

To: Members of the Corporate
Governance Committee

Date: 31 May 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, 6 JUNE 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 APPOINTMENT OF CHAIR

To appoint a Chair of the Corporate Governance Committee for the ensuing year.

3 APPOINTMENT OF VICE CHAIR

To appoint a Vice Chair of the Corporate Governance Committee for the ensuing year.

4 DECLARATION OF INTERESTS (Pages 5 - 6)

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

5 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.

6 MINUTES (Pages 7 - 14)

To receive the minutes of the Corporate Governance Committee meeting held on 25 April 2018 (copy enclosed).

7 DENBIGHSHIRE'S 2018 ESTYN INSPECTION OUTCOMES (Pages 15 - 32)

To consider a report by the Head of education (copy enclosed) on the recent Authority Estyn Inspection.

8 INTERNAL AUDIT UPDATE (Pages 33 - 46)

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

9 CIPFA PRACTICAL GUIDANCE FOR AUDIT COMMITTEES 2018 (Pages 47 - 48)

To consider a report by the Chief Internal Auditor (copy enclosed) on the revised guidance and updates edition of "Audit Committees – Practical Guidance for Local Authorities and Police".

10 INTERNAL AUDIT OF THE JOINT CORPORATE PROCUREMENT UNIT (Pages 49 - 66)

To consider a report by the Chief Internal Auditor (copy enclosed) providing details of a recent Internal Audit report on the Joint Corporate Procurement Unit that received a 'Low' Assurance rating.

11 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 67 - 68)

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

PART 2 - CONFIDENTIAL ITEMS

None

MEMBERSHIP

Councillors

Mabon ap Gwynfor
Tony Flynn
Martyn Holland

Alan James
Barry Mellor

Lay Member

Paul Whitham

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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, 25 April 2018 at 9.30 am.

PRESENT

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

Lay Member Paul Whitham

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

Councillor Bobby Feely, Lead Member for Well-being and Independence.

Observers – Councillors Meirick Lloyd Davies, Glenn Swingler, Tony Thomas and Emrys Wynne

ALSO PRESENT

Head of Legal, HR & Democratic Services (GW), Head of Finance (RW), Chief Internal Auditor (LL), Internal Auditor (IG), Strategic Planning Team Manager (NK), Service Manager - Community & Business Services (AH), Lead Officer - Contracts & Facilities (NH) and Committee Administrator (SJ)

Wales Audit Office Representatives – Anthony Veale, Michelle Phoenix and Gwilym Bury.

1 APOLOGIES

None received.

2 DECLARATION OF INTERESTS

Councillor Tony Flynn declared a personal interest in agenda item 5- Homelessness Prevention Report as he was a landlord of rental property.

Councillor Barry Mellor and Councillor Alan James declared a personal interest in agenda item 7- Internal Audit Update as they were both on the CCTV Partnership board.

3 URGENT MATTERS

No urgent matters were raised.

4 MINUTES

The minutes of the Corporate Governance Committee held on the 07 February 2018 were submitted.

No matters arising.

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

5 HOMELESSNESS PREVENTION REPORT

Councillor Tony Flynn declared a personal interest in this agenda item.

An information report was provided by the Service Manager - Community & Business Services (previously circulated).

Councillor Bobby Feeley Lead Member for Well-being and Independence was in attendance for the item.

The Service Manager (SM) explained the information report was presented to Partnerships Scrutiny on the 3 May 2018 for debate. The report was presented to Corporate Governance for information and to assure members that the service had responded to the recommendations received by Wales Audit Office.

Following discussions the SM confirmed –

- Confirmation of the upcoming year's budget had been set
- Members had been informed the difference between emergency and temporary accommodation
- The report was produced to proactively prevent homelessness in Denbighshire. Work on preventing homelessness in Denbighshire had started and would continue alongside the action plan (action plan attached)
- Work with other services had continued, relationships with third parties had continued alongside the action plan

The Chair thanked the Officer and Lead Member for the report and the work that had started on the action plan. The Chair reminded members that the report went to Partnerships Scrutiny to be discussed in depth.

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

6 COMPLIANCE WITH DENBIGHSHIRE'S RISK MANAGEMENT POLICY

The Strategic Planning Team Manager (SPTM) introduced the report (previously circulated) to summarise how the Corporate Risk register was monitored in the authority.

A formally updated version of the Corporate Risk Register was agreed at Cabinet Briefing on 9 April 2018 and was presented to Performance Scrutiny on the 26 April 2018 for consideration. The Corporate Risk Register was formally reviewed twice a year by Cabinet and Corporate Executive Team (CET) with any significant new or escalating risks identified by CET.

The SPTM guided members through the report and the attached appendices. Following discussions the following topics were debated –

- Universal Credit – The SPTM confirmed a briefing had been received by all MAG meetings regarding the implementation of the new Universal credit system.
- Cyber attacks – The risk of a cyber attack had been investigated and an update to Risk iii to include cyber risk had been incorporated.
- Data Protection – With the implementation of the new General Data Protection Regulation an update to Risk it had been amended to include the new legislation. Work had commenced to reduce this area of risk and monitoring would continue following implementation.
- Corporate Boards – Two Corporate Boards had been established to manage the Corporate Plan.
- Working with neighbouring authorities – The SPTM confirmed work had been done on establishing working relationships with neighbouring authorities. Observations had taken place to establish positive interactions.

The Chair thanked the Strategic Planning Team Manager for the transparent report.

RESOLVED, that the Corporate Governance Committee received the report and note its contents.

7 INTERNAL AUDIT UPDATE

Councillor Barry Mellor declared a personal interest in this agenda item (CCTV Report).

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 March 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
- Internal Audit Performance standards

The following matters were raised during debate –

- Financial Services – The CIA explained to members that several audit reports had been completed in relation to Financial Services all giving a high assurance. Work continued on the action points raised by internal audit. Work had been done to reduce the high percentage of invoices received without a purchase order. The CIA explained any trends or problematic clusters are guided and supported to reduce instances of invoices without a purchase order where possible.
- Managing the Risk of Fraud – Preventative Measures – The CIA explained an Anti-fraud and Corruption plan had been developed by Internal Audit and

clarified some of the procedures that were in place to deter fraud. The Monitoring Officer clarified policies were in place for senior officers to declare interests. Raising the level of staff awareness of the policies and procedures was required.

- Travel & Subsistence – Confirmation from the CIA was given to the committee on the successful implementation of the new electronic module for processing travel expenses. The CIA explained that the policy stated that all employees had to complete a Driving Entitlement Consent Form, within the audit Denbighshire Staff that used the new system were audited but this did not include members.
- CCTV Partnership Governance – Members raised concerns of the lack of information submitted by North Wales Police. The Chair confirmed some information had been submitted to the Partnership board during its meetings. The relationship between North Wales Police and the CCTV Partnership Board was improving.

Discussions arose regarding a report to the Corporate Governance updating members on the relationship the County had with third party providers. The CIA confirmed work had commenced on a report investigating work provided by third parties.

RESOLVED that the Corporate Governance Committee receive the update report and note its contents and an annual Partnership Assurance report be presented to the Committee at a later date.

At this junction (11:10 a.m.) there was a 10 minute break.

Meeting reconvened at 11:20 a.m.

8 INTERNAL AUDIT STRATEGY

The Chief Internal Auditor (CIA), submitted a report (previously circulated) to provide the committee the Internal Audit Strategy for 2018-19.

The CIA guided members through the report which provided information, the CIA elaborated on –

- The internal audit plan had a high element of flexibility allowing work to be completed and prioritised accordingly.
- Anti-fraud and corruption work remains a high priority for the Council. Work will continue in this area with reports brought to Corporate Governance at future meetings.
- The CIA confirmed Gwynedd CC had completed the external assessment in March 2018. The result and improvement plan would be presented to Corporate Governance Committee when received.
- The introduction of VERTO for recording progress against agreed actions had potentially reduced the number of days required for follow- up work.
- Internal Audit investigate key elements of services to report back to Corporate Governance Committee with any outcomes found.

The Chair thanked the Internal Audit Officer for the report and information. He offered his praise in the previous 12 months during all the changes within the service.

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

9 INTERNAL AUDIT ANNUAL REPORT

The Chief Internal Auditor (CIA), introduced the Internal Audit Annual report (previously circulated). A slideshow presentation illustrated to members the work the Internal Audit had completed during the 2017-2018 period. The report provided the CIA's overall opinion of the adequacy and effectiveness of the Council's framework of governance, risk and control during the year which informed the 'Annual Governance Statement'.

The CIA had provided 'medium assurance' on the overall adequacy and effectiveness of the Council's internal control environment, including its arrangements for governance and risk management. The CIA referred to the 31 audit opinions issued during the year and confirmed that 4 identified as low assurance would be monitored. The Corporate Governance Committee would receive progress reports from the service to oversee implementation of the agreed improvements.

In response to concerns raised by members regarding the work done in schools, the CIA confirmed work had been done which included an action plan for schools to implement. Work had been done on fraud prevention. Work had been completed on Policies and procedures by the audit team to provide assurance and guidance and prevent fraud from occurring where possible. Commitment by all authorities to reduce the level of fraudulent activities had been agreed.

Members asked for assurance that return investments had been investigated and audited. The CIA confirmed sample checks had been completed in areas to monitor findings and returns.

Following discussion it was-

RESOLVED, that the Chief Internal Auditor's Annual Report and overall 'opinion' be received and its contents noted.

10 DRAFT ANNUAL GOVERNANCE STATEMENT

The Chief Internal Auditor (CIA), guided members through the draft annual Governance Statement (previously circulated).

The report provided the draft self- assessment report on the Council's governance and improvement arrangements for 2017-18 and afforded the Committee the opportunity to comment on the first draft of the 'Annual Governance Statement'.

