on other Council services and corporate areas.
- 3. What are the Recommendations?**
The Committee considers the report content, assesses Internal Audit's progress and performance, and decides whether it needs any further assurance on audit reports.
- 4. Report details**
Full details are provided in the attached update report.
- 5. How does the decision contribute to the Corporate Priorities?**
Not applicable - there is no decision required with this report.
- 6. What will it cost and how will it affect other services?**
Not applicable - there is no decision required with this report.
- 7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report**
Not applicable - there is no decision required with this report.
- 8. What consultations have been carried out with Scrutiny and others?**
Not applicable - there is no decision required with this report.
- 9. Chief Finance Officer Statement**
Not applicable - there is no decision required with this report.
- 10. What risks are there and is there anything we can do to reduce them?**
Not applicable - there is no decision required with this report.
- 11. Power to make the Decision**
Not applicable - there is no decision required with this report.

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Corporate Governance Committee Update

April 2018



Introduction

1. This report provides an update on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.
2. The report provides an update as at end March 2018 on:
 - Internal Audit reports recently issued
 - Follow up of previous Internal Audit reports
 - Progress on Internal audit work to date in 2017-18
 - A summary of upcoming Internal Audit projects
 - Internal Audit performance standards.

Internal Audit reports recently issued

3. The following section provides an overview of recent Internal Audit reports, including the overall Assurance Rating and the number of Risks/Issues raised in the report's action plan.

Definitions of Assurance Rating

Green	High Assurance	Risks and controls well managed and objectives being achieved
Yellow	Medium Assurance	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives
Amber	Low Assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk
Red	No Assurance	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

Definitions of Risks/Issues

Green	Low	Advisory issues discussed with managers during the audit and not included in audit reports and action plans
Yellow	Moderate	Operational issues that are containable at service level
Amber	Major	Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT and/or CET
Red	Critical	Significant issues to be brought to the attention of SLT, CET, Cabinet Lead Members and Corporate Governance Committee

Financial Services – March 2018

Accounts Payable – High Assurance

2	Moderate Risks/Issues
0	Major Risks/Issues
0	Critical Risks/Issues

Payroll – High Assurance

1	Moderate Risks/Issues
0	Major Risks/Issues
0	Critical Risks/Issues

Treasury Management – High Assurance

0	Moderate Risks/Issues
0	Major Risks/Issues
0	Critical Risks/Issues

BACS Controls – High Assurance

0	Moderate Risks/Issues
0	Major Risks/Issues
0	Critical Risks/Issues

Bank Reconciliation – High Assurance

0	Moderate Risks/Issues
0	Major Risks/Issues
0	Critical Risks/Issues

Accounting Systems – High Assurance

0	Moderate Risks/Issues
0	Major Risks/Issues
0	Critical Risks/Issues

- Overall, our review provides assurance that the Council's financial services continue to operate well.
- Extensive work has been carried out within Accounts Payable to address the risks raised during our last review. The team now routinely review results from the duplicate payment prevention software to ensure that where duplicate payments are processed by the Council, where possible they are promptly

identified before payment is made. There has also been a reduction in the number of invoices with longstanding discrepancies, and work in recent months to reduce the number of cheque payments made to suppliers has proved successful.

6. We did, however, find that there has been little improvement in the number of purchase orders being raised by services retrospectively, the total percentage for the Council as a whole still being high. Raising orders in this way contravenes the Council's Financial Regulations and may hinder both invoice processing and effective budget monitoring.
7. Improvements have been made to the administration of purchasing card payments and effective controls continue to operate centrally to manage this area. However, we have identified an issue around how VAT is treated in some cases for these transactions, which may demonstrate a training issue for some staff.
8. The Council has taken steps to ensure it is compliant with the IR35 regulations. IR35 places a legal obligation on public bodies to ensure that where they engage services from an 'off-payroll'¹ worker, they have controls in place to help ensure that the individual pays broadly the same tax and National Insurance contributions (NICs) as a normal employee would. Work is ongoing in this area, but we are satisfied that the approach adopted is reasonable, proportionate and effectively manages the risk of non-compliance.
9. The payroll function continues to operate well with good controls in place to ensure that employees are paid accurately and promptly. While we did identify examples of some payments to social care clients which, as beneath the national minimum wage limit, should not have been processed through payroll, we are satisfied that the issue is known to the service and they are taking steps to resolve it. We also found that the new starter form currently used by the Council is providing inaccurate information to new employees with regards to the sharing of personal information. We have referred this to HR to resolve. We also identified problems with HR recruitment checks in one school relating to evidencing key documentation prior to staff taking post. We are satisfied that this is an isolated incident and, since our review, HR has taken suitable action by providing further guidance on recruitment checks.

¹ A worker is involved in 'off-payroll' working when they work for a client through their own intermediary, often a personal service company (PSC), but would be an employee if they were providing their services directly.

10. Automated payments made through BACs are well controlled with key tasks within the process performed by independent staff. The Council is in the process of procuring a new BACs system which is expected to be operational in the summer 2018. As the Council does not currently have an upper transactional BACs limit set within its current system, it may be useful to review this arrangement in light of the impending changes to ensure an appropriate limit is applied.
11. System access to the Council's main finance systems is generally well managed, with access levels appropriate for user role requirements. We have found some examples of longstanding leavers still not being removed from the creditors system. A review of users on this system is therefore advisable; however, the associated risk of unauthorised access is reduced due to the security arrangements in place over the Council's IT network.
12. Treasury management processes and procedures continue to be well controlled, ensuring that key financial risks in this area are managed effectively.
13. Bank reconciliations continue to be carried out promptly and are accurate, complete and up to date. Work is underway to upgrade the Council's cash receipting system and the service is also implementing a series of changes to streamline cash receipting processes. In light of these changes, we will carry out a review of cash receipting later this year.
14. We have raised three issues which require management attention, one of which has been carried forward from our 2016/17 action plan. Despite this, our review found that the Council's financial services continue to operate well overall within a good framework of internal control, therefore we are able to provide a high assurance rating.

Managing the Risk of Fraud – Preventative Measures – April 2018

15. Our previous review of the corporate arrangements for Managing the Risk of Fraud and Corruption, dated November 2017, provided medium assurance on the effectiveness of the Council's arrangements. This latest review takes it a step further by looking in more depth at the preventative arrangements in place at an operational level.

Managing the Risk of Fraud Pt 2 – Medium Assurance

2	Moderate Risks/Issues
0	Major Risks/Issues
0	Critical Risks/Issues

16. Internal Audit has developed an Anti-fraud and Corruption Plan covering several areas of the Council's operations. This review covered the policies and procedures in place in some of those areas that should help to deter and prevent fraud and corruption. In particular:

- Information
- Purchasing cards
- Personal benefits
- Payroll
- Insurances
- Grants
- Cashiers
- Schools
- HR pre-employment checks

17. Within the scope of this review we found that there is an effective framework of policies and procedures in place to help prevent and deter fraud and corruption. These set the standard for the behaviour required and the sanctions that apply should it not be adhered to. The Whistleblowing policy clearly sets out the procedures for staff to raise any concerns with an added level of protection, and the Officer's Code of Conduct covers fraud and fraudulent behaviour. However, despite some effort by Legal, HR & Democratic Services to raise the level of awareness and understanding among staff, further effort is needed in this area to periodically draw each employee's attention to the relevant policies, especially those that have been updated recently.

18. Policies in place help to prevent and deter information related fraud and corruption e.g. theft of intellectual property and ensure that the confidentiality of information is appropriately safeguarded. Staff are required to sign a confidentiality clause on appointment and while some services remind staff of the confidentiality clause annually, this is not consistent across all service areas.

19. Changes to the Data Protection Act and the Freedom of Information Act is brought to the attention of staff and, where appropriate, compulsory e-learning modules are provided. Updated guidance is due to be released to coincide with the new legislation which supersedes the Data Protection Act i.e. the General Data Protection Regulations, to draw attention any notable changes that staff need to be aware of.

20. Members are provided with induction training which includes the Members Code of Conduct and this contains a section on breaching confidentiality. They are also individually registered as Data Controllers with the Information Commissioner's Office for the purpose of processing personal information they may come into contact with relating to their constituents.

21. Financial Regulations is relevant to both staff and elected Members and our annual review of financial systems provides assurance that technical and general guidance exists for staff in key finance areas.
22. The correct use of budget and accounts is adequately covered within Financial Regulations and the individual terms and conditions of the grants, which may include a clause for them to be audited annually. While there are no specific corporate guidelines in place for dealing with grant applications, each grant will have its own terms and conditions which needs to be adhered to.
23. Key requirements for schools are set out in the ‘Scheme for Financing Schools’ and ‘Guidance for Managing School Funds’, both of which are in the process of being updated.
24. There is a requirement for staff to declare any business interests which may conflict, or benefit them personally from their current role within the Council. However, we are concerned that the arrangements for ensuring the declaration of business interests are complete are weak throughout Council services and schools. There are inconsistent arrangements for monitoring where conflicts of interest are declared to ensure individuals are not influencing transactions or benefitting personally.
25. The recruitment policy outlines the pre-employment checks carried out. These include eligibility to work in the UK, Disclosure and Barring Service (DBS), references from previous employers, qualification checks and checking professional body registers. There are instances where it may be necessary for successful applicants to start before references have been obtained, as this is at the line manager’s discretion. However, caution must be exercised over when this is applied to ensure that it does not put vulnerable people or the Council at risk.

Travel & Subsistence – Medium Assurance	
3	Moderate Risks/Issues
1	Major Risks/Issues

Travel & Subsistence – April 2018

26. Overall, our review concludes that the new electronic module for the processing of travel expenses has been successful. Combined with the training provided, the guidance available, and the gradual roll out to services over an agreed period the move from paper based process to an electronic based system has been smooth. Staff are embracing the changes and now using the new module for the submission of travel and subsistence claims. Feedback from a sample of users (staff and line managers) has been positive overall, confirming that submitting and authorising claims is easier.
27. As part of the initial set up, consultation on the travel and subsistence module was carried out between the Systems Administrator and the Payroll team to ensure the accuracy and integrity of the information fed into the payroll system and subsequently the monthly reports to HMRC (Her Majesty Revenues & Customs).
28. The module has good built in controls comprising:
- access restricted to members of staff with a Council Active Directory (AD or network) account;
 - system mandates that certain fields are completed with the required data in order for the claim to be processed;
 - system highlights user input error and allows the Proactis System Administrators and Payroll team to identify and correct data before it is processed for payment; and
 - staff prevented from authorising their own travel expense claims.
29. Standing data is set using a combination of data held on the payroll system (i.e. employee reference and name) and staff updating their own data (car details). The System Administrators routinely deactivate access when staff leave the Council and update line managers' details for authorisation purposes.
30. The Systems Administrators have good knowledge of key tasks involved for processing expense payments but there were no documented procedures to ensure consistency, accuracy and service continuity. This should include, but not limited to, rectifying errors, and reconciliation between claim totals on the Proactis module to the general ledger (see Risk/Issue 3 for further information).

31. Other control weaknesses include:

- System Administrators are involved in key stages throughout the process, from set up, processing and reconciliation, without adequate separation of duties. Automating the interface between the expenses module and payroll system, if possible, would also reduce reliance on the system administrator to perform the task. (See Risk/Issue 4 for further information).
- Highlighting members of staff that are approaching the threshold of 10,000 miles (prompting a reduction to the mileage rate from 45p to 25p per mile). Since our review, the Systems Administrator now runs a monthly report which identifies staff who reach this criteria and they are then notified. We advised that relevant line managers should also be notified so that they can monitor and take appropriate action.

32. The Travel & Subsistence policy was revised in July 2016 and is readily available for staff who have access to the Intranet and provides comprehensive information to both line managers and staff. However, it has not yet been updated to reflect changes brought on by the new electronic system.

33. We are concerned about non-compliance with the Travel and Subsistence policy in certain areas:

- The policy states that employees must complete a Driving Entitlement Consent Form (DVLA796 form) when they use a fleet vehicle or their own vehicle for council business. Although staff using fleet vehicles have completed these forms, and new starters are asked to complete these forms as part of the recruitment process, this is not occurring for existing staff who are using their own vehicles to drive for work purposes. Where the DVLA796 form is not completed, the policy states that staff should be providing original copies of their driving licence to their line managers to be recorded on iTrent (HR System). Testing reveals that these checks are not taking place routinely.
- Checks to ensure that staff have the relevant business insurance and MOT certificate (where applicable) are not taking place for all staff; however, the Council requires staff to confirm their obligations by signing the declaration on the travel and subsistence claim form.

