

## **CORPORATE GOVERNANCE COMMITTEE**

Minutes of a meeting of the Corporate Governance Committee held in Conference room 1B, County Hall, Ruthin on Wednesday, 11 July 2018 at 9.30 am.

### **PRESENT**

Councillors Mabon ap Gwynfor, Tony Flynn, Alan James, Barry Mellor (Chair) and Joe Welch

Lay Member Paul Whitham

Councillor Julian Thompson Hill, Lead Member for Finance, Performance and Strategic Assets was in attendance.

### **ALSO PRESENT**

Head of Legal, HR & Democratic Services (GW), Head of Finance (RW), Chief Accountant (SG), Chief Internal Auditor (LL), Internal Auditor (LH), Head of Business Improvement & Modernisation (AS), Corporate Health and Safety Manager (GL), Planning and Resources Manager (IL) and Committee Administrator (SJ)

Wales Audit Office Representatives –Gwilym Bury and Michelle Phoenix

### **1 APOLOGIES**

Apologies for absence were received from Councillor Martyn Holland

Apologies for absence were received from Wales Audit Office representative Anthony Veale.

### **2 DECLARATION OF INTERESTS**

Councillors Tony Flynn, Mabon ap Gwynfor and Joe Welch declared a personal interest in Agenda item 9 – Internal Audit of Health and Safety in Schools, as they were school Governors.

Councillor Barry Mellor and Lay Member Paul Witham declared a personal interest in Agenda item 9 – Internal Audit of Health and Safety in Schools as they had grandchildren that attended schools in Denbighshire.

### **3 URGENT MATTERS**

No urgent matters were raised.

### **4 MINUTES**

The minutes of the Corporate Governance Committee held on the 6 June 2018 were submitted.

Agenda item 9 – CIPFA Practical Guidance for Audit Committees - Lay Member Paul Witham stated that he had not made the comment 'the Corporate Governance Committee in Denbighshire had one of the fewest numbers'. The Chief Internal Auditor stated she had stated the above comment.

Agenda item 10 – Internal Audit of Joint Corporate Procurement unit – Members raised the importance of monitoring the joint working relationship.

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

## **5 ANNUAL SIRO REPORT**

A report by the Head of Business Improvement and Modernisation (HBIM) had been circulated previously.

The HBIM introduced the report which covered the period April, 2017 to March, 2018 and detailed breaches of the Data Protection Act by the Council which had been subject to investigation by the Senior Information Risk Officer (SIRO). It also covered complaints about the Council relating to Freedom of Information legislation which had been referred to the Office of the Information Commissioner (ICO), and provided information about the Access to Information/FOI requests made to the Council. The Council's Data Protection Policy required an annual report on progress to the Corporate Governance Committee.

There had been no significant breaches of the Data Protection Act in the Council during 2017/18. There had been two minor breaches of Data protection, these had been investigated by the SIRO. Neither breach had been deemed serious enough to warrant reporting to the ICO, details of the breaches had been provided.

The new General Data Protection Regulations (GDPR), came into force on 25<sup>th</sup> May 2018. The SIRO explained to members the new regulations and the framework with tougher punishments for failure to comply with the new rules. An information Governance Group had been established in 2017 consisting of representatives from across all services. The group had provided a forum for discussing the requirements of the framework and overseeing the work undertaken. Work had continued across services to ensure all requirements were met. The HBIM assured members once work was completed, Internal Audit would conduct a review and its findings would be presented to the Corporate Governance Committee.

A summary of Freedom of Information (FOI) and Environmental Information Regulation (EIR) requests had been included in the report. Table 1 provided details of the number of completed requests for 2014/15 to 2017/2018. The FOI and EIR requests were concentrated on specific areas and were predominantly business related or from individuals. The most frequent requestors over the last 12 months had been incorporated in a table in the report. In 2017/18 no complaints about the

Council under the FOI Act had been investigated by the Information Commissioner's Office.

In response to questions from members, the HBIM confirmed that the GDPR applied to everyone. The framework was mandatory to adhere to. It was the Council's obligation to monitor companies to which it had an agreement.

With reference to the number of FOI requests received the officers confirmed that requests for information that had been previously received were recorded and information provided. Following one of the minor breaches of data investigations had taken place to reduce the level of risk and controls put in place.

**RESOLVED** – *that the Corporate Governance Committee receive and note the contents of the report.*

## **6 DRAFT STATEMENT OF ACCOUNTS**

A report by the Chief Accountant (CA), which provided an overview of the draft Statement of Accounts 2017/18 and the process underpinning it, had been circulated previously.

The council had a statutory duty to produce a Statement of Accounts that complied with approved accounting standards. The audited accounts had to be formally approved by elected members on behalf of the council and this role had been delegated to the Corporate Governance Committee. The draft accounts had been finalised and signed by the Head of Finance on 15<sup>th</sup> June 2018. The draft accounts had been made available for audit as required and open to public inspection from 9<sup>th</sup> July to 3<sup>rd</sup> August 2018.