The CIA explained to members the importance of the report, stating the draft report had been presented to SLT, Corporate Directors and Wales Audit Office for comments.

The CIA highlighted the seven key principals to the Corporate Governance Framework. It was explained the fundamental function of good governance in the Council to ensure outcomes are achieved. The CIA stated there had been no

significant issues to report with all amendments included in appendix A (copy attached).The CIA asked members for comments and any amendments to be directed to her to review and adjust where necessary.

The Chair thanked the Audit team for the transparent report and encouraged members to thoroughly read through the report and contact the CIA with any questions or amendments.

RESOLVED, that the Corporate Governance Committee:

- i. Receives the report and notes its contents and
- ii. Any amendments or questions directed to the CIA within 2 weeks.

11 WAO ANNUAL AUDIT PLAN

The Wales Audit Office (WAO) representative (AV) introduced the report which incorporated the 2018 Audit Plan – Denbighshire County Council. The report set out the planned programme of work for both the WAO’s financial audit performance audit programme and the performance audit work programme. The report provided details of the fee for the work, the audit team and the timetable of work.

A summary of the contents of the 2018 Audit Plan – Denbighshire County Council was provided, which included –

- Audit of accounts
- Performance audit
- Certification of grant claims and returns
- Fee, audit team and timetable
- Future developments to the audit work

The WAO representative provided the committee with an overview of the contents of the report. During discussions the following matters were raised –

- Some discussion focused on the streamlining of assurance arrangements by rolling out the ‘Summary Schedule of Certified Welsh Government Grants’ to all unitaries. This WAO representative said further information would be provided to the committee at a later date.
- The WAO officer explained that aspects of risks are investigated and complete risk assessments of complex areas.
- Explanation was given to the methods used in circulating invitations to seminars and workshops. WAO representative (GB) informed members of the method to sign up to the WAO newsletter to receive information of training and publication of reports.

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

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:-

6 June 2018 -

- External assessment- Gwynedd County Council's Chief Audit Executive- Report and Improvement plan

11 July 2018 -

- Annual SIRO report

26 Sept 2018 –

- WAO Annual Audit enquiries
- Update on Public Conveniences Audit report

21 Nov 2018 –

- Annual third party assurance report

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

EXCLUSION OF PRESS AND PUBLIC

RESOLVED that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following items of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

13 INTERNAL AUDIT REPORT - PUBLIC CONVENIENCES

The Chief Internal Auditor (CIA), introduced the confidential report (previously circulated) providing members with details of the Internal Audit report on Public Conveniences that had received a 'Low' assurance rating.

The Lead Member for Finance, Corporate Plan and Performance with the Lead Officer – Contracts and Facilities (LO) guided members through the Audit report. The LO gave members some background information and provided the Corporate Governance Committee will assurance that work had begun on the recommendations from the audit.

The Chair thanked the officers for providing the report and for clarifying members concerns.

RESOLVED that the Corporate Governance note the contents of the report and an update report be provided in the September Corporate Governance Committee meeting.

The meeting concluded at 13:10 p.m.

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Report To: Corporate Governance Committee

Date of Meeting: 6th June 2018

Lead Member/Officer: Karen Evans, Head of Education and Children Services

Report Author: Karen Evans, Head of Education and Children Services

Title: Denbighshire's 2018 Estyn Inspection Outcomes

1. What is the report about?

1.1 To provide an update to the committee on the recent Authority Estyn Inspection.

2. What is the reason for making this report?

2.1 As part of the Corporate Governance forward work programme, the Committee asked for a report to be presented showing the outcome of this inspection.

3. What are the Recommendations?

3.1 That Members consider the information provided herein and comment accordingly.

4. Report details

4.1 Background

4.11 In February 2018 the Authority's Education Services were inspected by Estyn. All Authorities are required to be inspected by Estyn as part of their continual inspection regime in Wales. The previous inspection of Denbighshire being in 2012.

4.12 As part of this process the Authority was required provide a Self-Evaluation Report following Estyn's guidance.

4.13 The Authority was the first in Wales to be fully assessed against Estyn's new inspection framework which focusses on each of the following areas:

Section	Inspection Area
1	Outcomes
2	Quality of Education Services
3	Leadership and Management

4.2 Outcomes of Inspection

4.2.1 The outcome of the Authority’s Estyn inspection was released in their report of April 2018. This report is shown in Appendix 1. Members attention is drawn to the summary on page 2 of this document.

4.2.2 The findings of the report were welcomed by Education and Children Services. Estyn had judged leadership and management in the service to be excellent and outcomes and quality of education to be good.

Section	Inspection Area	Outcome
1	Outcomes	Good
2	Quality of Education Services	Good
3	Leadership and Management	Excellent

4.2.3 Denbighshire was one of only two authorities to receive excellent for leadership in the last round of inspections, and is the first to be awarded an excellent rating for leadership under a new inspection framework introduced across Wales.

4.2.4 A notable feature of the report stated “... that outcomes in Denbighshire are strong across nearly all key indicators over several years in primary and secondary schools, and particularly at Key Stage 4.”

4.2.5 The recent merger of Education and Children Services was also highlighted by Estyn as having a “positive impact” on services for children, young people and their families. Estyn have also asked Denbighshire to prepare a case study on the amalgamation of Education and Children Services, to share as best practice with other councils across Wales.

4.2.6 The report highlights that “the authority has a strong moral purpose that underpins its education services, focusing on an ambition to maximise the life chances of every learner.”

4.2.7 Some other key Estyn comments from the report are as follows:

- “The authority knows its schools very well”
- “The authority has a strong moral purpose that underpins its education services, focusing on an ambition to maximise the life chances of every learner”
- “Pupils’ standards in Welsh first language remain strong over their time in school”
- “The authority has a very secure understanding of the extent of elective home education in the county”
- “A very strong feature of the authority is the way it consults with children and young people when making decisions that affect them and when evaluating the wide range of services it offers”
- “Children can influence decision making”
- “Schools work well in clusters of primary schools and their partner secondary schools”

- “The authority sets clear expectations of all schools and parents in relation to pupil attendance”
- “The authority’s Welsh in Education Strategic Plan demonstrates a strong commitment to developing services through the medium of Welsh”
- “There are good quality youth services are provided by the authority that meets the needs of a wide range of young people”
- “Officers and elected members implement the authority’s modernising education programme successfully”
- The authority’s political and strategic leadership is highly effective”
- “The authority’s approach to managing complex change are very effective”

4.2.8 The report makes very positive reading and is a tribute to the work undertaken in support of Education and Schools in Denbighshire. The report does include a small number of recommendations and an action plan is being drawn up to address these. The recommendations were as follows:

Recommendations	
1	Reduce the variability in outcomes in secondary schools
2	Ensure that the evaluation of services focuses clearly on measuring the outcomes that children and young people achieve through those services.

4.2.9 The outcome of this report is a testament the priority which Denbighshire has given Education for a number of years. This commitment to continually improving Education and the outcomes for children and young people will continue to be our focus and vision for the years to come.

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

The services described herein are all in support of the priority of improving education, in-line with the priority on Young People, and Denbighshire being a place where younger people will want to live and work and have the skills to do so.

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

Any future work associated with the report is part of existing functions within Education and Children Services.

7. What are the main conclusions of the Well-being Impact Assessment (WBIA) undertaken on the decision?

No WBIA undertaken. Not required as part of this process.

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

This report is provided following a request from Corporate Governance for feedback on the inspection outcomes.

9. Chief Finance Officer Statement

It is both pleasing and reassuring that the report makes positive references to the way the council manages the funding formula, budgets and the challenge and intervention process for schools that have a planned budget deficit.

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

The Inspection Report is extremely positive and the 2 recommended actions will be taken forward and addressed.

11. Power to make the Decision

Head of Education and Children Services



Arolygiaeth Ei Mawrhydi dros Addysg a Hyfforddiant yng Nghymru
Her Majesty's Inspectorate for Education and Training in Wales

A report on

**Denbighshire County Council
County Hall
Wynnstay Road
Ruthin
Denbighshire
LL15 1YN**

Date of inspection: February 2018

by

**Estyn, Her Majesty's Inspectorate for Education
and Training in Wales**

About Denbighshire County Council

Denbighshire County Council is a local authority in North Wales with a total population of 94,805. The county stretches from the coastal resorts of Rhyl and Prestatyn through the historic towns of St. Asaph, Denbigh and Ruthin and the hills of the Clwydian Range, to the Dee Valley and the towns of Llangollen and Corwen. The local authority maintains eight secondary schools, 47 primary schools, two special schools and a pupil referral unit.

The local authority was last inspected in February 2012. The chief executive was appointed in April 2009 and the head of education and children's services has been in post since January 2010. The council leader has been in post since November 2007 and the main portfolio holder for education services has been in post since May 2017.

Denbighshire is one of six local authorities in the GwE regional consortium for school improvement.

Inspectors take account of a wide range of information about the local population when evaluating outcomes and the quality of education services. This information is considered alongside information about the national population. Some of the most useful information about children and young people in Denbighshire is noted below:

- over a three year average, 18.7% of pupils are eligible for free school meals, which is similar to the Wales average (18.3%)
- 20.3% of pupils are fluent in Welsh, higher than the Wales average of 16.3%
- 5.7% of pupils are from ethnic minorities, lower than the Wales average of 10.6%
- 24.3% of pupils have special educational needs, slightly higher than the Wales average of 22.6%
- 84 children per 10,000 are looked after by the local authority, lower than the Wales average of 95 children per 10,000

Summary

Over time, very strong senior leadership in the local authority has ensured a determined focus on improving provision and outcomes for learners. A highly effective impact of this is the way leaders have demonstrated the confidence to recently amalgamate the education service and the children's service into one collegiate department to deliver a coherent and efficient integrated service. This is having a very positive effect on the provision available to children and young people and a beneficial impact on learners' wellbeing.