34. Back-up and recovery processes are in place for the Proactis module. An issue relating to storage of back up tapes in close proximity to the Council building is still outstanding and we plan to review this as part of the Council's business continuity arrangements which is due to commence shortly.

CCTV Partnership Governance – April 2018

**CCTV Partnership
Governance –
Medium Assurance**

3

Moderate
Risks/Issues

0

Major
Risks/Issues

0

Critical
Risks/Issues

35. From our review, we can conclude that the Alternative Service Providers (ASP) contract between the Council and the CCTV Partnership Board is working well providing CCTV monitoring on a reactive basis from Rhyl Police Station. The Council’s Partnership Scrutiny Committee has been receiving a report from the CCTV Partnership approximately every six months on the activities, performance, finances and monitoring of the CCTV Partnership which has provided assurance that the aim and objectives of the partnership are being met.

36. However, we have identified a number of minor issues:

- A risk register has not been completed.
- NWP should provide a quarterly updates to the Partnership Board that include major criminal activities within the CCTV areas.
- The Alternative Service Provider Framework requires that an annual financial and performance report goes to Corporate Governance Committee. While this has not happened yet, the risk is minimal given the regular reporting to Partnership Scrutiny Committee which fulfils this requirement.
- The Chief Internal Auditor, Head of Finance and Head of Legal, HR & Democratic Services is reviewing the type of arrangements the ASP Framework applies to, and the reporting requirements that it sets out to ensure it is reasonable and prompts for effective scrutiny.
- There should be a section within the draft SLA with CWAC around performance targets/monitoring to ensure the CCTV Partnership can monitor the level of service being provided.

37. Overall, we found that the CCTV Partnership Board has appropriate systems in place to ensure that information is shared between the partners through the quarterly board meetings that are taking place. The board is made up of a Town Community Councillor from each of the three town councils, a DCC councillor, a representative from North Wales Police (NWP) and two officer from DCC. The Public Protection Manager provided minutes for the last few Partnership Board

meetings and the minutes confirmed suitable discussions were taking place around key financial and monitoring arrangements.

38. The CCTV Partnership Board has been proactive in looking at ways to improve the service currently being provided and feel the new SLA will provide NWP with the ability to ring CWAC control room and request assistance in tracking an incident These new arrangements have been presented to DCC's Partnership Scrutiny Committee which is responsible for ensuring all external Partnership arrangements comply with the Council's corporate aims and objectives.
39. The CCTV Partnership Board has discussed and agreed annual contributions from the three Town Council's and NWP and these contributions have been paid to DCC for both financial years 2016/17 and 2017/18. The Partnership has identified that the server is many times beyond its serviceable life and together with the requirement to upgrade the telephone system and provide a line from Rhyl to Chester have completed a Prudential Borrowing request and submitted it to the Strategic Investment Group. This will ensure the service can operate efficiently and demonstrates the financial commitment the Partnership are committing to over the next seven years.
40. Based on the scope of our review, we are able to confirm suitable governance arrangements are in place, appropriate controls around the day to day running of the CCTV service are present, but the review has noted improvements could be made to the way NWP report information to the Partnership Board and the introduction of a risk register would improve the way the service manages risk today and in the future with risks being identified early and appropriate action taken. In conclusion, we provide medium assurance on the area reviewed.

Summary of outstanding issues from Internal Audit reports

Audit Report	No. of Actions in the Audit Action Plan									Next IA F/up	Comments
	Actions Due			Actions Complete			Actions Outstanding				
Community Support Services											
Paris Financials	0	2	5	0	0	2	0	2	3	Mar 18	•3 follow ups carried out
Cefndy Healthcare	0	0	7	0	0	7	0	0	0	N/a	•Now complete
Payments to External Providers	0	0	2	0	0	2	0	0	0	N/a	•Now complete
POVA	0	0	7	0	0	6	0	0	1	N/a	•Follow up complete. 1 action carried forward to Procurement review
Education & Children's Services											
Governance in Schools	0	0	19	0	0	15	0	0	4	N/a	•Review of Governance in Schools due in 2018/19.
Ysgol Mair RC	0	2	20	0	2	20	0	0	0	N/a	•Now complete
IT & IM Management in Schools	0	0	17	0	0	10	0	0	7	May 18	•2 follow ups carried out
Management of Voluntary School Funds	0	0	8	0	0	0	0	0	8	N/a	•Now complete
Facilities, Assets & Housing											
Housing Rents	0	0	5	0	0	5	0	0	0	Jun 18	•Now complete
Housing Allocations & Voids	0	0	5	0	0	4	0	0	1	Mar 18	•2 follow ups carried out
Industrial Estates	0	0	2	0	0	1	0	0	1	Feb 18	•4 th follow up in progress
Review of On-site Income & Security at Leisure Sites	0	0	9	0	0	9	0	0	0	N/a	•Now complete
Ruthin Craft Centre	0	0	4	0	0	4	0	0	0	N/a	•Now complete
Rhyl Harbour - Review of	0	0	4	0	0	4	0	0	0	N/a	•Now complete

Operational Management											
Finance											
Revenues Services - in Partnership with Civica	0	0	16	0	0	13	0	0	3	N/a	•Follow up reported as part of 2017/18 audit
Financial services 16/17	0	2	8	0	2	7	0	0	1	N/a	•Follow up reported as part of 2017/18 audit
Highways & Environmental Services											
Street Works	0	0	5	0	0	4	0	0	1	Mar 18	•4 follow ups carried out
Corporate Fleet Management	0	7	12	0	7	11	0	0	1	Oct 18	•3 follow ups carried out
Passenger Transport	0	0	5	0	0	4	0	0	1	April 18	•Follow up will be reported as part of School Transport audit report
Legal, HR & Democratic Services											
HR Management in Schools	0	1	5	0	0	5	0	1	0	Feb 18	•3 rd follow up in progress
Management & Administration of Legal Services	0	5	7	0	5	7	0	0	0	N/a	•Now complete
Planning & Public Protection											
Community Enforcement	0	0	9	0	0	9	0	0	0	N/a	•Now complete
Housing Enforcement	0	0	2	0	0	1	0	0	1	Oct 18	•2 follow ups carried out
Parking Services	0	0	13	0	0	13	0	0	0	N/a	•Now complete
Corporate Reviews											
Corporate Procurement	0	0	5	0	0	1	0	0	4	Mar 18	•1 follow up carried out
Developing the Local Economy	0	1	2	0	1	2	0	0	0	N/a	•Now complete
IT Access Management	0	2	8	0	2	4	0	0	4	Aug 18	•4 follow ups carried out
Physical Security of information	0	3	3	0	3	3	0	0	0	N/a	•Now complete
Sickness Absence	0	0	9	0	0	9	0	0	0	N/a	•Now complete

Corporate Safeguarding	0	0	19	0	0	18	0	0	1	N/a	•1 outstanding issue transferred to procurement follow up
Modernising the Council	0	0	2	0	0	0	0	0	2	May 18	•1 follow up carried out

Progress in delivering the Internal Audit Assurance 2017-18

41. The following table shows a summary of Internal Audit's work to date for this year. As the new Internal Audit Strategy has an 'organic' plan, this table will be added to during the year as more projects commence.

42. Where projects have been completed since 1 April 2017, the table provides assurance ratings and number of issues raised for the completed reviews.

43. The following projects have not yet commenced but are scheduled for the coming months:

- Catering;
- Risk Management;
- Business Continuity Management;
- Section 106 Agreements;
- Registrars

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
2017-18 Projects								
Corporate document retention	31	31	Complete	Low	0	3	1	
Modernising the Council to deliver efficiencies and improve services for our customers	44	44	Complete	Medium	0	0	2	
Highways asset management – Improving our roads	10	10	Complete	Medium	0	0	2	
AONB Grant	2	2	Complete	n/a				Certification of grant – no report issued
Welsh Government Grants: <ul style="list-style-type: none"> • Education Improvement Grant • Pupil Development Grant 	12	12	Complete	n/a				Certification of grant – no report issued
Citizens Advice Bureau – Governance Arrangements	16	16	Complete	High	0	0	1	
Corporate Communications	24	24	Complete	Medium	0	0	3	
Revenues Services:	80	80	Complete	High	0	0	0	
<ul style="list-style-type: none"> • Partnership Governance 				High	0	0	0	
<ul style="list-style-type: none"> • Council Tax & Business Rates 				High	0	0	0	
<ul style="list-style-type: none"> • Housing Benefits & Council Tax Reduction 				High	0	0	0	

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
<ul style="list-style-type: none"> Sundry Debtors 				High	0	0	3	3 issues in progress from previous year's reviews.
Settlement Agreements	25	25	Complete	Medium	0	0	2	
Travel and Subsistence	22	22	Complete	Medium	0	1	3	
Financial Services 2017/18:	68	68	Complete	High				
<ul style="list-style-type: none"> Accounts Payable 				High	0	0	2	
<ul style="list-style-type: none"> Payroll 				High	0	0	1	
<ul style="list-style-type: none"> BACS Controls 				High	0	0	0	
<ul style="list-style-type: none"> Accounting Systems 				High	0	0	0	
<ul style="list-style-type: none"> Treasury Management 				High	0	0	0	
<ul style="list-style-type: none"> Bank Reconciliation 				High	0	0	0	
CCTV Partnership	28	28	Complete	Medium	0	0	3	
Public Conveniences	21	21	Complete	Low	0	1	3	
Procurement	39	39	Draft					Joint audit with Flintshire County Council of the shared service – delays in agreeing draft report

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Project Management	18	18	Closing meeting					Nearing completion
Health & Safety in Schools	16	16	Closing meeting					Nearing completion
IT Procurement of Resources	16	16	Closing meeting					Nearing completion
ALN & Inclusion / Recoupment & Out of County Placement / Special Education	13	13	Fieldwork					Initial self-assessment complete. Testing underway
Registrars	14	14	Fieldwork					Initial investigation concluded. Further work planned in April 2018
Court of protection	7	7	Fieldwork					
Catering	2	2	Scoping					Carried forward to 18/19
Risk Management	4	4	Scoping					Request by service to defer to June 2018
Business Continuity Management	6	6	Scoping					Request by service to defer to June 2018
Projects Brought Forward from 2016-17								
Corporate risk management assurance	6	6	Complete	High	0	0	0	
Financial assurance 2016-17	34	34	Complete	Medium	0	0	5	

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
Petty cash review	40	40	Complete	Medium	0	0	3	
Fraud & Corruption Work								
National Fraud Initiative	49	49	Ongoing					
Managing the Risk of Fraud & Corruption Phase 1	10	10	Complete	Medium	0	0	2	
Managing the Risk of Fraud & Corruption Phase 2	17	17	Complete	Medium	0	0	2	
General fraud enquiries and counter fraud work	26	26	Ongoing					
Follow-up Reviews								
A project follow-ups	130	130	Ongoing					Includes devising new follow up process
Management of follow-ups	17	17						
Other Areas of Work								
School Fund admin & audits	51	51	In progress					Includes development of new School Fund Guidance
Corporate Governance Framework 2017-18	9	9	In progress					
Corporate working groups	10	10	In progress					
Consultancy & corporate areas	28	28	In progress					

Internal Audit Assurance Plan Areas of Work	2017-18 Days to Date	Likely Outturn Days	Current Status of Work	Audit Assurance	No. of Critical Issues	No. of Major Issues	No. of Moderate Issues	Comments
IA Support & Management								
Team Meetings / 1:1s	51	51						
Management	70	70						
Training & development	46	46						
Total Days	1112	1112						

Internal Audit performance standards

44. Internal Audit measures its performance in two key areas:

- Follow-up audit work – Two measures to ensure that Internal Audit carries out its follow-up work promptly and that services implement agreed improvement actions.
- Customer Standards – A range of indicators to ensure that Internal Audit delivers a good service to its customers.