The CA provided a detailed summary of Appendix 1, Statement of Accounts 2017/18 the following areas were discussed.

Schools- the CA explained to members, it was still a difficult financial period for schools. Investment in school budgets 2017/18 had resulted in a better financial position for schools reporting an in year underspend of £0.713m.

Reports- it was confirmed that budget reports were presented to Cabinet each month and an annual budget summary had been presented in June.

Underspend – if a service has an end of year underspend the CA and HOF stated, the allocation of the surplus money was a decision Cabinet make. Recommendations would be presented to Cabinet for the allocation and outcome of monies.

Arrears – assurance was provided that constant monitoring of arrears had taken place. Close monitoring work with third parties including CIPFA continued. The finance department were aware of the introduction of the new Universal Credit and were monitoring the impact it may have.

Following in-depth discussions the committee wanted to congratulate and thank the Head of Finance, Chief Accountant and team for the work they had completed to meet deadlines and offered thanks for the detailed response to questions presented. The CA encouraged members if they had any further questions or queries regarding the draft Statement of Accounts to contact him direct. The final

Statement of Accounts would be presented to the Corporate Governance Committee for approval at the 26<sup>th</sup> September committee meeting.

**RESOLVED** that the Corporate Governance Committee receive the report and notes the position as presented in the draft Statement of Accounts appendix 1 to the report.

## 7 TREASURY MANAGEMENT

A report by the Head of Finance had been circulated previously. The Head of Finance (HOF) and Chief Accountant (CA) provided a detailed summary of the report and appendices 1 and 2.

The Lead Member for Finance, Performance and Strategic Assets, guided members through the report.

The term 'treasury Management' includes the management of the council's borrowing, investments and cash flow. Approximately £0.5bn passed through the council's bank accounts every year. Members were informed the council's outstanding borrowing at 31 March 2018 was £206.19m at an average rate of 4.41% and the council held £12.5 in investments at an average rate of 0.28%.

The HOF explained to the committee how risky Treasury Management was but assured members that the council was monitoring and controlling these risks. The council's treasury management strategy and procedures are audited annually and the latest internal audit review had been positive with no significant issues raised.

The following responses were provided by the HOF and CA, to the issue raised by members of the committee –

- The rates of the new loans that have been taken out are locked. Any changes to base rate or Government funding changes could not alter the locked in rates.

The Chair thanked the Finance department for the report and time invested in monitoring treasury management.

**RESOLVED** that the Corporate Governance Committee receives the report and notes,

- The performance of the Council's Treasury Management function during 2017/18. And its compliance with required prudential indicators as reported in the Annual Treasury Management report 2017/18, appendix 1 to the report;*
- The Treasury Management update report for performance to date in 2018/19;*
- The Committee confirmed it had read, understood and taken into account the Well-being Impact Assessment, appendix 3 to the report.*

## 8 INTERNAL AUDIT UPDATE

The Chief Internal Auditor (CIA), introduced the Internal Audit update report (previously circulated) updating members on the Internal Audit progress in terms of

its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

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

- Internal Audit reports recently issued
- Progress on Internal audit work to date in 2018-19
- Internal Audit performance standards.

The following matters were discussed in more detail –

- Learner Transport – June 2018 – The CIA guided members through the review of Learner Transport, it was explained the School Support and Education Transport teams had worked well to develop the latest Learner Transport Policy. The review highlighted good processes in place for assessing transport applications for pupils who met criteria for free learner transport. Contracts with providers was a rolling risk that was closely monitored. The CIA confirmed that five areas of improvement has been raised, it was felt the overall management of learner transport operated well.
- Health and Safety in Schools – The CIA explained that a detailed report had been included as an agenda item later in the meeting and details would be discussed at that juncture.
- Internal Audit Performance Standards – A summary of the Internal Audit's work to date was presented to the committee. The CIA guided members through the table. The Chair praised the new VERTO system for capturing information, stating it was easily read and clear. The CIA confirmed that reminders to Heads of Service to update the system had continued.

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

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

At this junction (11:10 a.m.) there was a 5 minute break.

Meeting reconvened at 11:15 a.m.

## **9 INTERNAL AUDIT OF HEALTH AND SAFETY IN SCHOOLS**

The Chief Internal Auditor (CIA), introduced the report (previously circulated) providing members with details of the Internal Audit report on Health and Safety in Schools that had received a 'Low' assurance rating.

The CIA explained to members that 5 schools had been picked at random to be audited including records held by Corporate Health and Safety and the Councils HR system. It was confirmed that the governance of health and safety in schools lied with the school and Governors of the school. The Corporate Health and safety provided support to the schools. A number of weaknesses were highlighted and policies needed tightening. The corporate recording system of accidents and incidents had been promoted to schools by the Health and Safety team, it was observed that not all schools had incorporated the system. The CIA guided members through the action plan of the risks identified.