Overall, most schools in Denbighshire perform consistently well. Although performance across the secondary schools has been variable over the last three years, standards at key stage 4 on nearly all key indicators broadly compare well over time with those in similar authorities across Wales, and with national outcomes.

The authority places great importance on learner voice, ensuring that many children and young people take part in purposeful opportunities to share their opinions, concerns and ideas for improvement. This is enabling learners to have clear channels of communication in which to improve the authority's services and provision.

The local authority knows its schools very well and supports and challenges them effectively. Overall, it has a range of appropriate provision for vulnerable learners and these are generally effective in meeting the needs of children and young people.

Inspection area	Judgement
Outcomes	Good
Quality of education services	Good
Leadership and management	Excellent

Recommendations

- R1 Reduce the variability in outcomes in secondary schools
- R2 Ensure that the evaluation of services focuses clearly on measuring the outcomes that children and young people achieve through those services

What happens next

The provider will draw up an action plan to address the recommendations from the inspection. Estyn inspectors will monitor the local authority's progress against these recommendations during their link visits.

Estyn will invite the provider to prepare a case study for dissemination on Estyn's website on how the authority has effectively blended the education and children's services and its resulting impact on provision and outcomes.

Main findings

Outcomes: Good

In Denbighshire, pupils make strong progress over the course of their statutory education. Denbighshire local authority has a consistent focus on ensuring that children and young people achieve well. A notable feature is that outcomes in Denbighshire are strong across nearly all key indicators over several years in primary and secondary schools, and particularly at key stage 4. Outcomes broadly compare well with those in similar authorities across Wales, and with national outcomes. Very few pupils leave school without any qualifications and the number of school leavers not in education, employment or training (NEETs) has reduced well over time. Despite consistently strong performance overall, the performance of individual secondary schools has been variable over the last three years. Over the last three years, the proportion of schools in Denbighshire judged to be at least good for standards in Estyn inspections is similar to inspection outcomes nationally. No primary or secondary school in the authority has received an unsatisfactory judgement for standards over the same period, but neither has any received an excellent judgement.

Pupils' standards in Welsh first language remain strong over their time in school.

Vulnerable learners, including pupils eligible for free school meals and pupils with special educational needs, broadly perform in line with the average for their peers across Wales, as do more able learners.

Children and young people have contributed to identifying strategic priorities in the authority in recent years. For example, through their membership of the School Council Forum, Youth Forum and Young Ambassadors Forum, many young people made a valuable contribution to the local authority's consultation on its transport policy and supported the authority's planning work around the Wellbeing of Future Generations Act. Another notable example is the way secondary school pupils discuss good practice and areas for improvement in how their schools promote positive mental health and wellbeing in their regular county-wide school council meetings. Members of the Youth Council recently developed a comprehensive survey for pupils at secondary schools across the authority on the quality and usefulness of personal and social education lessons. They share the findings with relevant senior officers and the authority's Health and Wellbeing Group.

Another particularly strong example of how children and young people influence decision-making is the way that looked after children actively share their views on aspects of the authority's work in the half-termly 'KIC (kids in care) club'. They share creative and innovative ideas on how the authority can improve services and support for them. This has helped to promote beneficial changes to statutory review procedures, ensuring a positive impact on their confidence in the care and education system.

The levels of pupil participation are high across the many enrichment, sport and wellbeing activities and interventions offered by Denbighshire local authority. For example, the number of children and young people engaging in beneficial physical

activity through 5x60 and Dragon Sport initiatives is high. A high proportion of young people accessing the youth service gain valuable formal and non-formal awards, including vocational qualifications, sports and leisure, health and wellbeing and community awards.

School inspection outcomes for wellbeing over the last three years are generally stronger than the Wales average. Overall, pupils' attendance in both primary and secondary schools is improving. However, attendance in secondary schools remains comparatively weak. The attendance of children who are looked after by the local authority is very good. The percentage of primary and secondary school pupils who are persistently absent has decreased over time. This percentage is now slightly below the Wales average in primary schools in Denbighshire, but remains above the average in secondary schools.

The rate of fixed-term exclusions from school of five days or less has increased over in recent years and is notably higher than the Wales average. During the same period, the rate of fixed-term exclusions of six days or more has varied but was lower than the Wales average in the most recent year for which data is available. There have been very few permanent exclusions in recent years.

Quality of education services: Good

The authority has a strong moral purpose that underpins its education services, focusing on an ambition to maximise the life chances of every learner. The authority has established a joint and well-integrated working arrangement between its education and children's services, which is having a positive impact on the council's provision for children, young people and their families.

The authority knows its schools very well. It collects and analyses a wide range of information about schools including, for example, data about the progress of pupils, school finances and safeguarding. This work is supported by a useful 'school management review' tool for schools that encourages a consistent approach to self-evaluation across its schools. The information from schools is quality-assured and used well by the authority to challenge and assist schools to meet various statutory requirements and address local priorities.

The authority has very clear policies, strategies and processes that provide a strong foundation for school improvement work. The roles and responsibilities of the authority and its regional school improvement consortium (GwE) are defined clearly and understood well by authority officers, the consortium's staff and school leaders.

Through senior officers, elected members and GwE staff, schools in Denbighshire are challenged robustly about their performance, including the outcomes for pupils, the quality of teaching, the care they provide, and the quality of leadership. Schools are often supported well and in proportion to their needs following appropriate school categorisation.

Schools that are identified as causing concern receive considerable support and, where necessary, intervention. In most cases, this results in schools improving at an appropriate pace. The local authority usually tackles weak leadership in schools in a timely and dignified way and, in most cases, manages to do this effectively without using its formal powers of intervention.

Schools are supported well in aspects of national priorities, for example in improving pupils' literacy and numeracy skills and in preparing for curriculum reform. Aspiring and serving senior and middle leaders in schools have access to good quality professional learning opportunities to develop their leadership skills. The authority provides governors with helpful training and guidance that supports them to carry out their role effectively.

The authority's schools collaborate well through clusters of primary schools and their partner secondary schools, which helps them to share good practice regularly and use resources efficiently. For example, each cluster has successfully designated a lead person to provide guidance on national developments, such as the implementation of new professional standards for teaching and leadership.

Overall, the authority has a suitable range of appropriate provision for vulnerable learners, which is generally effective in meeting their needs. The authority has integrated successfully its education and children's services to create what it calls a 'blended service'. This approach enables officers to work across different service areas and to access information efficiently. As a result, officers have a very good understanding of the needs of pupils and plan relevant interventions.

In recent years, the authority has evaluated a number of key services for vulnerable learners. This has resulted in changes to the way it funds schools and the reconfiguration of a service areas. This has helped the authority to support schools and pupils more effectively in areas such as speech, communication and language difficulties and behavioural needs. The provision of specialist advice to schools through the medium of Welsh has also improved. The authority has identified the need to further develop provision for Welsh language pupils and to review resource-based provision for pupils with special educational needs in mainstream schools. However, these are at a very early stage of planning.

The authority sets clear expectations of all schools and parents in relation to pupil attendance. The authority responds appropriately to concerns regarding attendance and where necessary has conducted in-depth reviews of schools requiring additional support.

However, the rate of fixed-term exclusions from school of five days or less has been steadily increasing over recent years. It is double that of the region and notably higher than the Wales average. The authority robustly challenges schools with high exclusion rates. However, the authority does not systematically analyse whether excluded pupils have additional learning needs and cannot be confident that schools are taking necessary measures to ensure that the needs of pupils are being met well enough.

Recently, the authority has re-configured its behaviour support service and is developing the capacity of schools to understand better the needs of pupils. For example, through the managed moves process, pupils that require a fresh start in new schools are supported well. The authority's education other than at school (EOTAS) service provides a range of valuable learning experiences for pupils. These have helped contribute to the reduction in young people not in education, employment or training (NEETs) in the authority.

Beneficial counselling services are provided by the authority that are often very effective in reducing the psychological distress of young people. In addition, the local authority has a long-standing partnership with the local child and adolescent mental health services. This partnership has been effective in determining a clinical pathway for children and young people who are at risk of self-harming.

The authority has an appropriate focus on improving the transition to school of pupils with additional learning needs in non-maintained settings. Officers across service areas work very effectively to identify the support requirements of pupils. They ensure that schools are appropriately resourced and develop the knowledge and understanding of early years practitioners well.

There are appropriate procedures in place by the authority to monitor provision for pupils educated in out-of-county settings and in resource-based provision within the authority. However, reports on the out-of-county provision do not focus well enough on the progress made by pupils.

The authority provides effective support for pupils whose first language is not Welsh or English. Staff work alongside colleagues in schools and provide them with invaluable support in planning lessons, developing materials and training. In addition, the English as an additional language (EAL) service supports schools well in engaging with parents.

The authority has a very secure understanding of the extent of elective home education in the county. It has a well-established tracking system, with officers working closely with other professionals to ensure that the provision is generally appropriate. Officers have developed trusting relationships with families and provide them with suitable support and advice. Where appropriate, officers support pupils in returning to mainstream provision. This aspect of the authority's work is a particular strength.

Over a number of years, the authority has helped parents' awareness and understanding of autism including, for example, how it affects their child and how they can implement practical strategies to help reduce anxiety. In addition, all teaching and support staff in around half of Denbighshire schools have accessed online training in the national 'learning with autism' programme. This is helping the schools' special educational needs co-ordinators (SENCOs) to become more confident and proficient in using and adapting materials and teaching approaches to better meet the needs of pupils. The authority is working to further improve provision for pupils with autism and has robust plans that are in the very early stages of implementation.

The authority has clear policies and appropriate procedures for safeguarding that meet requirements.