45. The table below shows Internal Audit's performance to date for 2017/18.

Internal Audit commences follow-up reviews in the planned month

Targets – Excellent 100% – Good 90% – Acceptable 80%

Current performance 100%

Services have implemented agreed improvement actions from Internal audit reviews

Targets – Excellent 75% – Good 70% – Acceptable 65%

Current performance 78% – Revised follow up process to give management more ownership of agreed actions will commence in April 2018. This may affect performance initially in 2018-19.

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

Targets – Excellent 99% – Good 95% – Acceptable 90%

Current performance 100 %

Send customers the agreed Project Scoping Document before we commence work

Targets – Excellent 99% – Good 95% – Acceptable 90%

Current performance 100 %

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

Targets – Excellent 99% – Good 95% – Acceptable 90%

Current performance 94% – Average days taken to issue draft report following closing meeting is 7 days. This will become a new indicator for 2018/19.

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

Targets – Excellent 99% – Good 95% – Acceptable 90%

Current performance 87% – Average days taken to issue final report following draft agreement is 3 days. Staff sickness and Easter holidays affected performance.

Report To: Corporate Governance Committee

Date of Meeting: 25 April 2018

Lead Member / Officer: Lisa Lovegrove – Chief Internal Auditor

Report Author: Lisa Lovegrove – Chief Internal Auditor

Title: Internal Audit Strategy 2018-19

1. What is the report about?

This report provides the Committee with the Internal Audit Strategy for 2018-19. The Strategy provides details of the proposed Internal Audit projects for the year that will allow the Chief Internal Auditor to provide an 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year.

2. What is the reason for making this report?

Local Authorities subject to the Account and Audit (Wales) Regulations must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal controls. The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to develop a risk-based internal audit plan that takes into account the requirement to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference require it to consider internal audit's plans.

3. What are the Recommendations?

The Committee endorses the Internal Audit Strategy 2018-19 (Appendix 1)

4. Report details

The Strategy in Appendix 1 provides background to the internal audit service as well as its proposed plan of work for the year based on an assessment of risk and consultation with services.

The proposed plan of work will allow the Chief Internal Auditor to provide an overall 'opinion' for the annual internal audit report for 2018-19. This Committee will receive regular information reports on progress.

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

There is no decision required with this report. There is no direct contribution to the Corporate Priorities, but some projects in the audit plan will review Corporate Priority areas and will provide assurance on their delivery.

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

Not applicable - there is no decision or costs attached to this report.

- 7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report**
This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.
- 8. What consultations have been carried out with Scrutiny and others?**
The Chief Internal Auditor has consulted with Corporate Directors, Section 151 Officer, management teams of all services and Wales Audit Office.
- 9. Chief Finance Officer Statement**
There are no financial implications attached to this report.
- 10. What risks are there and is there anything we can do to reduce them?**
Failure to deliver an adequate level of internal audit may mean that the Chief Internal Auditor cannot provide an annual 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year. This would potentially lead to a significant governance issue being raised in the Council's 'annual governance statement' at the end of the financial year.
- 11. Power to make the Decision**
Not applicable - there is no decision required with this report.



Internal Audit Strategy 2018-19

March 2018



Lisa Lovegrove CMIIA, CISA, Chief Internal Auditor
Caledfryn, Denbigh, Denbighshire LL16 3RJ

Introduction

1. The Internal Audit Service is an independent and objective internal team that provides assurance and advice to all levels of management and elected members on the quality of operations within the Council. We particularly focus on governance, risk management, performance, improvement, efficiency, and operational and financial control.
2. The Internal Audit Charter sets out the purpose, authority and principle responsibilities of the Internal Audit Service.
3. An important aspect of internal auditing is the extent to which it helps the organisation to achieve its objectives and improve. This means that the internal audit plan and the work of internal audit must focus on the things that matter to the organisation, and the opinions and improvement suggestions that internal audit provide must help the organisation and be valued by stakeholders.
4. This Internal Audit Strategy represents the proposed internal audit activity for the year and gives an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Head of Finance (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed with management and reported to the Corporate Governance Committee.
5. The service's objectives are therefore as follows:

Internal Audit's objectives

Provide independent assurance and advice to management and elected members on risk management, governance and internal control.

Develop and promote our role to make a significant contribution to the Council's aim to modernise and deliver efficiencies and improve services for our customers.

Add value in all areas of our work, providing excellent service to our customers.

6. The Internal Audit Service has undergone significant change in recent years. The Head of Internal Audit (HIA) retired at the end of May 2017 and the Chief Internal Auditor undertook the role in July 2017.
7. The service maintains a resource of six full-time equivalent (FTE) members of staff. During the year, one of the Senior Auditors has taken another role within the Council; the post has been filled with a suitably qualified and experienced Senior Auditor.
8. Given the limited resources, it is increasingly important that the Internal Audit Service is directing its resource to the right place.

High Level Audit Plan

9. The table below shows a summary of planned audit coverage for the year. It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards (PSIAS), the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Council and, to this end, it will be regularly reviewed with services, and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities of the Council given the significant changes across the Public Sector. See also, Appendix 1 – Audit Needs Assessment.
10. We have set out the plan based on the current organisational structure for the Council. Detailed scoping documents will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review. As a result, the indicative days allocated here for each audit is subject to change. The following pages give a brief overview of the focus of proposed audit coverage for the year.

Core Activity for Internal Audit Review	Coverage in Days
Business Improvement & Modernisation	35
Community Support Services	55

Corporate areas and corporate risks	120
Customers, Communication & Marketing	15
Education & Children's Services	82
Facilities, Assets & Housing	60
Finance – key financial systems	80
Highways & Environment Services	57
Legal, HR & Democratic Services	45
Planning & Public Protection	30
Anti-fraud and corruption work including National Fraud Initiative (NFI) – <i>see next section</i>	90
Grant certification work	24
Follow up work	50
Consultancy work, committee meetings etc.	170
Total Internal Audit Plan	913

Anti-Fraud & Corruption Work including NFI

11. Counter fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by management, and will also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk of fraud. This is informed by CIPFA's 'Code of Practice on managing the risk of fraud and corruption'. Notable areas of fraud nationally include: Housing Benefit, Council Tax, Housing and Tenancy, Procurement, Insurance, Abuse of Position, Blue Badges and Direct Payments (Social Care).
12. The Wales Audit Office runs a national data matching exercise (National Fraud Initiative – NFI) every two years. Work on the 2016/17 exercise is coming to an end. We have engaged with relevant Council services to ensure data matches are reviewed and resulting action taken as

necessary. A summary of the result of the recent exercise will be reported to the Corporate Governance Committee in the coming months.

Proposed Audit priorities for 2018-19

13. The audit plan has been developed to align with the corporate priorities and strategic risks. All audit areas identified as high priority within the plan will be undertaken within the financial year 2018–19 together with annual audits of financial areas for the Section 151 Officer. Audit areas rated as medium priority will be kept under review and any changes or emerging risks will be captured and the audit plan updated as necessary.
14. The following list shows the current priority projects for 2018–19 that has been agreed between the CIA and each service management team and directors. The Corporate Governance Committee will continue to receive a regular progress update on Internal Audit work actually undertaken, which will include a list of upcoming work from the project priority schedule.

Audit Project	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review
Risk Management	IA is required to report on how the Council manages its risks each year as part of the CIA’s annual report and for the Annual Governance Statement. Review will focus on the corporate risks in the Corporate Risk Register along with a review of risk management within Services using a self-assessment.
Homelessness	ANA – high, request from SMT.
Housing Tenancy Fraud	Specific fraud-related project to ensure that the Council has robust controls to avoid sub-letting of its properties and to detect whether this is happening.
SARTH (Single Access Route to Housing)	ANA – high, corporate objective “everyone is supported to live in homes that meet their needs” and high priority showing in audit needs analysis.
Additional Learning Needs and Inclusion, Recoupment and Out of County Placement	Complete IA review started in 2017–18. ANA – high
Effective Governance in Schools	Request by Head of Service to review process for managing investigations and complaints.
Catering Services	Request by senior management and focus on financial processes and reconciliations. Forms part of proactive counter-fraud work.

Audit Project	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review
Housing Rents	Statutory assurance to include review of welfare reform impact and new OPEN Housing system.
Welsh Government Transport Grants	Service Management Team request for a review of the system for managing transport grants within Traffic & Parking Services. Request to defer to 2018–19 due to service changes.
Bridges and Structures	ANA – high.
Programme and Project Management	Programmes/projects to be reviewed will be decided later in the year. Focus on benefit realisation (this is a corporate risk and an annual governance statement are for improvement).
General Data Protection Regulations (GDPR)	New legislation in force May 2018. Agreed with Service Management Team.
Registrars	Service Management Team request for review of processes.
Business Continuity and Emergency Planning	Progress with new business continuity and emergency planning arrangements to ensure that critical services will continue to be delivered effectively in an emergency situation. Continued from 2017–18
Revenues Services	Annual review of council tax, NNDR, benefits, sundry debtors etc. within the terms of the Civica contract. Include review of the Welfare Reform implications.
Financial services assurance	Annual review of payroll, accounts payable, treasury management etc. to provide S151 Officer assurance. This year to include a review of money laundering and changes to the cash receipting system.
Support Services Contracts with Schools	Request by Senior Management Team to review Council's agreements with Schools for support services.
Legal Services – Prosecution Collaboration	Senior Management Team request to review collaborative arrangement with neighbouring Councils
Support Budgets (Direct Payments)	Part of counter–fraud work to review arrangements for “direct payments” to social care recipients.
Contract Management	Joint review with Flintshire County Council. Council is increasingly reliant on large, complex contracts to deliver its services.

Audit Project	Audit Needs Assessment (ANA) – an assessment of the priority of the planned review
Pooled Budgets	Ongoing review in response to the Part 9 of the Social Services and Well-being Act.
Regional Growth Board	Review of governance arrangements.
School Transport	Complete review from 2017-18. Service Management Team agreed to a corporate review to include Education, Transport and Licensing.
Waste Services	ANA – high. High risk within Service Risk Register and area not reviewed for some time.
Commuted Sums / Section 106 Agreements	Request by Senior Management Team. Area not reviewed previously
Tourism Strategy	Request by SMT.
School Fund Certificates	Part of our proactive counter-fraud work. Review of schools with outstanding school fund certificates.
Cyber Security	Features on corporate risk register. High level review of arrangements in place.
Grant Management	Annual assurance over education grants. Also, review Council's arrangements to pay and receive grants.

Internal Audit performance monitoring

15. Internal Audit will use the following performance measures from 1 April 2018 to measure its customer service and its efficiency and effectiveness in following up action plans and ensuring that agreed improvement is delivered by services following an internal audit review. Some of the actions have been amended to enable comparison with Welsh Chief Auditor's Group benchmarking information.

Customer Service Standard	Target
Internal Audit will discuss, agree and send services the Internal Audit Project Scoping Document before it commences work.	100%
At the conclusion of its work, Internal Audit will hold a closing meeting with all relevant people to discuss the outcome of its work, and then send services a draft report as soon as possible after that meeting.	Avg. Days (less than 10)
Internal Audit will issue a final audit report as soon as possible after agreeing the report and its action plan with services.	Avg. Days (less than 5)

Follow Up Action Plans & Service Improvement	Target
Using performance management system (Verto), Internal Audit will monitor and report on the % of agreed improvement actions that have been implemented by services to show that Internal Audit's service is effective in helping to deliver improvement.	75%

External assessment of the Internal Audit Service

16. PSIAS 1312 states that “External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The CAE [Chief Audit Executive, which is Denbighshire’s case is currently the CIA] must discuss with the board:
 - The form and frequency of external assessments.
 - The qualifications and independence of the assessor or assessment team, including any potential conflict of interest.”
17. This external assessment must be completed by 31 March 2018. The Welsh Chief Auditors Group has arranged for these assessments to be carried out through peer review by local authority Internal Audit Services. Denbighshire’s assessment will be carried out by Gwynedd County Council’s Internal Audit Service during 2017–18.
18. A self–assessment was carried out two years ago and any areas of partial conformance addressed. The CIA has updated the self–assessment and the result, along with the Quality Assurance Improvement Plan, was reported to Corporate Governance Committee in November 2017.
19. Gwynedd County Council’s Chief Audit Executive carried out the external assessment in March 2018 and the result, along with the improvement plan (if applicable), will be reported to the Corporate Governance Committee shortly.