Following the debate, the following concerns were discussed in further detail –

- Lockdown procedures in schools - The Corporate Health and Safety Manager (CHSM) explained to members that the Argus Project had provided advice and training to both schools and the health and safety team. Procedures had been introduced at school and all schools requested to create a policy.
- School Governors – Members were reassured that the audit report had been made available to schools including school governors. The report was to be presented at the next school governors conference, it highlight the importance of monitoring health and safety in schools. The CHSM confirmed that training for school governors had taken place and had included the roles and responsibilities of a governor to a school. It was the responsibility of the school to maintain attendance at training. The Health and Safety department had offered training courses and had kept record of attendance.
- School Beat – Members highlighted that police attending schools had reduced. The CHSM confirmed that he would investigate this in further detail.
- Fire Safety – Fire Risk assessments had been completed by the Health and Safety team and was monitored and reviewed. The CHSM confirmed a programme of reviews had taken place which had been regularly audited by the fire service who had been pleased with Denbighshire's process.
- Infection control – It was confirmed that schools had been provided with templates to maintain policies and procedures. It had been included in the online toolkit provided to schools to aid in the implementation of a plan. The importance of schools having an infection control plan had been highlighted. An agreed action raised from the audit report had been to monitor and assess schools further.

**RESOLVED** that the Corporate Governance Committee;

- I. Receives the report and notes its contents and*
- II. An update on Health and Safety in Schools be included in the committee's Forward Work Programme.*

## **10 CIPFA PRACTICAL GUIDANCE - PROGRESS UPDATE**

The Chief Internal Auditor (CIA), provided members with a verbal update on the CIPFA guidance as requested at the last meeting.

The CIA confirmed that 3 self-assessments had been received from members following the last meeting. A number of components had been discussed with an action plan in progress to address concerns. These included-

- Communication- Communication between members and officers. It was highlighted the importance of good communication to enable officers to produce reports that the committee request.
- Social Media- to promote the work of the Corporate Governance and what the committee is responsible for. It was discussed the importance of educating the public about the work the committee completes.
- Best practice- CIPFA guidance to look at best practice from member to ensure the work of the committee is of a high standard.
- Training- Ongoing training opportunities for members, with refresher courses to enable strong knowledge of the responsibilities of committee members.
- Forward Work Programme – To include detail of reports requested by officers or the committee.

The CIA confirmed that the working group nominated at the last meeting had met to discuss the above points. Further discussions would take place to enhance the work of the committee.

An update was to be included as part of the standing internal audit item on agenda of upcoming meetings.

**RESOLVED** that the Corporate Governance Committee receive the verbal update, further updates on the CIPFA practical guidance to be included in the Internal Audit update standing agenda item.

## 11 ANNUAL CORPORATE GOVERNANCE COMMITTEE REPORT

The Head of Legal, HR and Democratic Services (HLHRD) provided a report on the Corporate Governance Committee Annual Report. He explained that the Constitution requires that the Committee prepares and submits a report each year to the Council on the Committee's performance and effectiveness.

The HLHRD guided members to the draft report attached (appendix1) and requested members took time to read and comment on the content. It was explained to members the purpose of the report was to illustrate what the Corporate Governance Committee do and the important role Members had on the Committee.

Members agreed to analyse the appendix and raise any amendments to the HLHRD direct.

Confirmation that an amended written Corporate Governance Committee Annual Report would be presented to County Council at a future meeting.

**RESOLVED** – that:-

(a) Corporate Governance Committee receive and note the Corporate Governance Committee Annual report with any amendments forwarded to the Head of Legal, HR and Democratic Services, and

*(b) an amended report detailing the work undertaken by the Corporate Governance committee be presented to County Council.*

## **12 WAO- OVERVIEW AND SCRUTINY - FIT FOR THE FUTURE?**

The Wales Audit Office (WAO) representative Gwilym Bury introduced the report (previously circulated).

Members were guided through the report. The WAO representative stated the council had responded well to changes and challenges, however limited capacity to support scrutiny may hinder future progress. It was also highlighted the potential for Cabinet members to contribute more actively with scrutiny work.

Overall the WAO representative, stated the current workings of scrutiny work well but felt in the future more resources would be needed to maintain high standard of work and monitor the work load.

The Monitoring Officer confirmed monitoring of regional working would need to continue. If extra work was required, further resources would be essential to keep the standard of scrutiny at a high level.

The Chair thanked the WAO representative for the coherent explanation to the report.

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

## **13 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 Committee Forward Work Programme subject to the amendment of the following reports:-

26 Sept 2018 –

- Budget Process Update Report
- WAO Audit of Accounts 17/18

21 Nov 2018 –

- Terms of Reference to be included in the agenda item 'Annual Report on the Constitution'
- An update report on the Project Management of 21<sup>st</sup> Century Schools (tbc)

06 March 2019 –

- Service Challenge – Service Report

05 June 2019 –

- An update report on Health and Safety in Schools (tbc)



It was agreed that an update on the CIPFA guidance be included with the standing item 'Internal Audit Update' until further notice.

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

**The meeting concluded at 12:20 p.m.**