Officers share information effectively to ensure that they identify quickly the children below statutory school age in need of additional support. The 'Children and Family Support Gateway' helps to ensure that staff provide specific support for individual children and families from the range of services available. For example, family link workers implement programmes for parents that help to improve young children's language skills. The authority has an appropriate approach to supporting settings

that provide education for three and four-year-old children, including support from foundation phase teachers from schools and advisory teachers. As a result, provision in the majority of settings is good.

A very strong feature of the authority's work is the way it consults with children and young people when making decisions that affect them and when evaluating the wide range of the services it offers. For example, after taking account of the views of children and young people, changes to school lunch menus have contributed to notable increases in the number of pupils in both primary and secondary schools choosing to use school catering services. During the planning stage of building a new school, pupils visited schools outside the county to see the facilities on offer. They then attended consultation sessions to help parents and members of the community understand the benefits of school re-organisation proposals as well as shaping the development of their new school. Officers and elected members hold regular, useful meetings with young people in order to seek their views, for example through the Youth Forum.

The authority's 2017-2020 Welsh in Education Strategic Plan (WESP) demonstrates a strong commitment to developing services through the medium of Welsh. The authority's plans for increasing the percentage of learners in Welsh-medium provision are suitably ambitious, as are the targets to increase the percentage of subjects taught through the medium of Welsh in schools that currently teach less than 50%. There are sufficient places in all phases for learners who choose Welsh-medium education.

The authority provides a good range of learning opportunities for pupils over the age of 16. Learners access both academic and vocational education through schools and collaborative partnerships between schools, local colleges such as Coleg Cambria and Coleg Llandrillo, and training providers. There are valuable opportunities for pupils to find out about different careers, for example through the 'ready for work' programme, which enables pupils to learn about local businesses and industries and the employment opportunities that they offer in the locality.

There are good quality youth services provided by the authority that meet the needs of a wide range of young people. These provide opportunities for young people to participate in a range of beneficial activities, such as the Duke of Edinburgh award. Youth support officers plan bespoke programmes to support specific groups of young people well, such as sports activities for young disabled people during school holiday periods. In addition, cultural initiatives such as the 'Arts Together' project increase opportunities to engage vulnerable families. Officers review the services offered regularly to ensure that they interest young people.

Officers and elected members implement the authority's modernising education programme successfully. They consult well with local communities to ensure that all stakeholders understand the purpose and value of the authority's school re-organisation proposals. These plans, and the authority's robust building maintenance arrangements, have improved the school estate and facilities, including sports and play areas. In addition, the authority's school re-organisation plans have reduced surplus capacity in primary schools. Officers plan well to ensure sufficient school places, with nearly all pupils attending their first choice of school.

Leadership and management: Excellent

The authority's political and strategic leadership is highly effective. The leader of the council and chief executive have a clear and very ambitious vision for outcomes for children and young people and education services. This vision is understood well by senior officers and elected members. It has been shared effectively with all stakeholders.

The belief that 'every child really matters' permeates the work of the authority, and leaders, officers and staff demonstrate consistently a genuine sense of moral purpose that all learners should achieve their potential. This has contributed to the authority sustaining good outcomes for its children and young people over many years across nearly all the key indicators as well impacting positively on children and young people's wellbeing.

Senior leaders set high expectations, lead teams effectively and collaborate well to drive strategic priorities, which are addressed directly through clear joined-up strategic plans.

The new 2017-2022 corporate plan demonstrates the council's clear commitment to improving education, with one of its five main objectives being to develop Denbighshire as 'a place where younger people will want to live and work and have the skills to do so'. It is a well thought-through plan, having careful consideration to the viewpoints of residents and other stakeholders and reflects relevant national and local priorities well. The plan gives due consideration to the Well-being of Future Generations (Wales) Act in the way it aims to build resilience in its communities and its residents. The education and children's service plan identifies four relevant key priorities, including providing support for vulnerable learners and ensuring that all learners attain the right knowledge and skills in order to achieve their potential. Each priority has relevant, well-defined progress indicators and measurable actions for improvement. They have specific, realistic timescales, and allocate appropriate responsibility for their delivery. As a result, leaders and teams have a sound understanding of what they need to achieve.

The authority's approaches to managing complex change are very effective. The chief executive has undertaken a high-level strategic review of the education service, which has resulted in a restructure of the education and children's services to create one coherent 'blended' service. This means that the local authority is much more interconnected in the way it delivers services to young people. The blended service has had a very positive impact on the provision available to support children and young people. This has contributed to the authority's good understanding of the needs of families and learners, which helps them to respond quickly to their needs, implementing intervention and support early.

The Head of Education and Children's services is a highly effective and exemplary leader. She works successfully with other senior leaders to deliver the education service plan and has an unrelenting drive to ensure that children and young people in Denbighshire are provided with the education services that they require in order to succeed. She ensures that there are clear lines of communication within teams and with members of the public, partners and service users, which helps to ensure that services are delivered well.

The authority has useful, well-established processes for evaluating the quality of its services. For example, service performance challenge events by key elected members and senior officers provide an effective forum for reviewing progress and holding officers to account. Team challenge events are also used appropriately to challenge officers and teams within services on the priorities and targets within their operational plans. Generally, leaders and officers evaluate the local authority's provision robustly. However, the evaluations of the impact of a very few internal and commissioned services are limited by an inconsistent approach to setting clear and measurable outcomes, and do not consistently evaluate the outcomes that children and young people achieve through those services.

Elected members and senior leaders have a good understanding of education issues across the authority and challenge officers robustly to bring about improvement. They challenge and support policy development well, for example through taking difficult decisions when revising the school transport policy.

Generally, they make effective use of performance indicators to monitor progress against milestones and take appropriate remedial action, such as routinely seeking assurance of the provision provided by GwE.

Across the authority, nearly all officers show a strong commitment to their own professional learning, updating their knowledge and skills regularly. They do this within their own areas of responsibility through a range of well-considered, purposeful activities. The authority also offers useful online learning through an e-learning platform. This enables a flexible approach to targeted and bespoke learning across a variety of topics. The blended service and service challenges result in stronger collaborative working. In addition, leaders identify suitable professional learning needs through regular performance appraisal processes.

Staff engage positively with a range of regional and national networks. They share their own good practice in these fora, for example when outlining how they faced the challenge of bringing the two service areas of Education and Children's Services together. These activities impact positively on provision and leadership within the authority, and encourage officers to evaluate and amend their working practices purposefully.

The authority has a well-developed and robust set of arrangements for allocating resources to its priorities as set out in its Corporate Plan. Its commitment to education has seen it allocate additional funding to education at a time of budget reductions across other service areas. Between 2011 and 2017, the authority provided schools with funding above the level of the Welsh Government's protection. During 2017-2018, the authority plans to spend more per pupil than the Welsh average. However, the authority has yet to develop a comprehensive, strategic approach to securing external funding to support the achievement of its educational priorities.

The authority has effective arrangements to report progress against its budget spend and uses its forecasting, monitoring and reporting system to ensure consistent budgetary control across the education service and schools. Cluster-based school business and finance managers provide regular and comprehensive data on schools' finances to the authority schools funding team. This data allows the team to understand schools' budgetary positions in detail. Schools highly value the support that business and finance managers provide for managing their budgets.

The authority has a suitable and transparent funding formula, which takes account of the relevant factors for schools. The authority's School Budget Forum reviewed the funding formula thoroughly in 2013 and keeps this under review on an ongoing basis. The authority has a well-structured approach to setting school budgets over a rolling three-year period, including a comprehensive, staged challenge and intervention process for those schools that have a planned budget deficit. The authority and schools have a shared understanding of the reasons for those deficits. In the current financial year, the authority's challenge and intervention process has started to consolidate the overall school deficit position.

To respond appropriately to the changing financial climate, the authority has recently established its 'Reshaping the Council Budget Board'. The aim of this board is to provide a strategic approach to identifying sufficient transformational savings to support sustainable approaches to service provision. The work of the board is at an early stage.

Copies of the report

Copies of this report are available from the local authority and from the Estyn website (www.estyn.gov.wales)

Estyn evaluates a provider's effectiveness using a four-point judgement scale:

Excellent	Very strong, sustained performance and practice
Good	Strong features, although minor aspects may require improvement
Adequate and needs improvement	Strengths outweigh weaknesses, but important aspects require improvement
Unsatisfactory and needs urgent improvement	Important weaknesses outweigh strengths

The report was produced in accordance with Section 38 of the Education Act 1997, the Children Act 2004 and the Learning and Skills Act 2000.

Every possible care has been taken to ensure that the information in this document is accurate at the time of going to press. Any enquiries or comments regarding this document/publication should be addressed to:

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Publication date: 10/04/2018

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Report To: Corporate Governance Committee

Date of Meeting: 6 June 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

The report provides an update as at May 2018 on:

- Internal audit reports recently issues i.e. Project Management and Joint Procurement Service;
- Progress on Internal Audit work to date in 2018-19;
- Quarterly update on Counter Fraud work; and
- Update on Internal Audit performance against set standards.

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.



Corporate Governance Committee Update

June 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 May 2018 on:
 - Internal Audit reports recently issued
 - Progress on Internal audit work to date in 2018-19
 - Progress with Counter Fraud work
 - 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

Project Management – May 2018

4. Our review covers governance arrangements, risk management, monitoring and reporting on the project and benefit arrangements. It focused on three projects:
- Ruthin Town School – Glasdir;
 - Ysgol Carreg Emlyn new school; and
 - Denbigh Extra Care Housing.