Appendix 1 – Audit Needs Assessment

20. We use an assurance mapping tool to formulate the audit plan, which prioritises audits based on risk to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Council, known as the “Audit Universe” using a number of factors/criteria. The final score, together with priority ranking, determines an initial schedule of priorities for audit attention. The result is the Internal Audit Plan.

The audit plan for the year plan has been created by:

Consideration of risks identified in the Authority’s strategic and operational risk registers

Review and update of the audit universe

Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans

Requirements to provide a “collaborative audit” approach with the external auditors

Report To: Corporate Governance Committee

Date of Meeting: 25 April 2018

Lead Member / Officer: Lisa Lovegrove – Chief Internal Auditor

Report Author: Lisa Lovegrove – Chief Internal Auditor

Title: Internal Audit Annual Report 2017-18

1. What is the report about?

This report provides the Committee with the Internal Audit Annual Report for 2017-18 that provides the Chief Internal Auditor's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informs the 'annual governance statement'.

2. What is the reason for making this report?

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference require it to consider the annual report of the internal auditors.

3. What are the Recommendations?

The Committee considers and comments on the Head of Internal Audit's annual report and overall 'opinion'.

4. Report details

The Internal Audit Report 2017-18 is included as Appendix 1 and shows:

- that the Chief Internal Auditor has provided 'medium assurance' on the overall adequacy and effectiveness of the Council's internal control environment, including its arrangements for governance and risk management;
- there are no qualifications attached to the Chief Internal Auditor's 'opinion';
- the level of work that Internal Audit carried out to arrive at this overall 'opinion';
- how Internal Audit complies with the PSIAS; and
- a summary of Internal Audit's performance during the year.

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

Not applicable - there is no decision required with this report.

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

Not applicable - there is no decision required with this report.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report

Not applicable - there is no decision required with this report.

- 8. What consultations have been carried out with Scrutiny and others?**
Not applicable - there is no decision required with this report.
- 9. Chief Finance Officer Statement**
Not applicable - there is no decision required with this report.
- 10. What risks are there and is there anything we can do to reduce them?**
Not applicable - there is no decision required with this report.
- 11. Power to make the Decision**
Not applicable - there is no decision required with this report.



Internal Audit Annual Report 2017-18

April 2018



Lisa Lovegrove CMIIA, CISA, Chief Internal Auditor
Denbighshire Internal Audit Services, Caledfryn, Smithfield Road, Denbigh, LL16 3RJ

Introduction and background

1. The Accounts and Audit (Wales) Regulations 2014 require the review of governance arrangements to be reported within the authority, in the Council's case the Corporate Governance Committee, and externally with the published accounts of the authority. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor and the Chief Internal Auditor (CIA) should provide a written annual report to those charged with governance to support the AGS.
2. The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive', in the Council's case the Chief Internal Auditor (CIA), to deliver an annual internal audit opinion and report that the organisation can use to inform its annual governance statement.
3. The annual opinion must include the following:
 - An opinion on the overall adequacy and effectiveness of the organisation's risk management systems and internal control environment.
 - Disclose any qualifications to that opinion, together with the reason for the qualification.
 - Present a summary of the audit work from which the opinion is derived, including reliance placed on other assurance bodies.
 - Draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the Annual Governance Statement.
 - Summarise the performance of the internal audit function against its performance measures.
 - Comment on compliance with the PSIAS and communicate the results of the Internal Audit quality assurance programme.

Internal Audit opinion 2017-18

- Page 98
4. The CIA has based her 2017–18 opinion on the following:
 - The scope and outcome of Internal Audit’s work during the year;
 - IA report opinions and assurance ratings;
 - The issues and risks that Internal Audit has raised during the year;
 - The effectiveness of management’s response to the issues and risks that Internal Audit has raised;
 - Assurances received from external regulators and other sources;
 - The outcome of the Council’s review of its Corporate Governance Framework and governance arrangements 2017–18.
 5. Over the year, Internal Audit has found Senior Management at Denbighshire County Council to be supportive and responsive to the issues raised. Internal Audit has a good relationship with management whereby they openly share the areas where they perceive to be potential problems and take on board the results of our work as an opportunity to making improvement.
 6. Three audits during the year have received ‘Low’ assurance, the others being awarded ‘High’ or ‘Medium’ Assurance ratings. A few pieces of advisory work has also been completed in the year at the request of Management, which gives a strong indicator that Management is willing to engage with Internal Audit to establish good risk and control environments. Where significant issues have been identified, overall these have been appropriately addressed, which confirms that management is responsive to our work.
 7. In reaching my opinion, I have considered the balance of the results of our audit work against this environment, and can offer ‘Medium’ assurance in the overall adequacy and effectiveness of its internal control environment, including its arrangements for governance and risk management. While I do not consider any areas of significant corporate concern, some areas require the introduction or improvement of internal controls to ensure the achievement of objectives.
 8. There are no qualifications to this opinion.

Definitions of Assurance Ratings

High Assurance	Risks and controls well managed and objectives being achieved
Medium Assurance	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives
Low Assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk

Summary of Audit Work 2017/18

9. The Audit Strategy for 2017–18 was agreed with the operation of a flexible plan so key changes to risks and the control environment could be factored during the year so that Internal Audit can focus its resources in areas of greatest priority and risk at the time.
10. It is important that Corporate Governance Committee are aware of the status of internal audit work and that this information helps to place reliance on the work of internal audit and its ability to deliver the necessary assurance. The Schedule in Appendix 1 contains a list of all audits agreed in the Audit Strategy 2016/17 and the final outturn for the financial year.
11. In total, we gave 31 audit opinions during the year, categorised as follows:

Green	High Assurance	14
Yellow	Medium Assurance	13
Amber	Low Assurance	4
Red	No Assurance	0

12. The majority of opinions were either ‘high’ or ‘medium’ this year. There is, however, an increase in the number of ‘low’ assurance ratings from one in 2016–17 to four this year. In these cases, the Corporate Governance Committee will receive progress reports from the service to oversee the implementation of the agreed improvements.
13. There were no reports with ‘No Assurance’ rating issued during the year.
14. On top of this work, Internal Audit has followed up agreed actions arising from our audit work to establish if necessary improvements have been achieved. A summary of the results of this work is reported to each Corporate Governance Committee meeting and the latest position is shown in Appendix 2.
15. Internal Audit reports usually include an action plan that raises risks/issues that highlight improvement areas. These risks/issues are defined in the following table. No ‘Critical’ risks/issues were raised during the year.

Definitions of Risks/Issues

Low	Advisory issues discussed with managers during the audit and not included in audit reports and action plans
Moderate	Operational issues that are containable at service level
Major	Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT and/or CET
Critical	Significant issues to be brought to the attention of SLT, CET, Cabinet Lead Members and Corporate Governance Committee

Added Value

16. Throughout the year, Internal Audit has strived to add value wherever possible i.e. going beyond the standard expected and providing something “more” without any added costs.

17. This includes the communication and circulation of fraud prevention alerts to those that may be affected. We also benchmark and share practices with other Council’s Internal Audit Services in Wales as part of the Welsh Chief Auditor’s Group, sharing areas of emerging risk, or results from relevant audit reviews undertaken at other Welsh Councils to enable sharing of best practice and comparison of common issues or risks.

18. Examples include:

- Developing new guidance for Managing Voluntary School funds. There is a high potential area for fraud in this area, and continuing area of weakness over the years, so this document clearly sets out the key roles and responsibilities to make sure the governance arrangements are in place.
- Sharing work programmes for testing changes to legislation e.g. IR 35
- Responding to potential allegations of fraud and investigating financial processes and documents that may have been affected.
- Completing a joint audit of the Joint Corporate Procurement Unit with Flintshire County Council Internal Audit Service.
- Sharing experiences with Chief Internal Auditors from the other North Wales Councils and Betsi Cadwaladr University Health Board on progress with implementing Section 9 of the Social Services and Well-Being Act (Wales) 2014 in relation to pooled budgets.

Internal Audit Performance

19. Internal Audit measures its performance in two key areas:

- ‘Customer Standards’ – A range of indicators to ensure that Internal Audit delivers a good service to its customers.
- Follow up Action Plans and Service Improvement – the effectiveness of Internal Audit in raising actions that are implemented to deliver service improvements.

20. The table below shows Internal Audit’s performance to date for 2017/18.

Performance Target	Average Performance
Contact services at least 2 weeks in advance of audit	100%
Discuss, agree and issue scope for each audit	100%
Draft report Issued within 10 working days of the closing meeting	94% Average time taken is 7 days.
Final report Issued within 5 working days of agreeing the draft report and action plan	87% Average time taken is days
Follow up work carried out on the date they are due	100%
Implementation of Agreed actions	78%

21. Internal Audit is responsible for conducting its work in conformance with the Code of Ethics and Standards for the Professional Practice of Internal Audit as set by the Institute of Internal Auditors and further guided by the Public Sector Internal Standards (PSIAS). The Internal Audit service is in the process of being independently quality assessed for conformance with the Standards.

Conformance with Public Sector Internal Audit Standards

The objectives of the PSIAS

Define the nature of internal auditing within the UK public sector

Set basic principles for carrying out internal audit in the UK public sector

Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations

Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

22. In 2014/15, Internal Audit carried out a self-assessment of the Internal Audit service. Overall, the service fully complied with the majority of the Standards and elements of the Code of Ethics, and at least partially conformed to all others. The resulting action plan was fully implemented during 2015/16 to address areas of improvement identified during the self-assessment.

23. A further self-assessment was carried out in 2017/18 and the Internal Audit service conformed with nearly all of the PSIAS with the exception of completing an independent external assessment. The results along with the Quality Improvement Action Plan was reported to Corporate Governance Committee in November 2017.

24. An independent external assessment was undertaken on the 21 March 2018 and the results will be reported to Corporate Governance Committee once published.

Appendix 1 – Internal Audit Work Plan 2017-18

25. The following table provides an overview of Internal Audit reports issued during the year, including the overall Assurance Ratings and the number of risks/issues raised in the action plans.

Report Title	Status of Project	Assurance Rating	Risks/Issues Raised		
			Critical	Major	Moderate
Corporate Document Retention	Complete	Low	0	6	1
Corporate Safeguarding Review	Complete	Medium	Continued review of previous IA report. Assurance Rating improved from 'Low' to 'Medium'		
Corporate Priority: Modernising the Council	Complete	Medium	0	0	2
Corporate Priority: Improving our Roads	Complete	Medium	0	0	2
Alternative Service Provision: <ul style="list-style-type: none"> Citizens Advice Denbighshire Governance Arrangements 	Complete	High	0	0	1
Revenues & Benefits;	Complete	High	-	-	-
<ul style="list-style-type: none"> Partnership Arrangements 	Complete	High	0	0	0
<ul style="list-style-type: none"> Benefits 	Complete	High	0	0	0
<ul style="list-style-type: none"> Sundry Debtors 	Complete	High	0	0	3
<ul style="list-style-type: none"> Council Tax & Business Rates 	Complete	High	0	0	0
Financial assurance areas;	Complete	High	-	-	-
<ul style="list-style-type: none"> Accounts Payable 	Complete	High	0	0	2
<ul style="list-style-type: none"> Payroll & Pensions 	Complete	High	0	0	1
<ul style="list-style-type: none"> Treasury Management 	Complete	High	0	0	0
<ul style="list-style-type: none"> VAT Returns 	Complete	High	0	0	0
<ul style="list-style-type: none"> Bank Reconciliation 	Complete	High	0	0	0
Welsh Government 6th form funding & PLASC (Pupil Level Annual School Census) Review – St Brigids School	Complete	N/a	0	0	0

Report Title	Status of Project	Assurance Rating	Risks/Issues Raised		
			Critical	Major	Moderate
Welsh Government 6th form funding & PLASC (Pupil Level Annual School Census) Review – Denbigh High School	Complete	N/a	0	0	0
AONB Grant	Complete	N/a	0	0	0
Settlement Agreements	Complete	Medium	0	0	2
Corporate Communications	Complete	Medium	0	0	3
Travel & Subsistence	Complete	Medium	0	1	3
CCTV Partnership	Complete	Medium	0	0	3
Public Conveniences	Complete	Low	0	1	3
Project Management;	Draft	Medium*	–	–	–
• Denbigh Extra Care Housing	Draft	Medium*			
• Ysgol Carreg Emlyn	Draft	Medium*			
• Glasdir (Rhos St & Pen Barras)	Draft	Medium*			
Health & Safety in Schools	Draft	Low*	–	–	–
Corporate Procurement: – Joint Procurement Unit – Aggregate spend	Draft	Low*	–	–	–
Corporate Risk Management Assurance	Complete	High	0	0	0
Petty Cash Review	Complete	Medium	0	0	3
Managing the Risk of Fraud & Corruption Ph 1	Complete	High	0	0	2
Managing the Risk of Fraud & Corruption Ph 2	Complete	Medium	0	0	2

* Reports are not yet finalised and so assurance rating and risk/issues raised have not been formally agreed with the respective customers.

Appendix 2 – Follow Up Progress Update

26. The CIA regularly reports to Corporate Governance Committee on progress with Internal Audit's follow reviews of action plans included in its reports. The following table shows the position at the end of 2017-18 for Internal Audit reviews where improvement actions are outstanding.

27. From April 2018, the follow up process will change to put more of the onus on management to report progress against agreed actions using the Council's performance management system, 'Verito'. Internal Audit will monitor progress updates entered onto the system and will continue to follow up agreed action where a 'low' or 'no' assurance rating is given.

Summary of outstanding issues from Internal Audit reports at 31 March 2018

Audit Report	No. of Actions in the Audit Action Plan									Next IA F/up	Comments
	Actions Due			Actions Complete			Actions Outstanding				
Community Support Services											
Paris Financials	0	2	5	0	0	2	0	2	3	Mar 18	•3 follow ups carried out
Cefndy Healthcare	0	0	7	0	0	7	0	0	0	N/a	•Complete
Payments to External Providers	0	0	2	0	0	2	0	0	0	N/a	•Complete
POVA	0	0	7	0	0	6	0	0	1	N/a	•Follow up complete. 1 action carried forward to Procurement review
Education & Children's Services											
Governance in Schools	0	0	19	0	0	15	0	0	4	N/a	•Review of Governance in Schools in 2018-19
Ysgol Mair RC	0	2	20	0	2	20	0	0	0	N/a	•Complete
IT & IM Management in Schools	0	0	17	0	0	10	0	0	7	May 18	•2 follows up carried out
Management of Voluntary School Funds	0	0	8	0	0	8	0	0	0	N/a	•Complete
Facilities, Assets & Housing											
Housing Rents	0	0	5	0	0	5	0	0	0	N/a	•Complete

Housing Allocations & Voids	0	0	5	0	0	4	0	0	1	Mar 18	•2 follow ups carried out
Industrial Estates	0	0	1	0	0	1	0	0	1	Feb 18	•4th follow up in progress
Review On-Site Income & Security at Leisure Centres	0	0	9	0	0	9	0	0	0	N/a	•Complete
Ruthin Craft Centre	0	0	4	0	0	4	0	0	0	N/a	•Complete
Rhyl Harbour - Review of Operational Management	0	0	4	0	0	0	0	0	4	Jun 17	•1 follow up carried out
Finance											
Revenues Services	0	0	16	0	0	13	0	0	3	N/a	•Follow up reported as part of 2017/18 audit
Financial services 2016-17	0	2	8	0	2	7	0	0	1	N/a	•Follow up reported as part of 2017/18 audit
Highways & Environmental Services											
Street Works	0	0	5	0	0	4	0	0	1	Mar 18	•4th follow up in progress
Corporate Fleet Management	0	7	12	0	7	11	0	0	1	Oct 18	•3 follow ups carried out
Passenger Transport	0	0	5	0	0	4	0	0	1	Apr 18	•Follow up will be reported as part of School Transport audit
Legal, HR & Democratic Services											
HR Management in Schools	0	1	5	0	0	5	0	1	0	Feb 18	•3rd follow up in progress
Management & Administration of Legal Services	0	5	7	0	5	7	0	0	0	N/a	•Complete
Planning & Public Protection											
Community Enforcement	0	0	9	0	0	9	0	0	0	N/a	•Complete
Housing Enforcement	0	0	2	0	0	1	0	0	1	Oct 18	•2 follow ups carried out
Parking Services	0	0	13	0	0	13	0	0	0	N/a	•Complete
Developing the Local Economy	0	1	2	0	1	2	0	0	0	N/a	•Complete
Corporate Reviews											

Corporate Procurement	0	0	5	0	0	1	0	0	4	Aug 18	•1 follow up carried out
IT Access Management	0	2	8	0	2	4	0	0	4	Aug 18	•4 follow ups carried out
Physical Security of information	0	3	3	0	3	3	0	0	0	N/a	•Complete
Sickness Absence	0	0	9	0	0	9	0	0	0	N/a	•Complete
Corporate Safeguarding	0	0	19	0	0	18	0	0	1	N/a	•1 remaining action transferred to procurement.
Modernising the Council	0	0	2	0	0	0	0	0	2	May 18	•1 follow up carried out

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Report To:	Corporate Governance Committee
Date of Meeting:	25 April 2018
Lead Member / Officer:	Alan Smith – Head of Business Improvement & Modernisation
Report Author:	Lisa Lovegrove – Chief Internal Auditor
Title:	Annual Governance Statement 2017-18

1. What is the report about?

To demonstrate good governance, the Council must show that it is complying with the core principles set out in the revised Framework for Delivering Good Governance in Local Government (Wales) 2016 edition. The Annual Governance Statement (AGS) is prepared using a self-assessment and reports on the Council's governance and improvement arrangements for 2017-18, along with progress in addressing the improvement actions contained within the AGS 2016-17. The AGS is reported as part of the final "Statement of Accounts".

2. What is the reason for making this report?

The report provides the Committee with the opportunity to comment on this years 'annual governance statement'.

3. What are the Recommendations?

The Committee monitor the progress made on the action plan from 2016-17 and reviews and approves the draft annual governance statement for 2017-18 (Appendix 1).

4. Report details

The Annual Governance Statement 2017-18 includes a self-assessment of the Council's governance arrangements and shows areas of improvement during the previous financial year. It highlights any weaknesses in an action plan, which this Committee will monitor to ensure implementation of the necessary improvements. Full details are provided in Appendix 1.

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

While the 'annual governance statement' self-assessment does not directly contribute to Corporate Priorities, it provides an assessment and assurance on the delivery of the Corporate Plan, the Council's operational and financial performance, governance arrangements, community engagement etc. that are all directed towards delivering the Corporate Priorities.

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

Not applicable - there is no decision required with this report.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report

Not applicable - there is no decision required with this report.

- 8. What consultations have been carried out with Scrutiny and others?**
Not applicable - there is no decision required with this report.
- 9. Chief Finance Officer Statement**
Not applicable - there is no decision required with this report.
- 10. What risks are there and is there anything we can do to reduce them?**
If the Governance Improvement Plan is not implemented, weaknesses will remain in the Council's governance arrangements, which could lead to:
- adverse regulatory reports;
 - poor use of public money;
 - failure to improve key corporate and service areas;
 - loss of stakeholder confidence; and
 - an adverse impact on the Council's reputation.
- 11. Power to make the Decision**
Not applicable - there is no decision required with this report.



Annual Governance Statement

2017-18

(DRAFT)

What is the Annual Governance Statement for?

Good governance in Denbighshire County Council (the Council):

- encourages better-informed and longer-term decision-making, as well as the efficient use of resources.
- strengthens accountability for the stewardship of those resources.
- is characterised by robust scrutiny, which places important pressures on improving the Council's performance and tackling corruption.
- improves organisational leadership, management and oversight, resulting in more effective interventions and, ultimately, better outcomes.

To fulfil its wide range of functions, the Council must satisfy a complex range of political, economic, social and environmental objectives over the short, medium and longer term. This subjects it to a different set of external and internal constraints and incentives than those found in the private sector, all of which affect its governance arrangements. A key piece of legislation in Wales is the Well-being of Future Generations (Wales) Act 2015, which requires the Council to consider the longer term in making its decisions and to work collaboratively with other public bodies to improve well-being in Wales.

Stakeholders are, therefore, interested in issues such as:

- a) whether the Council's planned outputs have been delivered and outcomes achieved; and
- b) whether this has been done in an efficient, economic, effective and equitable manner.

The Council, therefore, must be highly transparent and provide high-quality information about all aspects of its performance. Within our annual governance review, the Corporate Governance Working Group coordinated a self-assessment of our arrangements against the Corporate Governance Framework according to the requirements set out in the CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities. The Senior Leadership Team considered the results and principles requiring further improvement are show in the Improvement Plan on page 15. A summary of the results of our self-assessment is contained within this document listed under the key principles of good governance that we use in our corporate governance framework.

What are the key principles of the Corporate Governance Framework

The fundamental function of good governance in the Council is to ensure that it achieves its intended outcomes while acting in the public interest at all times. Acting in the public interest implies that the Council's primary consideration is the benefits for society, which should result in positive outcomes for service users and stakeholders.

The Council's Corporate Governance Framework is based on seven core principles:

- A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B Ensuring openness and comprehensive stakeholder engagement
- C Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D Determining the interventions necessary to optimise the achievement of the intended outcomes
- E Developing the entity's capacity, including the capability of its leadership and individuals within it
- F Managing risks and performance through robust internal control and strong public financial management
- G Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Summary of our governance arrangements

We are required to review the effectiveness of our governance arrangements each year. These include:

- 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.
- Having a Corporate Governance Committee that undertakes the core functions of an 'audit committee', including:
 - regular review of our governance arrangements;
 - considering and reviewing internal and external audit strategies, plans and reports;
 - reviewing, scrutinising and approving the annual statement of accounts; and
 - monitoring the effectiveness of risk management.
- Consulting widely on our self-assessment with senior management and elected members.
- Using information from various sources to inform our governance arrangements, for example:
 - service challenges;
 - performance reports;
 - risk management;
 - external regulator reports; and
 - the Chief Internal Auditor's Annual Report.

In summary, our self-assessment provides evidence and assurance that the Council has robust governance arrangements in place. The following pages provide a summary of actions and behaviours taken by the Council in relation to each of

the seven core principles and their supporting principles. We will monitor and report progress on the improvement action plan to the Corporate Governance Committee on a regular basis.

DRAFT

Principle A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

Supporting Principles

Behaving with Integrity

Demonstrating strong commitment to ethical values

Respecting the rule of law

How we do this:

- Officers and Members are expected to behave according to the Council's Codes of Conduct, Constitution, and policies and procedures
- The Council has a Corporate Governance Committee to promote high standards of member conduct.
- The Council has shared values, included in the Corporate Plan, which it communicates with Members, officers, residents and partners.
- Codes of Conduct for Members and Officers and requires declaration of business interests and receipt of gifts and /or hospitality.
- These Codes are reviewed periodically to ensure they are operating effectively.
- Key policies are in place to prevent and minimise the risk of fraud. Policies include: Whistleblowing Policy, Anti-Fraud and Corruption Strategy and Financial Regulations and Contract Procedure Rules.
- Decisions taken using Impact Assessment.
- Complaints policy to receive and respond to any complaints received.

- The required leadership and staff behaviours form part of performance appraisals. Expected standard of behaviour within the induction, supervision, training and appraisals and key competencies.
- Council's recruitment policy, induction and training processes incorporate personal behaviours with ethical values.
- Core values of the Council relate to ethical behaviour: Pride, Respect, Unity & Integrity.
- Corporate Governance Committee and Standards Committee terms of reference.
- Compliance with policies and protocols
- Actively seek to deter and prevent fraud and corruption and ensure that where irregularity is suspected that it is thoroughly investigated.

- The Council's Constitution sets out the responsibilities of the Council, the Cabinet, Scrutiny and other Committees, as well as officers, including decision making powers (Scheme of delegation).
- The Constitution sets an expectation on the standards of conduct and this is monitored by the Standards Committee.
- Legal advice provided to officers is recorded and Impact assessments make sure that decisions the Council takes are for the benefit of citizens, communities and stakeholder.
- Effective Anti-Fraud and Corruption framework supported by a number of policies and procedures. Disciplinary cases and any allegations of wrongdoing are investigated accordingly.
- The Council's Monitoring Officer has provisions in place to ensure decisions taken by the Council are within the law and the Council complies with the provisions of its Constitution.