Project Management – Medium Assurance	
1	Moderate Risks/Issues
1	Major Risks/Issues
0	Critical Risks/Issues

Ruthin Town School – Glasdir & Ysgol Carreg Emlyn – New School

5. Project Managers are managing the progress of their own individual projects well and this is monitored by their line manager. However, given the size and complexity of the projects involved with the 21st Century Schools Programme, such governance arrangements are inadequate.
6. Before the Modernising Education Board was disbanded, these two projects reported to the Board by exception, and now they are formally monitored by the Project Sponsor (Corporate Director Communities) mainly through the use of highlight reports. Although highlight reports enable the project manager to keep the project sponsor abreast of progress and key changes, issues or risks arising, it is not evident that the same level of challenge and scrutiny is taking place at a senior management level involving suitable representatives.
7. The Council should also make it clear where a project board is not required and where “management by exception” is permitted instead, as long as agreed tolerances are set to prompt the project manager to escalate the matter to the relevant board or executive.
8. Both projects state reasonable benefits that should be achievable once the projects are complete. The Ysgol Carreg Emlyn project would expect a reduction in staffing and transport costs; however, as mentioned previously, delays to the project is also delaying the realisation of such benefits.

Denbigh Extra Care Housing Project

9. While this project is still in its infancy, we can establish that it is currently well monitored.
10. In terms of project governance, a project board is in place which meets regularly. The project is progressing and is on target to complete the legalities regarding the transfer of the site from the Council to Grwp Cynefin.
11. The Council's Project Manager has retired and the post is to be included in a new commissioning post. While there is a contingency in place to ensure that the project continues to be monitored, it is important that this monitoring continues with the new role to ensure the project continues to be delivered in line with the Council's expectations.
12. Risks which are appropriate for the project are recorded on Verto (Council's Project Management software) and these are regularly monitored and amended.

Joint Procurement Service – May 2018

13. This review was given a "low assurance" overall, therefore it is included as a separate agenda item.

Joint Procurement Service – Low Assurance	
1	Moderate Risks/Issues
1	Major Risks/Issues
0	Critical Risks/Issues

Progress in delivering the Internal Audit Assurance 2018-19

14. The following table shows a summary of Internal Audit’s work to date for this year. This table will be added to during the year as more projects commence.

15. Where projects have been completed since 1 April 2018, the table provides assurance ratings and number of issues raised for the completed reviews.

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

- Risk Management;
- Business Continuity Management;
- Homelessness
- Registrars

Internal Audit Assurance Plan Areas of Work	2018–19 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
2018–19 Projects								
Catering	14	20	Fieldwork					
Risk Management	4	10	Scoping					Request by service to defer to June 2018
Business Continuity Management	6	12	Scoping					Request by service to defer to June 2018

Internal Audit Assurance Plan Areas of Work	2018-19 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
Homelessness	0	30	Scoping					
Housing Rents	17	20	Fieldwork					
Section 106	3	15	Scoping					
Projects Brought Forward from 2017-18								
Procurement	44	50	Final	Low	0	1	1	Joint audit with Flintshire County Council of the shared service. Issues are consolidated into two root causes
Project Management	22	25	Final	Medium	0	1	1	
School Transport	32	35	Draft					Draft issues, awaiting response from Management
Health & Safety in Schools	20	25	Draft					Final imminent
IT Procurement of Resources	20	25	Closing meeting					Nearing completion
ALN & Inclusion / Recoupment & Out of County Placement / Special Education	21	25	Closing meeting					Nearing completion

Internal Audit Assurance Plan Areas of Work	2018-19 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
Registrars	15	25	Fieldwork					Initial investigation concluded. Further work planned after office relocation.
Court of protection	27	30	Fieldwork					Nearing completion. Includes investigation
Fraud & Corruption Work								
National Fraud Initiative	0	40	Ongoing					
Housing Tenancy Fraud	5	20	Scoping					
General fraud enquiries and counter fraud work	6	50	Ongoing					
Follow-up Reviews								
IA project follow-ups	3	30	Ongoing					Includes devising new follow up process
Management of follow-ups	5	20						
Other Areas of Work								
School Fund admin & audits	6	40	In progress					Includes development of new School Fund Guidance
Corporate Governance Framework	1	10	2017-18 complete					

Internal Audit Assurance Plan Areas of Work	2018-19 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
Corporate working groups	5	35	In progress					
Consultancy & corporate areas	5	70	In progress					
IA Support & Management								
Team Meetings / 1:1s	14	40						
Management	4	50						
Training & development	2	40						
Total Days	300	792						

Progress with Counter Fraud Work

Referrals 2018/19

Date Referred	Investigation Details	Outcome
Ongoing from 2017/18		
July 2017	Referral was received concerning a member of staff attempting to obtain reimbursement from school funds by deception.	Letter of Management advice
July 2017	A referral was received concerning a member of staff overcharging for a service and potential that they were keeping the difference.	Internal disciplinary proceeding and non-compliance proven. Member of staff resigned and recommendations have been made to strengthen controls.
September 2017	Concern raised regarding emptying of property as well as other allegations.	Ongoing.
October 2017	NFI match showing a member of staff with the same address as a business. Potential conflict of interest in awarding work.	Letter of Management advice
October 2017	Allegation of financial mismanagement of a citizen's funds.	Allegation unfounded. Lessons learned around control weaknesses.
Referrals from 2018-19		
April 2018	Conflict of interest, employee using their position to gain work for their own company.	Employee dismissed
April 2018	Potential abuse of the Council's Cycle to Work Scheme	Ongoing
May 2018	Allegation that external company gaining work through deception and false claims.	Ongoing
May 2018	Allegation of theft involving a school caretaker.	Ongoing
May 2018	Member of staff stole money from a safe with intention of returning it before it was due to be banked.	Allegation proven, money recovered and member of staff left the Council.

17. In addition to the referrals listed above, counter fraud work carried out during 2018/19 includes:

- Providing advice on counter-fraud to officers on request;
- Co-ordinating the National Fraud Initiative (NFI) data matching exercise;
- Involvement with the Welsh Chief Auditor's Group to share learning regarding potential vulnerabilities and control weaknesses.
- Investigating the potential for the Council to partake in a pilot all Wales Fraud Hub run by CIPFA (Chartered Institute for Public Finance) and coordinated via the Welsh Chief Auditor's Group; and
- Scoping of the Housing Tenancy Fraud review.

Internal Audit performance standards

18. 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.

19. The table below shows Internal Audit's performance to date for 2018/19.

Customer Service Standard	Target	Current Performance
Internal Audit will discuss, agree and send services the Internal Audit Project Scoping Document before it commences work.	100%	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)	4
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)	1

Follow Up Action Plans & Service Improvement	Target	Current Performance
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%	Data not yet available

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Report To:	Corporate Governance Committee
Date of Meeting:	6 June 2018
Lead Member / Officer:	Lisa Lovegrove – Chief Internal Auditor
Report Author:	Lisa Lovegrove – Chief Internal Auditor
Title:	CIPFA Practical Guidance for Audit Committees 2018

1. What is the report about?

In May 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) published their revised guidance and updated edition of “Audit Committees – Practical Guidance for Local Authorities and Police”. For Denbighshire County Council, the Corporate Governance Committee carries out the functions and responsibilities of an Audit Committee and for the rest of the report will be referred to as the Corporate Governance Committee.

2. What is the reason for making this report?

It is important that the Committee regularly undertakes a formal review of its own effectiveness to ensure it fulfils its potential and has the necessary skills and knowledge to undertake its role. The CIPFA Practical Guidance for Audit Committee enables Members of the Committee to assess themselves against the core knowledge and skills framework which is outlined.

3. What are the Recommendations?

It is recommended that the Committee:

- i. considers the report content;
- ii. undertakes a self-assessment based on the CIPFA template (previously circulated) and a review of its training needs.

4. Report details

The revised guidance provides CIPFA’s guidance on the function and operation of audit committees. It includes their 2018 Position Statement to emphasise the importance of audit committees and their role as a key component of governance.

The guidance provides some suggested Terms of Reference which the Committee can use to ascertain if the Committee’s terms of reference are appropriate or need updating. A knowledge and skills framework is also provided and a self-assessment of good practice.

If the committee agrees to conduct a self-assessment of its effectiveness and a training needs analysis, the timing will be appropriate as the existing committee will have been in place for a year.

It is proposed that a task group of three Members, including the Chair and Vice-Chair of the Committee, lead this work; conducting an analysis of the committee’s effectiveness using assessment tools adapted from the CIPFA Guidance. Each member of the Committee will be asked to complete a Knowledge and Skills

Assessment based on the knowledge and skills framework in the CIPFA Guidance. This is to allow the development of an effective training programme.

- 5. How does the decision contribute to the Corporate Priorities?**
An effective Committee supports the delivery of corporate priorities by ensuring the Council has the necessary controls and governance arrangements in place.
- 6. What will it cost and how will it affect other services?**
Depending on outcome of self-assessment and training needs analysis, there may be additional costs for training; however, every attempt will be made to deliver in-house if appropriate.
- 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**
There are no direct equalities implications arising from this report.
- 8. What consultations have been carried out with Scrutiny and others?**
Not applicable.
- 9. Chief Finance Officer Statement**
Not applicable.
- 10. What risks are there and is there anything we can do to reduce them?**
An effective Corporate Governance Committee is an important source of assurance about the Council's arrangements for managing risk.
- 11. Power to make the Decision**
Not applicable.

Report To:	Corporate Governance Committee
Date of Meeting:	6 June 2018
Lead Member / Officer:	Lisa Lovegrove – Chief Internal Auditor
Report Author:	Lisa Lovegrove – Chief Internal Auditor
Title:	Internal Audit of the Joint Corporate Procurement Unit

1. What is the report about?

This report provides details of a recent Internal Audit report on the Joint Corporate Procurement Unit that received a 'Low' Assurance rating. This review was performed jointly with Flintshire County Council's Internal Audit Service.

2. What is the reason for making this report?

Corporate Governance Committee has agreed that it will receive and discuss all Internal Audit reports receiving a 'Low' Assurance rating so that they can discuss the outcome and receive assurance that improvements will be made.

3. What are the Recommendations?

The Committee comments on the report and decides whether it requires any further update reports on progress with the improvement action plan.