Principle B

Ensuring openness and comprehensive stakeholder engagement

Supporting Principles

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including individual citizens and service users

Page 121

How we do this

- Progress against the Corporate Plan is monitored on a quarterly basis through performance, financial and risk reports to the Cabinet and Scrutiny Committees, which is publicly available.
- Meetings are advertised to the public and carried out in an open environment with more meetings now webcast live on the internet.
- The Council publishes information on its website as part of the publication scheme.
- The Council's commitment to openness is also shown through:
 - Impact assessment for all Council's key decisions;
 - Complaints and Compliments Procedure
 - Well-being objectives;
 - County conversation had big influence on the development of the Corporate Plan and its priorities. Also public consultation on some major decisions undertaken through the Council's website;
 - Formal and informal engagement models with employee and communities e.g. alternative delivery models and Member Area Groups;
 - Engagement with Trade Unions.

- County Conversation and Corporate Plan embraces responses from residents.
- Wellbeing Plan.
- The Council uses a variety of methods to engage with stakeholders which include:
 - Communications strategy
 - Community engagement strategy
 - City, town & area planning
 - Directed communication including Social Media
 - Formal and informal meetings with stakeholder groups
 - Stakeholder engagement on strategic issues
 - Service led surveys and questionnaires
- Elected members are democratically accountable to their local area and provide clear leadership role in building sustainable communities.
- The Council relies on informal and formal partnership arrangements to deliver certain outcomes operating under the partnership governance framework.
- Partnership Scrutiny Committee monitors performance of key partnerships.
- Developed and implemented alternative service delivery models to allow for resources to be used more efficiently and effectively.

- The Corporate Plan sets out the long-term strategy for the Council and this was developed in consultation with the public and other key stakeholders.
- Formal public consultation arrangements and public meetings held to ascertain stakeholder views prior to developing and implementing key changes.
- Citizen's Panel established comprising Denbighshire residents who are tasked with giving their views on Council services and issues affecting Denbighshire.
- Other methods to engage with individual citizens, service users and key stakeholders comprise of the following:
 - Public service board's communications and engagement strategy
 - Communications strategy
 - County Conversation
 - Resident survey
 - Undertaking impact assessments for all significant Council decisions
 - Wellbeing assessment and well-being objectives set
 - Using the results of customer satisfaction surveys to improve service delivery

Principle C

Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principles

Defining outcomes

Sustainable economic, social and environmental benefits

How we do this

- The Council's long term vision and priorities are set out in the Corporate Plan. These have been formed with consideration of the Wellbeing and Future Generations Act's requirements.
- A Medium Term Financial Strategy and annual budget process ensure that financial resources are directed to the Council's priorities.
- The Council works in partnership with other organisations where there are shared objectives and advantages from working together.
- The Council operates a structured approach to commissioning services and defining outcomes.
- Contract management and monitoring arrangements are in place to ensure that services and expected outcomes are delivered to the required standard.
- Organisational objectives are delivered through Programme Boards and political decision making processes.
- Service Planning consideration including sustainability of service delivery.
- All Council decisions require completion of an impact assessment.
- Risk Management Strategy ensures consistent application of risk registers and terminology. Risk Management is applied at corporate, project, partnership and service plan levels and is reported using the corporate performance system (Verto). Council decision report require an assessment of the risk of making, and not making, the decision.
- The County's Well-being Plan and delivery of the Public Services Board's priorities ensure that public services work effectively together.

- The Council has set up 'Reshaping the Council' programme board to identify efficiency savings across the organisation in a systematic and considered way.
- Procurement Strategy defines expectations around economic, social and environment benefits which inform service specifications, tenders and contracts.
- Business Continuity Plan developed and tested to ensure that critical services can be maintained and recovered during an emergency situation.
- Council decisions require completion of an impact assessment, which takes account of the seven sustainability principles and legislative requirements of the Well-being and Future Generations (Wales) Act 2015.
- Budget setting of the Capital Programme and MTFS and longer term business planning using forecasting models.
- Programme and project management requires consideration of long term risks, sustainability and value for money.
- Community risk register focuses on long term risks to population. This is shared regionally with Public Services Board.

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting Principles

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

How we do this

- The Council's decision making process ensures that decision makers receive objective and robust analysis of several options to show how outcomes will be achieved, along with an impact assessment and the risks and opportunities associated with these options to help inform their decisions.
- Public consultation is carried out when making decisions concerning significant service changes to ensure that feedback from citizens and service users inform the decision.
- Assessment of Local Wellbeing informed the Corporate Plan and in turn Service Plans.
- Citizens Panel set up to obtain views on services from a selection of Denbighshire residents.
- Engagement portal and toolkit developed to facilitate communication.

- The Corporate Plan sets out the Council's priorities and plans, following public consultation as part of the County Conversation.
- Quarterly performance reports, analysing trends, and financial reports to Cabinet and Scrutiny Committees and mitigations strategies are implemented to manage any perceived risks.
- Service plans include local as well as national performance indicators.
- Service challenge process involves measuring service performance through comparison of national performance indicators and benchmarking data.
- Risk management applied when working in partnership and collaboratively.
- Budget planning process in place to prepare budgets in accordance with objectives, strategies and the MTFP.

- Budget planning process involves service input and elected Member input to ensure that resource requirements for the services are identified as well as highlighting any shortfall in resources and spending requirements.
- 'Social value' through service planning and commissioning is achieved through the Procurement Strategy and Corporate Procurement Rules. Also, wellbeing statements are linked to service plans and wellbeing impact assessments inform key decisions and changes to services or policies.
- The MTFP shows how the Council's resources will be deployed over the next few years to deliver agreed outcomes and priorities. It sets out the level or resources that will be available and how these are currently allocated between services.

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Supporting Principles

Developing the entity's capacity

Developing the capability of the entity's leadership and other individuals

How we do this

- The Service Challenge process shows how the Council reviews its operations, performance, and use of assets on a regular basis to ensure they continue to be effective. This involves research and benchmarking exercises and review of national and local performance indicators.
- Regular reviews of service delivery, performance and risks through team meetings and quarterly performance reporting.
- Collaborative and partnership working in place both regionally and nationally and monitoring through boards and committee structure to ensure added value is achieved.
- The Council has an alternative service delivery model framework that includes business case, options appraisal etc. This forms part of Financial Regulations.
- The Council has developed a workforce plan to enhance the strategic allocation of resources.
- Organisational development planning is in place to identify future workforce capability and progression.
- Flexible working practices including hot-desking and working from home to make more efficient use of resource.

- The Council's Constitution clearly outlines the roles of elected and appointed leaders to enable shared understanding of roles and objectives. It also specifies the types of decisions that are delegated within its Scheme of Delegation.
- Leadership Strategy is in place to develop leadership and management skills of Senior Management.
- Appraisal system assesses whether leaders' objectives are being met.
- Scrutiny Chairs meeting enables discussion of roles and agendas for scrutiny meetings.
- Induction process for members and employees.
- Development needs are identified through one to one, supervision and appraisal meetings. Also the elected members' development strategy sets out a training plan for members.
- Training is delivered using a variety of methods including e-learning modules which are mandatory for certain subjects e.g. Data Protection, Safeguarding.
- The health and wellbeing of the workforce to support and maintain their physical and mental wellbeing is provided through various HR policies and support, flexible working approach, home working and the Occupational Health Service.

Principle F

Managing risks and performance through robust internal control and strong public financial management

Supporting Principles

Managing risk

Managing performance

Robust internal control

Managing data

Strong public financial management

Page 125

Page

How we do this

- The Council has a Risk Management Strategy which defines roles and responsibilities for managing risk, confirms that risk management is an integral part of the Council's activities including service planning, option appraisals and decision making.
- Business Continuity arrangements are in place to ensure that critical service can continue to be delivered during an emergency.
- Corporate Governance Committee is responsible for monitoring the adequacy of risk management arrangements within the Council
- Annual assurance provided by Internal Audit Services.

- Members and senior management are provided with regular reports on service performance against key performance indicators and milestones
- Service Challenge Process reviews performance
- Discussions between elected members and officers on the information required to support decision making.
- Council reports include risk assessment and impact assessments to inform decisions.
- Programme and project management approach monitor delivery of priorities and key outcomes.

- Internal Audit Service has identified improvement areas during the year, and action plans agreed with management to address them. The Chief Internal Auditor provides medium assurance overall on the adequacy of the Council's internal control, risk management and governance arrangements.
- The Council takes fraud and corruption very seriously as detailed within the Anti-Fraud and Corruption Strategy, and Whistleblowing Policy.

- The Council has policies and arrangements in place to manage the handling of data. These are the Data Protection Policy, Freedom of Information Policy and Information Security Policy.
- Information sharing protocols are in place when sharing data with partners.
- Information Governance Group responsible for implementing changes in response to the General Data Protection Regulations.
- E-learning module on data protection is mandatory.
- Internal audit and external regulatory review of quality and accuracy of information used for decision making and performance monitoring.

- Financial management supports the delivery of services and transformational change as well as securing good stewardship.
- Monthly finance reports reviewed by Cabinet and available to the public.
- External Audit review and report on the Council's financial statements (including the Annual Governance Statement).
- A programme board is being established to identify future savings and efficiencies to ensure the Council's strong financial position is sustainable.

Principle G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles

Implementing good practice in transparency

Implementing good practices in reporting

Assurance and effective accountability

How we do this

- The Council uses clear layout and presentation of its reports in order to present key information to decision-makers.
- Agenda and minutes of Council meetings are publicly available on the Council's internet along with live webcast of the meeting.
- Freedom of Information and publication scheme ensures the public have access to information held by the Council.

- Annual Statement of Accounts gives clear information on the income and expenditure of the Council and demonstrates the Council's stewardship of public money for the year.
- Annual Governance Statement published which shows how we monitor effectiveness of our governance arrangements during the year and the planned improvements for the coming year.
- The Corporate Governance committee review and approve the Annual Statement of Accounts and Annual Governance Statement.
- Internal audit review of services delivered through an Alternative Service Delivery Model confirms that adequate governance arrangements are in place.

- Corporate Governance Committee oversees and reviews the adequacy and effectiveness of the governance arrangements and internal control environment operating within the Council.
- Risk based internal auditing provides ongoing assurance that key risks to the Council achieving its objectives are being managed.
- Service challenge and inspection from regulatory bodies and external compliance reviews. Actions from these reviews are used to improve services delivery.
- Internal Audit self-assessment and externally assessed against the Public Sector Internal Audit Standards to ensure an effective internal audit service
- All agreed actions from Internal Audit reviews are monitored regularly with reports to each Corporate Governance Committee.
- Internal Audit review confirms suitable protocols in place to manage risks associated with alternative service delivery models. Assurance reported to Corporate Governance Committee and relevant Senior Management.
- Partnership Governance Framework in place and reports to Partnership Scrutiny Committee.

Key contributors to developing and maintaining the Governance Framework

Council	<ul style="list-style-type: none"> - Approves the Corporate Plan - Endorses the Constitution - Approves the policy and financial frameworks
Cabinet	<ul style="list-style-type: none"> - Primary decision making body of the Council - Comprises of the Leader of the Council and Cabinet members who have responsibility for specific portfolios
Corporate Governance Committee	<ul style="list-style-type: none"> - Help raise the profile of internal control, risk management and financial reporting issues within the Council, as well as providing a forum for the discussion of issues raised by internal and external auditors
Standards Committee	<ul style="list-style-type: none"> - Standards Committee promotes high standards of conduct by elected and co-opted members and monitors the operation of the Members' Code of conduct.
Programme Boards	<ul style="list-style-type: none"> - Track efficiencies, highlighting risk and mitigating actions to achievement - Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery - Plan communication and engagement activity
Scrutiny Committees	<ul style="list-style-type: none"> - Review and scrutinise the decisions and performance of Council, Cabinet, and Committees - Review and scrutinise the decisions and performance of other public bodies including partnerships
Senior Leadership Team	<ul style="list-style-type: none"> - Set governance standards - Lead and apply governance standards across portfolios - Feed into the annual self-assessment
Internal Audit	<ul style="list-style-type: none"> - Provide an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements - Investigates fraud and irregularity

How has the Council addressed the governance improvement actions from 2016/17?