4. Report details

The full internal Audit report is included as Appendix 1.

The review of the Joint Corporate Procurement Service for Denbighshire County Council (host authority) and Flintshire County Council concludes that given the significant weaknesses present at the time of our review around governance arrangements and high level corporate and political buy-in, we give a 'low' assurance rating overall.

We received a positive response to our review and action is already underway to address some of the issues we raise.

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.



Denbighshire Internal Audit Services

Caledfryn, Smithfield Road, Denbigh LL16 3RJ



Flintshire Internal Audit Service

County Hall, Mold, Flintshire, CH7 6NA

Joint Internal Audit Report

Title: Joint Corporate Procurement Unit

Issued Dated: May 2018

Report No: 13-2017/18 : D171814

Report Status: Final

Audit Opinion:

Assurance Rating (based on areas reviewed)	
Substantial / High Assurance	Risks and controls well managed and objectives being achieved
Adequate / Medium Assurance	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives
Some / Low Assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk
Limited / No Assurance	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards

Executive Summary:

Purpose & Scope of Review

The review was undertaken to assess whether the Joint Corporate Procurement Unit has delivered some of the aims and objectives detailed in the 2014 business case supporting the merger of the Denbighshire County Council and Flintshire County Council procurement teams. This report provides assurance for senior management, the Annual Internal Audit Report and the Annual Governance Statement.

This review was carried out jointly by Denbighshire County Council's Internal Audit Service and Flintshire County Council's Internal Audit Service, and covered:

1. Management of the Joint Corporate Procurement Unit:
 - Governance arrangements / Joint Procurement Board;
 - Alignment of procurement activity / procurement plan;
 - Resources: IT and staffing.
2. Corporate culture and its impact on joint procurement:
 - Survey of 22 service based employees across both Councils who are involved in procurement activity.
3. Review of aggregated spend:
 - Analysis of expenditure;
 - Category management;
 - Contract register;
 - Realisation of savings (as specified in the business case).

The detailed work was undertaken to provide assurance that the following identified potential risks were being appropriately managed;

- Inadequate governance arrangements;
- Lack of alignment of corporate culture across the two councils resulting in a failure to align working practices and client expectations;
- Failure to deliver the aims and objectives of the business case and achieve value for money in its execution.

Scope limitations:

This is not a detailed review of the procurement process or tenders, therefore we will not provide assurance on compliance matters or the potential existence of material error, loss or fraud.

Background and Context

The Denbighshire County Council (DCC) and Flintshire County Council (FCC) procurement teams were merged into a single Joint Corporate Procurement Unit (JCPU) with effect from the 1st July 2014. The JCPU is hosted by DCC and is overseen by a Joint Procurement Board (JPB), with the service provided to FCC under a three year Service Level Agreement (SLA). The costs of the JCPU are split on a 45% DCC and 55% FCC basis reflecting the level of individual Council spend at the date of merger.

With effect from the 1st July 2017 the JPB agreed to roll forward the SLA for a period of 6 months to allow a review of the service to be undertaken to establish whether the efficiencies, aims and goals identified in the original business case have been achieved.

The JCPU arrangement has subsequently been rolled forward for a further period until 30 June 2018 to allow appropriate consideration of this audit report and to allow reports to be made to Members of each Council.

Audit Opinion

Our review found that a lack of documented progress has been made with achieving the primary objectives outlined in the business case for the creation of the JCPU (dated 2014) under the headings: ‘Efficiency’, ‘Capacity’ and ‘Markets’. We recognise that the Procurement team has now started working towards their achievement, with a significant amount of work still to be done.

Our review of the JCPU and JPB identified weaknesses in governance arrangements, most notably:

- Insufficient scrutiny and monitoring to drive service delivery towards achieving the primary objectives set out in the business case;
- Little reporting to the relevant Council committees to update members on progress towards the JCPU expected outcomes and delivery of the Procurement Strategy 2016-2021. It should at least comprise of an annual report recording achievement against objectives, performance of the JCPU and progress with the strategy’s action plan;
- Delay in the alignment of procurement strategy across the two Councils. Recent changes, such as new corporate priorities and board members, prompts the need for the strategies to be updated; and
- Inadequate arrangements for measuring and reporting efficiency savings and performance (KPIs were not reported to the board and no robust targets were set). Further to this, JPB meetings were not taking place on a regular basis.

Governance arrangements have improved since the appointment of the Legal & Procurement Operations Manager in September 2017. The JPB now meets regularly, with evidence of agendas and meeting minutes produced and circulated on a timely basis. The Legal & Procurement Operations Manager has agreed a list of JPB meeting dates for the forthcoming year and has reviewed the key performance indicators (KPIs) to produce more meaningful KPIs that can be measured using ‘Proactis’ (procurement IT system) information.

The limited high level corporate and political buy-in to the delivery of the joint service has also been identified as a key issue, which has resulted in a lack of prominence of service objectives across the two Councils, and has prevented the team from achieving their primary objectives. “Shortcomings of procurement activity within services” is highlighted in the Procurement Strategy 2016-2021 as “often leading to a “fire-fighting” approach both within services and within the corporate Procurement team that is supporting them”. We established this to still be the case, and actions identified in the strategy which have already taken place (e.g. training and awareness raising via middle managers) has yet to achieve the necessary level of improvement.

Concerns about the different corporate/procurement cultures between the two organisations were evident in discussions with Procurement Officers, and staff within both DCC and FCC who engage in procurement activity. Without strong governance (i.e. tone at the top) and management (making it clear who is accountable) aided by effective communication and monitoring arrangements, it will be a challenge to address some of the compliance matters and take advantage of the opportunities to collaborate on procurements.

The JCPU team has recently been restructured with Procurement Business Partners now involved in all procurement activity with an estimated value of £25k or more, to ensure the

procurement is legally compliant and comply with Contract Procedure Rules (CPRs). A more robust category management approach to procurement spend has recently been introduced, this coupled with the additional support provided by Procurement Business Partners should result in the identification of more opportunities for collaborative procurement.

A Procurement Programme covering the next 18 month period is being developed, this will support workforce management and category management. The Procurement team is monitoring all new contracts (across DCC and FCC) over £25k and checking to ensure that they have been correctly recorded on Proactis. This will mean that, over time, Proactis will provide a complete central list of all large value contracts.

A number of the issues identified during the audit have been exacerbated by staff capacity issues (i.e. long-term sickness) and restructures within the JCPU (and in particular changes in management arrangements). The latter has resulted in differing approaches in the delivery of procurement services during the lifetime of the Corporate Procurement Unit, changing from an advisory service to a more supportive role with greater emphasis on compliance with CPRs. This has caused uncertainty within services around the role of the JCPU, particularly those involved in the procurement training in 2016 as it instilled the advisory approach.

We recognise that a number of positive changes have been implemented within the JCPU since the date of merger, and again following the appointment of the Legal & Procurement Operations Manager in September 2017 (summarised below). It is hoped these recent changes will address a number of the issues identified during the audit, supporting the achievement of the primary objectives of the business case.

- Greater resilience in terms of capacity and staffing structure when compared to the previous arrangements in place.
- Procurement processes and systems have been modernised to develop a more standardised approach and to minimise duplication of effort.
- The Procurement Strategies of DCC and FCC have been developed, with the two documents mirroring each other in content.
- The CPRs of the two Councils have been aligned.
- Work has been carried out on the Proactis system to reduce the number of Proactis templates (and ensure the relevance of the tasks within the templates) to streamline processes and ensure consistency in use across the two Councils.
- Proactis system has been rolled out across both Councils (the CPR's confirm use of Proactis is compulsory for all procurement over £25k).
- Proactis is now routinely used for procurement activity over £25k, with 'Quick Quotes' used by most FCC services for procurement under £25k.
- Delivery of training in the use of Proactis (to 'contract award' stage).
- Work is currently ongoing to close down 'tasks' on the Proactis system to ensure all the data held on the system is complete.
- Standard contracts have been reviewed and amended by the Legal & Procurement Operations Manager.
- The 'Commissioning Form' and 'Tender Exemption Form' were reviewed and updated.

We received a positive response to our review and action is already underway to address some of the issues we raise. However, given the significant weaknesses present at the time of our review around governance arrangements and high level corporate and political buy-in, we are only able to provide a 'Low' assurance rating.

1. Root Cause and Action Plan:

Corporate Risk / Issue Severity Key		
	DCC	FCC
0	Critical – Significant CET and Cabinet intervention.	High – Action is imperative to ensure that the objectives of the area under review are met.
1	Major – Intervention by SLT and/or CET with Cabinet involvement.	Medium – Requires action to avoid exposure to significant risks in achieving the objectives of the area.
1	Moderate – Containable at service level. Senior management and SLT may need to be kept informed.	
0	N/a	Low – Action encourages to enhance control or improve operational efficiency.

Page 56

Root Cause 1	Weaknesses in governance arrangements, including insufficient scrutiny and challenge of service delivery and performance, to ensure the achievement of objectives and expected outcomes detailed in the 2014 business case supporting the development of the JCPU
Underlying Weaknesses	<p>Our review of Governance arrangements identified;</p> <ul style="list-style-type: none"> • There is inadequate scrutiny of JCPU objectives and outcomes by Joint Procurement Board (JPB) and by relevant Council committees to address lack of progress with achieving the primary objectives of the JCPU business case around Efficiency, Capacity and Markets (1.1). • Delays in the alignment of procurement strategy and procurement activity across the two Councils. Recent changes, e.g. board membership and corporate priorities, means that the strategy contains out of date information (1.2). • Limited processes in place for measuring and recording efficiency savings achieved through collaborative procurement. There is no evidence that efficiency savings and benefits have been reported to the JPB (1.3). • Limited evidence of reporting of KPI's to the JPB / no robust targets in place for KPI's (1.4). • Insufficient systems for recording and monitoring the split procurement staff time across the two Councils (1.5). • Meetings of the JPB not taking place on a regular basis, agendas for the JPB meetings not prepared and circulated in advance of meetings and JPB minutes not available for all meetings / minutes not circulated on a timely basis (1.6). • Limited monitoring and evaluation of expenditure by category and aggregated spend (across services and/or Councils) by the JCPU to ensure opportunities for efficiency savings through collaborative procurement exercises are identified (1.7). • Due to limited availability of data, monitoring of contract end dates by the JCPU cannot take place to ensure opportunities for efficiency savings through collaborative procurement or alternative procurement models are appropriately explored (1.8).