The Annual Governance and Improvement Assessment 2016/17 contained the following improvement actions. Here is how they have been addressed:

Improvement Area	Timescale	Progress as at March 2018
To ensure that there are robust governance arrangements for services provided by alternative service providers, the Head of Internal Audit had planned to review the Citizens Advice Bureau service arrangements in 2016–17. Due to changes in the team's capacity during the year, this review will now take place in 2017–18.	Chief Internal Auditor	Review of Citizens Advice Denbighshire's governance arrangements is complete and given a high assurance rating overall. See Internal Audit Progress Report for further details. Complete
The Council has not undergone a review to assess the robustness of its counter-fraud and anti-corruption arrangements.	Chief Internal Auditor	The first phase of our review of Managing the risk of Fraud against the CIPFA Code of Practice is complete. See Internal Audit Progress Report for details. Phase 2 of the Managing the Risk of Fraud review is in progress. On course to meet March 2018 deadline.
The WAO report ' <i>Savings Planning - Denbighshire County Council</i> ' identified two proposals for improvement to strengthen financial arrangements: <ul style="list-style-type: none"> • Develop an income generation/charging policy Formally risk rate savings according to achievability and identify sustainable mitigating actions for those classified as high risk.	Head of Finance	Both proposals for improvement have been implemented: <ul style="list-style-type: none"> • Income policy was approved by Cabinet and forms part of the budget process; • Risk rating of savings has been incorporated into the budget process for 2018/19. Complete

<p>The WAO report <i>'Good Governance when determining significant service changes - Denbighshire County Council'</i> identified one improvement:</p> <p>The Council's governance arrangements could be strengthened by consistent, timely monitoring of the impact of each significant service change.</p>	<p>Head of Business Improvement & Modernisation</p>	<p>There are a range of actions planned:</p> <ul style="list-style-type: none"> • Version 2 of the Well-Being Impact Assessment contains strengthened analysis of Equality Impacts. This has not been published as yet. • Scrutiny Committees will be updated with the Actions agreed at Service Challenges. <p>New programme Boards will play an active role in monitoring the impact of changes made to services as part of the Corporate Plan.</p>
<p>The ICO recommended that the Council should develop a formal policy on staff taking personal data relating to their clients out of the office.</p>	<p>Business Information Team Manager</p>	<p>The Personal Data Policy has been drafted and is currently being consulted on with services through the Information Governance Group.</p> <p>The policy is awaiting formal approval by Joint Trade Union Committee.</p> <p>In the meantime the draft policy will be placed on the Council's Intranet and commence awareness raising thereafter.</p>

Significant governance issues

There are no significant governance issues to report this year.

Any other less significant issues that we have identified in our self-assessment above have been included in the Governance Improvement Action Plan that the Corporate Governance Committee monitors. This plan also includes any issues raised in last year's action plan that have not yet been fully addressed.

We propose over the coming year to take steps to address the issues identified in our Governance Improvement Action Plan to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: (Leader)2018

Signed: (Chief Executive)2018

DRAFT

Appendix A - Governance Improvement Action Plan 2017/18

Improvement Area	Action	Responsibility	Timescale
Further to the action completed in last year's improvement plan in response to the WAO report <i>'Good Governance when determining significant service changes - Denbighshire County Council'</i> , the Council considers further improvement is possible to ensure consistent, timely monitoring of the impact of each significant service change.	Chairs of decision making committees including Cabinet be reminded to ensure that debates include consideration of impact assessments. Pre-decision scrutiny to include consideration of the nature and frequency of future impact monitoring where appropriate.	Head of Business Improvement & Modernisation and Head of Legal, HR & Democratic Services	31 March 2019
Risks associated with significant service changes need to be better reflected within the decision reports so that the Council's decision is informed properly. Any notable adverse impacts identified within the impact assessment should be reflected within the risk assessment.	The guidance notes contained within the Report Templates will be reviewed to emphasise the need to identify and clearly explain within the body of the report any associated risk and impacts.	Strategic Planning Team Manager and Head of Legal, HR and Democratic Services	31 March 2019
Promote officer awareness of the code of conduct including declaration of interests and whistleblowing policy	An e-learning training module will be rolled out to new staff initially and then to all staff.	Strategic HR Manager	31 March 2019
Budget gap identified in the MTFP and a new programme board is being established to identifying savings. The Council needs to capture how savings will be achieved within the required timeframe to address the budget gap.	Board established, terms of reference agreed and process for 2019/20 begun.	Head of Finance	28 February 2019

Improvement Area	Action	Responsibility	Timescale
Transition relating to changes within the Senior Leadership Team to minimise impact to service delivery.	Processes in place to manage changes at senior level to ensure new officers fully deliver their roles and responsibilities effectively.	SLT & HR	31 December 2018
Increased reliance on partners to work with the Councils to deliver key services requires robust arrangements for overseeing and monitoring to ensure that they are effective.	Review Partnership Governance Manual and SLT to be made aware so that partnerships apply the requirements.	Strategic Planning Team Manager & SLT	31 March 2019
Increasing number of core services are being delivered through large and complex contracts require effective arrangements for contract management.	Internal Audit review of Contract Management in 2018/19.	Chief Internal Auditor	30 June 2019
Demonstrate that proposed benefits are achieved from major programmes and projects.	Internal Audit review of programme and project management benefit realisation in 2018/19.	Chief Internal Auditor	31 March 2019
Compliance with General Data Protection Regulations from May 2018 will require significant resource from across the Council.	Information Governance Group has developed an action plan and reliance on services to assist with implementing the necessary actions to comply with the new regulations.	Head of Business Improvement & Modernisation	31 March 2019

Appendix B - Summary of our governance framework

Denbighshire County Council Corporate Governance Framework

Principles of Good Governance

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the Council's capacity, including the capability of its leadership and employees



'Annual Governance & Improvement Assessment' signed by Leader & CEO

Governance Improvement Action Plan monitored by Corporate Governance Committee



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2018 Audit Plan – Denbighshire County Council

Audit year: 2017-18

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

This document was produced by the Wales Audit Office.

Contents

2018 Audit Plan

Summary	4
Audit of accounts	4
Performance audit	8
Certification of grant claims and returns	11
Fee, audit team and timetable	12
Future developments to my audit work	14

Appendices

Appendix 1 – respective responsibilities	16
Appendix 2 – performance work in last year’s audit outline still in progress	19
Appendix 3 – other future developments	20
Appendix 4 – national value-for-money studies	23

2018 Audit Plan

Summary

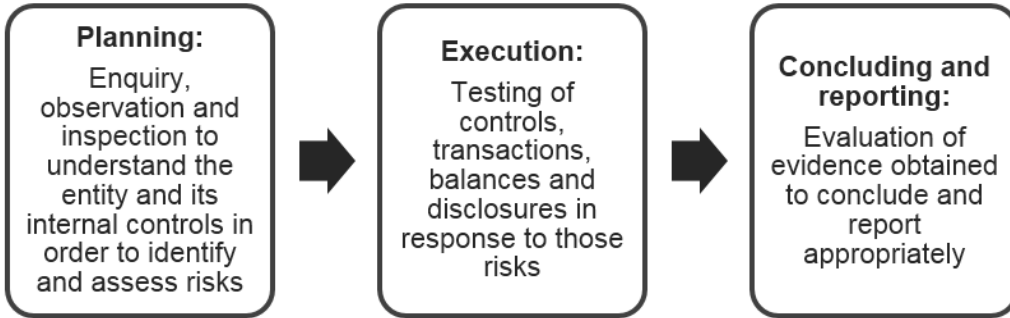
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair';
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged the duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not Denbighshire County Council (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach

My audit approach involves three key stages: planning, execution and finally concluding and reporting



- 9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

This table summarises the key financial audit risks identified at the planning stage of the audit

Financial audit risk	Proposed audit response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>In 2017-18, the Council has revalued elements of its asset portfolio in accordance with the rolling programme of revaluation.</p>	<p>We will design audit tests to ensure that the revaluation exercise has been undertaken appropriately and the required revaluations are correctly accounted for within the 2017-18 financial statements.</p>

Financial audit risk	Proposed audit response
The Council has a number of capital projects that are due for completion around the year-end and there is a potential risk that the capital expenditure could be incorrectly classified within the financial statements as operational or non-operational (assets under construction).	We will review the capital projects that have completed around the year-end and confirm that they have been correctly classified within the financial statements.
The preparation of the Statement of Accounts will involve the estimation of a number of account figures such as provisions for the Council's liabilities.	We will review: <ul style="list-style-type: none"> • the basis on which significant accounting estimates are made for 2017-18; and • ensure that appropriate accounting and disclosure requirements are included within the financial statements.
We have identified a number of disclosures as being material by nature. These include the disclosure of Related Parties and Senior Officer's Remuneration.	We will: <ul style="list-style-type: none"> • review all notes and disclosures that are material by nature; and • test these disclosures to ensure that they are consistent with supporting evidence and in line with the Code.

- 10 The financial statements are prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting (the Code). We understand there are minimal changes to the Code for 2017-18. However, with the earlier closure of Local Government accounts on the horizon, the Council will continue to revise the accounts preparation process in readiness for the earlier deadlines in future years.
- 11 My audit team will continue to work with and support the Council and its staff to agree the most appropriate presentation in the financial statements and agree improvements to the methodology and working papers supporting the financial statements, where necessary.
- 12 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit and Governance Committee prior to completion of the audit.
- 13 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.

- 14 My fees are based on the following assumptions:
- the draft financial statements have been subject to a robust quality assurance review by officers;
 - year-on-year movements in respect of balances, transactions and disclosure notes within the draft financial statements are supported by appropriate explanations;
 - working papers and other information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officers will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 15 In addition to my responsibilities in respect of the audit of Denbighshire County Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about Denbighshire County Council to support preparation of Whole of Government Accounts.

Statutory audit functions

- 16 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 17 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 18 If I do receive questions or objections, I will discuss potential audit fees at the time.

Other financial audit work

- 19 I am also responsible for the independent examination of the Area of Outstanding Natural Beauty (AONB) Joint Committee. There are no specific risks that I have identified in relation to the Joint Committee. My independent examination fee for this work is set out in [Exhibit 5](#).

Performance audit

- 20 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 21 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will minimise work that focuses on the process of improvement planning.
- 22 In recent years I have placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future I will be unable to rely on my work under the Measure, in 2018-19, and subsequent years, the focus of my local performance audit programmes will be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 23 In 2017-18, I undertook my first work under the Wellbeing of Future Generations (Wales) Act 2015, the Year One Commentary. This work sought to identify how public bodies are beginning to respond to the Act and share emerging practice. My 2018-19 programme will include the first examinations to be carried out under the Act. These examinations will assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives.
- 24 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 3** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.
- 25 In the spring of 2018, I will also be consulting on my forward programme of studies across all sectors and I would welcome views on the areas I should focus my national reviews on when the consultation is launched.

Exhibit 3: local government studies

In 2018 I published three national reports related to local government and will undertake fieldwork for a further three reports during the summer and autumn of 2018

Study	Status
2016-17 studies	
How local government manages demand	Published 9 January 2018
Strategic commissioning	Publish in March 2018
Improving wellbeing through housing adaptations	Published 22 February 2018
2017-18 studies	
Services to rural communities	Fieldwork – Publish Summer/Autumn 2018
Use of data	Fieldwork – Publish Summer/Autumn 2018
Integrated care fund	Fieldwork February – Publish Autumn 2018

26 Taking all these factors into consideration, my 2018-19 programme of work will comprise:

Exhibit 4: performance audit programme

My 2018 performance audit programme will include local projects and national studies

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit.	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet one or more of its wellbeing objectives, which we will discuss and agree with the Council during early 2018-19.
Assurance and Risk Assessment	On-going work to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.