Action (Ref)	Agreed Management Action	Responsibility	Deadline
1.1	This will be addressed by the JPB having regular meetings and providing Corporate Governance/Audit and Scrutiny committee with regular updates together with an annual report being presented to Cabinet committees	Head of Legal, HR & Democratic Services DCC / Chief Officer (Governance) FCC	31/03/2019
1.2	The procurement strategy will be updated during 2018/19 in accordance with the recommendations provided by the WGLA.	Legal and Procurement Operations Manager/DCC / FCC	31/03/2019
1.3(i)	To ensure the JPB are kept informed of all potential efficiency savings from collaborative procurement activities, the board will : a. explore the possible systems available to measure efficiency savings; b. agree how they will capture and measure non-financial savings; c. ensure there is an appropriate system in place to measure collaborative efficiencies; d. the Legal and Procurement Operations Manager should provide a report detailing missed opportunity for collaboration to the JPB; and e. consider longer term contracts, which will reduce procurement cost.	Legal and Procurement Operations Manager DCC / FCC	30/09/2018
1.3(ii)	A review of Contract Procedure Rules relating to extensions, variations and direct awards to ensure markets are regularly tested and the most competitive price obtained. Staff to be reminded why extensions, variations and direct awards should only be taken up as a last alternative and should be for a minimum period of time while a tender is completed.	Legal and Procurement Operations Manager – DCC / FCC	31/10/2018
1.4	A review of the KPI's to be undertaken by the Legal & Procurement Operations Manager to ensure they are relevant and measurable. Once completed, the new KPI's will be approved by the JPB.	Legal and Procurement Operations Manager – DCC / FCC	In place
1.5	The Legal & Procurement Operations Manager to consider the options available for a time recording system for staff to record time spent. A review of time spent working on Regional Procurement by DCC staff to be undertaken by the Legal & Procurement Operations Manager with consideration being given to recharging the individual local authorities.	Legal and Procurement Operations Manager – DCC / FCC	In place 31/03/2019

1.6	At the start of every year, the dates for the JPB will be entered into board members diaries and agendas and minutes provided prior to each meeting.	Legal and Procurement Operations Manager – DCC / FCC	In place
1.7	The JCPU will consider reports that show expenditure by category and aggregate spend by service/authority to identify off-contract spend and identify areas for collaboration.	CPU Business Partners – DCC / FCC Legal and Procurement Operations Manager – DCC / FCC	In place and ongoing
1.8	<p>In order for the JCPU to advise whether collaborative procurement can take place, the following information will be captured and held:</p> <ul style="list-style-type: none"> a. the actual and potential collaborative procurements; b. details of any potential instances of collaboration which Services decline to take forward collaboratively; c. up to date information around contracts coming to an end across DCC/FCC in so far as the information is recorded on Proactis; and d. collaborative procurements with an approval made to the relevant Council//Service. 	<p>Legal and Procurement Operations Manager – DCC / FCC</p> <p>JPB – DCC / FCC</p>	In place and ongoing

Root Cause 2	Limited high level corporate and political buy-in to the delivery of the joint service resulting in lack of prominence of service objectives across the two Councils.		
Underlying Weaknesses	<p>Shortfalls with procurement activity within services were identified and listed in the Procurement Strategy 2016. Despite a procurement transformation programme to coincide with the launch of the strategy (consisting promotion of the strategy and revised CPRs and training to staff within services on procurement), these issues remain. We have broken down this root cause to the following underlying weaknesses:</p> <ul style="list-style-type: none"> • Culture change (to ensure the achievement of service objectives detailed in the 2014 business case) is not driven by Senior Management and cascaded through the management structures within each Council. Lack of necessary leadership to gain buy-in and drive through the improvement required with procurement activity within services (2.1). • Uncertainty within services around the role of the Procurement team (2.2). Move from an advisory function to a more supporting role with greater focus on compliance with CPRs is a recent change and will require a culture change within both councils. • Limited consideration of the scope for collaborative procurement at the planning stage of procurement exercises (whether collaborative procurement between services within the same council or across the two councils) (2.3). • Inconsistent use of the Proactis corporate contract register by services. Lack of contract information is impeding the identification of areas in which collaborative procurement could deliver efficiencies (2.4). • Confidence around use of the Proactis system (including the contract management module) is limited within those services where procurement is not carried out on a regular basis (2.5). 		
Action (Ref)	Agreed Management Action	Responsibility	Deadline
2.1	<p>The JPB need to raise the profile of the JCPU in both Councils. Legal and Procurement Operations Manager and Head of Legal and Democratic Services and HR (at DCC) and Legal and Procurement Operations Manager and Chief Officer (Governance) (at FCC) to attend Senior Leadership Team /Corporate Leadership Team to discuss procurement and the need to collaborate.</p> <p>The JCPU to provide a procurement activity report for each Service Challenge (DCC) broken down to the individual services.</p>	<p>Officers of the JPB Chief Officers (FCC) / SLT and Middle Managers (DCC)</p> <p>Legal and Procurement Operations Manager</p>	<p>31/12/2018</p> <p>31/03/2019 or date of the Service Challenge</p>
2.2	<p>CPU Business Partners will attend Service Senior Management Team meetings quarterly.</p> <p>The Legal and Procurement Operations Manager will attend Senior Leadership Team/Chief Officer Team six monthly.</p> <p>The Legal and Procurement Operations Manager will consider marketing options that are available at each of the Councils to promote the CPU.</p>	<p>Legal and Procurement Operations Manager – DCC / FCC</p>	<p>31/03/2019</p>

<p>2.3</p>	<p>The commissioning form will be amended to ask Services if they have considered collaborative procurement across DCC/FCC, and across internal services.</p> <p>If a collaborative procurement is not considered, the reason should be recorded on the commissioning form.</p> <p>If, in the opinion of the CPU, a collaborative procurement is possible but is not being pursued, this is reported to JPB by the Legal and Procurement Operations Manager.</p>	<p>Legal and Procurement Operations Manager – DCC / FCC</p>	<p>In place</p>
<p>2.4</p>	<p>CPU will be responsible for getting contracts sealed/signed, scanning into Proactis and notifying the contract manager. CPU will then pass the contract over to the contract manager which will prompt the contract management module to be used.</p> <p>Proactis functionality will be used to send an automated chaser to contract managers about contract expiry dates and the need to take action to ensure service continuity. This should also reduce the need for exception/extension reports because of the advance warning of a contract expiry date.</p>	<p>CPU/Business Partners – DCC / FCC</p>	<p>In place and ongoing</p>
<p>2.5</p>	<p>CPU to provide contract monitoring training for Services/contract managers during the next 12 months.</p>	<p>CPU Strategic Business Partner – DCC / FCC</p>	<p>31/03/2019</p>

2. Root Cause Analysis

Root Cause 1 – Governance Arrangements
Underlying weakness: Insufficient scrutiny of JCPU objectives and outcomes at Member and senior management level to address lack of progress with achieving the primary objectives of the JCPU business case around Efficiency, Capacity and Markets (1.1).
<p>Examples include:</p> <ul style="list-style-type: none"> • No evidence that performance against the primary objectives of the 2014 business case has been routinely considered by the JPB. • JPB does not report into the overview and scrutiny committee structures within either of the Councils. <ul style="list-style-type: none"> ◦ No evidence of annual reports to the relevant committees at each of the Councils on JCPU’s achievement of objectives, delivery of the procurement strategy and performance ◦ Changes to the JPB structure in 2015 were not agreed with individual Council’s scrutiny committee. • Action Plan supporting the FCC Procurement & Commissioning Strategy was not approved by Members until September 2017, and DCC’s Action Plan did not go to Members for approval (as it is not a corporate requirement to do so). • Low number of collaborative procurement exercises between FCC and DCC since the date of merger. We acknowledge an increase of collaborative procurements since the commencement of our review. • Until recently all procurement activity supported by the Procurement team has been ‘reactive’ (no ‘proactive’ procurement). • Limited evidence of the development of a ‘high level strategic sourcing capability’. • No evidence of activity to maximise supplier relationships, increase competition or innovation.
Underlying weakness: Delays in the alignment of procurement strategy and procurement activity across the two Councils (1.2).
<p>Examples include:</p> <ul style="list-style-type: none"> • Changes to the management structure of the shared unit since the merger has led to uncertainty within services and the JCPU team and until recently a reduced focus on outcomes. • Procurement & Commissioning Strategies were not approved until early 2016. • The Procurement & Commissioning Strategies make reference to the desire to support local economic growth within each Council area, but it is unclear how this can be balanced with an increase in collaborative procurement between Councils. • Ambiguity around the processes for monitoring and reporting progress against delivery of those activities and measures within the Procurement & Commissioning Strategy Action Plan which are not publically reported. • No formal category management processes implemented in the first three years of the joint unit (resulting in limited ‘proactive’ procurement). • ‘Governance arrangements’ detailed in the DCC Procurement & Commissioning Strategy are not up to date and do not reflect current practice e.g. representatives on the Joint Management Board. • No Strategic Procurement Programme in place three years after the merger of the two Procurement units. This was a lost opportunity to ensure the early alignment of procurement activity across the two Councils.
Underlying weakness: Processes in place for measuring and recording efficiency savings achieved through collaborative procurement may not be robust. There is no evidence that efficiency savings have been reported to the Joint Procurement Board (JPB) (1.3).
<p>Examples include:</p> <ul style="list-style-type: none"> • No evidence that the Joint Procurement Board have discussed efficiencies / cashable savings (achieved through collaborative procurement) since their first meeting in 2015. • At the first meeting of the JPB it was agreed that colleagues from Finance in both Councils would be asked to attend a future Board meeting to discuss the potential way forward in recording cashable savings across the joint work programmes, this was never progressed.