Performance audit programme	Brief description
Leisure Services	Review of the arrangements the Council has put in place to deliver leisure services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies.
Corporate Safeguarding Arrangements	High level review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General in this area.
2018-19 Local Government Studies	Funded by the Welsh Government
Implementation of the Social Services and Well-being Act	The Social Services and Well-being (Wales) Act 2014 focuses on reforming and simplifying the law relating to social services. The Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review progress by authorities in delivering their new duties under the Act and help to identify opportunities for improving current management and delivery arrangements. Further information can be found in our call for evidence report published in August 2017.
Implementation of Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015	The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 aims to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventive, protective and supportive mechanisms in the delivery of services. Our review will focus on the effectiveness of arrangements to improve support for people affected by such abuse and violence. Further information can be found in our call for evidence report published in August 2017.

Performance audit programme	Brief description
Value for Money of Planning Services	<p>The Planning (Wales) Act 2015 (the Act) gained Royal Assent on 6 July 2015. The Act sets out a series of legislative changes to deliver reform of the planning system in Wales, to ensure that it is fair, resilient and enables development. An effective planning service will be at the front of shaping the character, development and prosperity of a local authority or national park. Given the requirements of the Act, it is important that planning authorities ensure that their services are fit for the future to ensure they meet both their statutory responsibilities but also support the delivery of corporate, regional and national priorities. Our review will consider the effectiveness and impact of planning services on local communities in Wales. Further information can be found in our call for evidence report published in August 2017.</p>

- 27 The performance audit projects included in last year’s Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Certification of grant claims and returns

- 28 I have been requested to undertake certification work on Denbighshire County Council’s grant claims and returns.
- 29 We expect that the Welsh Government will streamline its assurance arrangements by rolling out the ‘Summary Schedule of Certified Welsh Government Grants’ to all unitaries. This follows successful piloting at four authorities last year. We will provide further information later in the year to explain how this work will be delivered.
- 30 My estimated audit fee for this work is set out in [Exhibit 5](#).

Fee, audit team and timetable

Fee

- 31 Your estimated fee for 2018 is set out in [Exhibit 5](#).
- 32 As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than 1%) which we have looked to offset by a slight reduction in audit days and skill mix.

Exhibit 5: audit fee

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	178,234	178,234
Performance audit work ³	97,710	97,710
Grant certification work ⁴	60,000	67,451
Other financial audit work ⁵	1,134	1,134
Total fee	337,078	344,529

Notes:

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

² Payable November 2017 to October 2018.

³ Payable April 2018 to March 2019.

⁴ Payable as work is undertaken. Please note, our actual fee for last year disclosed relates to our charges for grants work to date. There is one grant claim yet to be certified which we are looking to finalise imminently. The figure disclosed (£67,451) is therefore an estimate.

⁵ Area of Outstanding Natural Beauty (AONB) Joint Committee.

- 33 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 34 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

- 35 The main members of my team, together with their contact details, are summarised in [Exhibit 6](#).

Exhibit 6: my team

This table provides contact details for the audit team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Director and Engagement Lead – Financial Audit	02920 320585	anthony.veale@audit.wales
Michelle Phoenix	Financial Audit Manager	07966 073281	michelle.phoenix@audit.wales
Gareth Evans	Financial Audit Team Leader	02920 320500	gareth.evans@audit.wales
Jeremy Evans	Performance Audit Manager	07825 052861	jeremy.evans@audit.wales
Gwilym Bury	Performance Audit Lead	07813 564432	gwilym.bury@audit.wales

- 36 I can confirm that with the exception of one member of staff, my team members are all independent of Denbighshire County Council and your officers and I am not aware of any potential conflicts of interest that I need to bring to your attention.
- 37 With regards to the exception outlined above, we have reviewed this and concluded that there are no restrictions on the member of staff working on the audit. Nevertheless, the audit team have taken additional steps to safeguard our independence and objectivity by ensuring that any work undertaken by our staff member on the payroll audit will be subject to an additional level of review.

Timetable

- 38 I will provide reports, or other outputs as agreed, to Denbighshire County Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 7](#).

Exhibit 7: timetable

This table sets out my proposed timetable for completion and reporting of my audit work at the authority

Planned output	Work undertaken	Report finalised
2018 Audit Plan	January 2018	March 2018
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	February to September 2018	September 2018 September 2018 October 2018
Performance work: <ul style="list-style-type: none"> • Improvement Plan Audit • Assessment of Performance Audit • Assurance and Risk Assessment • WFG Act Examination • Leisure services • Corporate Safeguarding Arrangements 	April 2018 November 2018 November 2018 to February 2019 April 2018 to February 2019 April 2018 to February 2019 April 2018 to February 2019	May 2018 December 2018 March 2019 March 2019 March 2019 March 2019
Annual Improvement Report	April 2018 – May 2019	June 2019
2019 Audit Plan	December 2018	March 2019

* Subject to timely clearance of draft findings with Denbighshire County Council.

Future developments to my audit work

- 39 Details of future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 3](#).

- 40 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- **Sustainable Procurement.** Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act.
 - **Measuring Outcomes.** Supporting the WFG Act, 44 bodies shift their focus from outputs to outcomes and impact.
 - **Adverse Childhood Experiences.** In partnership with ACE's Hub at Public Health Wales and the Future Generations Office.
 - **Digital Seminar,** taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
 - **Building Resilient Communities.** Focussing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales.
 - **Partnership working between Voluntary bodies and Public Sector Bodies.** Will also include the launch of the Good Practice Guide to Grants Management.
 - **Financial Audit – Early Closure of Local Government Accounts.** Focussing on cultural and behaviour changes.
 - **Alternative Service Delivery Models.** In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation, and Good Practice Wales.
 - **Cybersecurity.** Focusing on governance arrangements.
 - **Preventing Hospital Admissions.** Jointly with NHS, Social Care, Housing and partners from the Third Sector.
 - **Youth.** Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Denbighshire County Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Denbighshire County Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Denbighshire County Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Denbighshire County Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Well-being of Future Generations Act (Wales) 2015

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 8: performance work in last year's audit outline still in progress

Performance audit work included in last year's audit plan that remains outstanding.

Performance audit project	Status	Comment
Thematic Study: Service user review Welsh Housing Quality Standard (WHQS).	The review will evaluate what it feels like (as a member of the public) to deal with council services. In addition to determine whether the Council has effective arrangements in place to enable it to continue to meet the WHQS.	Fieldwork complete. To be published April 2018.
Thematic Study: Scrutiny – Fit for the Future	This review will examine the impact of the WFG Act on the work of scrutiny committees.	Fieldwork complete. To be published April 2018.
Annual Improvement Report (AIR)	Report from the Auditor General for Wales reviewing the Council's performance and arrangements.	To be published May 2018.

Appendix 3

Other future developments

Forthcoming key IFRS changes

Exhibit 9: forthcoming key IFRS changes

There are three key changes to accounting rules that will impact on the authority over the next three years.

Standard	Effective date	Further details
IFRS 9 Financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from contracts with customers	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends to also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

Wales Pension Partnership

The administering authorities for the eight Local Government Pension Scheme (LGPS) funds in Wales have established a pension investment pool in line with government requirements. The Wales Pension Partnership Joint Governance Committee will, from April 2018 onwards, oversee the pooling of some £15 billion of investments from the eight LGPS funds in Wales.

The relevant authorities need to be fully engaged in this process to ensure that appropriate arrangements are put in place that meet their requirements and to achieve the benefits of pooling which include economies of scale and reduced costs.

Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

Exhibit 10: planned forthcoming GPX webinars and Seminars.

My planned GPX programme includes 11 subject areas

Date	Format	Topic
April 2018	Webinar	Sustainable Procurement. Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act.
May 2018	Webinar	Measuring Outcomes. Supporting the WFG Act 44 bodies shift their focus from outputs to outcomes and impact.

Date	Format	Topic
June 2018	Seminar	Adverse Childhood Experiences. In partnership with ACE's Hub at Public Health Wales and the Future Generations Office.
June 2018	Seminar	Digital. Seminar, taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
July 2018	Seminar	Building Resilient Communities. Focussing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales.
September 2018	Seminar	Partnership working between Voluntary bodies and Public Sector Bodies. Will also include the launch of the Good Practice Guide to Grants Management.
October 2018	Webinar	Financial Audit – Early Closure of Local Government Accounts. Focussing on cultural and behaviour changes.
December 2018	Seminar	Alternative Service Delivery Models. In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation and Good Practice Wales.
January 2019	Webinar	Cybersecurity. Focusing on governance arrangements.
February 2019	Seminar	Preventing Hospital Admissions. Jointly with NHS, Social Care, Housing and partners from the Third Sector.
March 2019	Seminar	Youth. Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.

Appendix 4

National value-for-money studies

The Council may also be interested in the national value-for-money examinations that I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

Exhibit 11 covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work, follow-up work, or based on the findings of other reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Exhibit 11: national value-for-money studies

Topic	Anticipated publication (as at 11 January 2018)
Primary care services ²	February/March 2018
Access to public services with the support of specialist interpretation and translation	March/April 2018
Waste management (waste prevention) Waste management (municipal recycling) Waste management (procurement of infrastructure)	March/May 2018
Early intervention and public behaviour change ³	March/April 2018
GP out-of-hours services – national summary report	April/May 2018
Rural Development Programme 2014 – 2020	April/May 2018
Business finance	May 2018

² An initial data rich report presenting a 'picture of primary care' in advance of further local audit work.

³ Following on from some good practice work, we are planning to produce a short summary paper to highlight some of the issues raised and evidence gathered through that work, supported by a series of podcasts.

Topic	Anticipated publication (as at 11 January 2018)
NHS agency staffing costs ⁴	Summer 2018
EU Structural Funds programmes 2014 – 2020	Summer 2018
Improving the wellbeing of young people	Autumn 2018
Radiology services – national summary	To be confirmed
Integrated Care Fund	To be confirmed
Care experienced by children and young people ⁵	To be confirmed

⁴ Work has recently commenced on gathering data from across the health services of the UK to support a paper on the various approaches being taken to address the increasing costs of employing agency medical and nursing staff within the NHS. The precise format for this output is still to be determined.

⁵ The PAC has now set out its initial plans for some ongoing inquiry work on this topic. I will be supporting this work, although the precise nature of, and timescale for, any additional audit-related outputs is still to be determined.

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Corporate Governance Committee Forward Work Programme

6 JUNE 2018		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Internal Audit Update	Head of Internal Audit – Lisa Lovegrove
	4	Forward Work Programme	Democratic Services
		Reports	
	5	Outside Bodies Report	Head of Legal, HR and Democratic Services / Gary Williams
	6	CIPFA - (Audit Committee Practical guidelines)/ Terms of reference	Head of Internal Audit – Lisa Lovegrove/ Head of Legal, HR and Democratic Services / Gary Williams
11 JULY 2018		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Internal Audit Update	Head of Internal Audit – Lisa Lovegrove
	4	Forward Work Programme	Democratic Services
		Reports	
	5	Draft Statement of Accounts	Head of Finance- Richard Weigh
	6	Treasury Management	Head of Finance- Richard Weigh
	7	Annual report on the Constitution	Head of Legal, HR and Democratic Services - Gary Williams /Head of Internal Audit – Lisa Lovegrove
26 SEPT 2018		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Internal Audit Update	Head of Internal Audit – Lisa Lovegrove

Corporate Governance Committee Forward Work Programme

	4	Forward Work Programme	Democratic Services
		Reports	
	5	Approval of Statement of Accounts	Head of Finance – Richard Weigh
21 NOV 2018		Standing Items	
	1	Issues Referred by Scrutiny Committees (if any)	Scrutiny Coordinator – Rhian Evans
	2	Recent External Regulatory Reports Received (if any)	Head of Business Improvement & Modernisation– Alan Smith, Nicola Kneale
	3	Internal Audit Update	Head of Internal Audit – Lisa Lovegrove
	4	Forward Work Programme	Democratic Services
		Reports	
	5	Annual report on Whistle Blowing	Head of Legal, HR and Democratic Services / Gary Williams
	6	Annual RIPA (Regulation of Investigatory Powers Act 2000)	Head of Legal, HR and Democratic Services / Gary Williams

Page 162

NB The exact date of publication of occasional reports by for example Wales Audit Office or Annual Reports by the Ombudsman are not presently known. They will be assigned a meeting date as soon as practicable.

Revised 12.04.18 SJ

By virtue of paragraph(s) 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

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