Underlying weakness: Limited evidence of reporting of KPI's to the JPB / no robust targets in place for KPI's (1.4).
<p>Examples include:</p> <ul style="list-style-type: none"> • Very few targets have been set against the KPIs reported to the JPB. • Irregular reporting of KPIs to the JPB. • Not all KPIs are completed at year end. • KPI's may not be SMART (specific; measurable, attainable, relevant or timely).
Underlying weakness: Insufficient systems for recording and monitoring the split of procurement staff time across the two Councils (1.5).
<p>Examples include:</p> <ul style="list-style-type: none"> • Staff currently complete timesheets to show the split of their time between FCC and DCC procurement projects, but it is recognised that this may not be a robust way to ensure resource is allocated in line with the terms of the contract. • Staff time is currently split between DCC / FCC and regional projects, a number of which are managed by DCC. • Discussion with staff within DCC services suggested they are more reluctant to ask for support from the JCPU when undertaking procurement exercises.
Underlying weakness: Meetings of the JPB were not taking place on a regular basis, agendas for the JPB meetings were not prepared and circulated in advance of meetings and JPB minutes not available for all meetings / minutes not circulated on a timely basis (1.6).
<p>Examples include:</p> <ul style="list-style-type: none"> • JPB meetings were not held on a regular basis for the first three years following the merger of the two procurement teams in 2014. • Inconsistent use of agendas to drive the JPB meetings between 2014 and 2017. • A review of the Board Minutes from 2014 to 2017 suggests they were not being prepared and disseminated on a timely basis.
Underlying weakness: Limited monitoring and evaluation of expenditure by category and aggregated spend (across services and across Councils) by the JCPU to ensure opportunities for efficiency savings through collaborative procurement exercises are identified (1.7).
<p>Examples include:</p> <ul style="list-style-type: none"> • Limited JCPU analysis of spend across suppliers / service categories. • Limited analysis of spend by the JCPU to identify areas for collaborative procurement within Councils / across the two Councils. • No Procurement Plan in place to focus resource in those areas in which efficiencies could be maximised.
Underlying weakness: Due to limited availability of data, monitoring of contract end dates by the JCPU cannot take place to ensure opportunities for efficiency savings through collaborative procurement or alternative procurement models are appropriately explored (1.8).
<p>Examples include:</p> <ul style="list-style-type: none"> • No ongoing monitoring of contract end dates by the JCPU to identify opportunities for collaborative procurement. This is exacerbated by Services not putting contracts into the contract monitoring section of Proactis so that end dates are not recorded. • No robust corporate contract register in place due to Services failing to utilise the contract management module of Proactis.

<p>Root Cause 2 – Limited high level corporate and political buy-in to enable delivery of the Procurement Strategy and address procurement activity shortfalls within Services.</p>
<p>Underlying weakness: Culture change (to ensure the achievement of service objectives detailed in the 2014 business case) not driven by Senior Management and cascaded through the management structures within each Council. Lack of necessary leadership to gain buy-in and drive through the improvement required (2.1).</p>
<p>Examples include:</p> <ul style="list-style-type: none"> • No evidence that the drive towards collaborative procurement has been championed by Senior Management within each of the Councils. • No evidence of reporting of collaborative procurement efficiencies to Senior Management teams within either of the Councils. • Discussion with staff within services suggested no awareness of the collaborative procurement agenda. • Staff responsible for procurement within services generally see collaborative procurement as being ‘difficult’, time consuming and unlikely to deliver efficiency savings. • Staff responsible for procurement have suggested that they have not seen benefits to their service / budget from previous collaborative procurement exercises. • DCC staff have historically received less direct support from the procurement team. Cultural change within DCC will be required to ensure staff ask for support with all procurement activity over £25k (in line with recent changes to the procurement service delivery model).
<p>Underlying weakness: Clarity within services around the role of the Procurement team is limited (2.2).</p>
<p>Examples include:</p> <ul style="list-style-type: none"> • Widely held assumption within services that any scope for collaborative procurement will be identified by the Procurement Officer who has wider sight of contracts across the two Councils. • Limited clarity within services since the merger around the level of support provided by the Procurement team (although services have recognised there has been a recent change from ‘advice only’ to a more supporting role). • Ongoing changes to management structures within the JCPU have led to differing approaches in the delivery of procurement services.
<p>Underlying weakness: Limited consideration of the scope for collaborative procurement at the planning stage of procurement exercises (whether collaborative procurement between services within the same council or across the two councils) (2.3).</p>
<p>Examples include:</p> <ul style="list-style-type: none"> • Anecdotal evidence (based on discussion with staff within DCC & FCC services) of a reluctance to consider collaborative procurement (based on past experience and assumptions that collaborative procurement will extend procurement timescales and will not produce expected efficiency savings). • Reactive procurement within services limits the scope for adequate consideration of alternative procurement models.
<p>Underlying weakness: Inconsistent use of the Proactis corporate contract register by services and lack of centrally held contract information is impeding the identification of areas in which collaborative procurement could deliver efficiencies (2.4).</p>
<p>Examples include:</p> <ul style="list-style-type: none"> • Incomplete centralised comprehensive list of contracts and their expiry dates makes monitoring of expiry of contracts difficult. • Localised contract management arrangements prevent holistic overview of contractor performance and opportunities to consolidate procurement across service areas and authorities. • Inconsistency in the maintenance of local contract registers across services.

Underlying weakness: Confidence around use of the Proactis system (including the contract management module) is limited within those services where procurement is not carried out on a regular basis (2.5).

Examples include:

- Training on use of the Proactis Contract Management Module has not yet been rolled out across all services.
- Anecdotal evidence suggests a relatively small number of staff within services are confident in use of the Proactis system (as such there is scope for further bespoke training tailored to the individual needs of services).
- Anecdotal evidence that procurement system and process updates are not routinely actioned by services as they are often released on a 'piecemeal' basis (making it difficult for services to assimilate all changes).
- The Contract Management module of Proactis may not be sophisticated enough to deal with the large number of contract variations inherent in civil engineering contracts (as a result services who manage civil engineering contracts are using their own systems for contract management).

3. Distribution List:

Name	Title
Gareth Owen	Accountable Officer for the Implementation of Agreed Actions – Flintshire County Council
Gary Williams	Accountable Officer for the Implementation of Agreed Actions – Denbighshire County Council
Helen Makin	Legal & Procurement Operations Manager
Lisa Jones	Legal Services Manager
	Chief Executive Team – Denbighshire County Council
Cllr Huw Jones	Chair – Performance Scrutiny Committee – Denbighshire County Council
Cllr Billy Mullin	Cabinet Member for Corporate Management and Assets
Cllr Julian Thompson-Hill	Lead Member for Finance, Performance and Strategic Assets – Denbighshire County Council
	Corporate Governance Committee – Denbighshire County Council

Page 65

Title	Name	Contact Details
Internal Audit Manager – Flintshire	Lisa Brownbill	Lisa.brownbill@flintshire.gov.uk 01352 702231
Senior Auditor - Flintshire	Sally Gee	Sally.gee@flintshire.gov.uk 01352 702295
Chief Internal Auditor – Denbighshire	Lisa Lovegrove	lisa.lovegrove@denbighshire.gov.uk 01824 706936
Senior Auditor – Denbighshire	Bob Chowdhury	Bob.chowdhury@denbighshire.gov.uk 01824 706988
Auditor – Denbighshire	Irene Griffiths	Irene.griffiths@denbighshire.gov.uk 01824 706974

Key Dates	
Review Commenced:	October 2017
Review Completed:	January 2018
Reported to Audit Committee – Flintshire County Council	6 June 2018
Reported To Corporate Governance Committee – Denbighshire Count Council	6 June 2018
Proposed Following Up Date	November 2018

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Corporate Governance Committee Forward Work Programme

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	Chief Internal Auditor – 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 / Chief Internal Auditor – Lisa Lovegrove
Page 67	8	Annual SIRO Report	Head of Business Improvement & Modernisation– Alan Smith
	9	External assessment- Gwynedd County Council's Chief Audit Executive- Report and Improvement plan	Chief Internal Auditor – Lisa Lovegrove
	10	Annual Corporate Governance committee report	Head of Legal, HR and Democratic Services / Gary Williams / Chair of Committee
	11	WAO Annual improvement report	WAO/ Head of Business Improvement & Modernisation– Alan Smith
	12	Outside Bodies Report	Head of Legal, HR and Democratic Services / Gary Williams
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	Chief Internal Auditor – Lisa Lovegrove
	4	Forward Work Programme	Democratic Services
		Reports	

Corporate Governance Committee Forward Work Programme

	5	Approval of Statement of Accounts	Head of Finance – Richard Weigh
	6	WAO – Annual Audit enquiries	Head of Finance – Richard Weigh/ WAO
	7	Update report – Public Conveniences	Chief Internal Auditor – Lisa Lovegrove
	8	Annual H&S Report	Head of H&S –Gerry Lapington
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
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	4	Forward Work Programme	Democratic Services
		Reports	
Page 68	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
	7	Overview of Alternative Service Provider Framework	Head of Legal, HR and Democratic Services / Gary Williams/ Head of Finance – Richard Weigh/ Nicola Kneale

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 30.05.18 SJ
