

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1A, County Hall, Ruthin on Wednesday, 6 March 2019 at 9.30 am.

PRESENT

Councillors Tony Flynn, Martyn Holland (Vice-Chair), 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.

Councillor Mark Young, Lead Member for Corporate Standards was in attendance.

Councillor Tony Thomas, Lead Member for Housing, Regulation and the Environment

Observer – Councillor Meirick Lloyd Davies

ALSO PRESENT

Legal Services Manager (LJ), Chief Finance Officer (RW), Chief Accountant (SG), Chief Internal Auditor (LL), Committee Administrator (RTJ).

Wales Audit Office Representatives – Gareth Evans and Matthew Edwards.

1 APOLOGIES

An apology for absence was received from Councillor Mabon ap Gwynfor.

2 DECLARATION OF INTERESTS

No declarations of interest were raised.

3 URGENT MATTERS

No urgent matters.

4 MINUTES

The minutes of the Corporate Governance Committee meeting held on 23 January 2019 were submitted.

Matter of accuracy–

- Councillor Martyn Holland and Lay Member Paul Whitham stated that he tendered his apologies for the previous meeting due to adverse weather.

Matters Arising –

- The amendments to the terms of reference were raised and whether the amended terms of references could be circulated. The Legal Service Manager (LSM) informed the committee that the amended terms of references would be circulated to members.

RESOLVED that the minutes of the Corporate Governance Committee meeting held on the 23 January 2019 be approved as a correct record.

5 INTERNAL AUDIT UPDATE

The Chief Internal Auditor (CIA) introduced the report (previously circulated) updating members on the Internal Audit Team's 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. It allowed the committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports.

The CIA guided members through the reports which provided an update as of the end of January 2019 on –

- Internal Audit reports recently issued i.e. Business Continuity and Emergency Planning
- Progress on Internal Audit work to date in 2018-19;
- Progress with improvement actions arising from 2018-19
- Internal Audit performance standards.
- CIPFA Practical Guidance for Audit Committees update

The following matters were discussed in more detail –

- Business Continuity and Emergency Planning it was queried whether planning towards global warming could be included, especially in light of recent fires which have been affecting Denbighshire.
- Homelessness in the Internal Audit Assurance Plan Area of Work was on hold due to reorganisation within the team. The audit will be carried out in six months.
- The AONB Grant Certification Audit Assurance being noted as N/A was queried. The CIA clarified that WAO did not audit the grants but ensured that there were no financial errors in the grant process.
- The Internal Audit Assurance work which was indicated as ongoing work. Members queried whether these works would be completed before the new financial year. The committee was informed that due to a resignation in the

team the workload had increased but the work would be completed this financial year.

- Members suggested it would be good practice to invite heads of services to future meetings of Corporate Governance committee, to clarify why any actions were exceeding their original due date.
- Governance in schools and monitoring; legal services were working with GDPR in schools. A Service legal agreement (SLA) was in place with data management which has increased the figure of staff in schools who had completed e learning and training sessions from 53% to 58%. The deadline has been extended to November which would hopefully achieve 100% completion. It was agreed that a report could be brought to Corporate Governance after the work had been completed.
- The CIPFA Practical Guidance questionnaire was commended, the committee queried why the values changed throughout the questionnaire. The CIA responded that some started the questionnaire but did not finish it, a breakdown of the questionnaire could be circulated to members.
- Training for members was agreed, and the CIA and the Democratic Services Manager would arrange appropriate dates.

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

6 BUDGET PROCESS

The Lead Member for Finance, Performance and Strategic Planning, introduced the Budget Process (previously circulated) to provide an overview on the process to set the budget for 2019/20 and preparations for the 2020/21 budget.

In recent years, various approaches had been applied to budget setting, from a form of zero based budgeting underpinning the Freedom and Flexibilities process, to equalised efficiency targets across services in the last two years. Both approaches were supported by corporate financing savings and the prudent use of cash.

However, within the context of ongoing funding reductions, external cost pressures and increasing demand in key areas, the process to set the council's budget and to determine the medium term financial strategy has been revised.

The planning for the 2020/21 process has already begun with the Reshaping the Council Board considering an outline timetable, following the approval of the budget in Council on the 27th January. The timetable was attached for reference in Appendix 1.

The timetable (appendix 1) was likely to be changed, members were made aware that the Broad Public Consultation /Engagement had been rescheduled from April/May to June/July.

During discussion the following points were raised –

- The regular budget reports coming to Corporate Governance committee was raised. It was clarified it a report would be produced sometime in the autumn.
- The public consultation was highlighted as being a good method for the public to know where the money was being spent but also to gauge what the public valued.
- The membership of the Reshaping the Council Board was queried. The membership was CET, HR Services Manager, the Head of Customers, Communications and Marketing, the Leader of the Council and the Lead Member for Finance, Performance and Strategic Planning.
- Welsh local government lobbying was assessed on a case and case basis.
- The flexibility of the budget process ensured that decisions for cutting budgets who only taken when the final budget was known.
- It was reiterated that 75% of the net budget was collected from Welsh Government and roughly 25% was gathered through Council tax.

RESOLVED – that

- i. The committee note and support the budget process for 2019/20.*
- ii. The committee encourage all members to attend budget workshops.*
- iii. The committee receive a further report in autumn.*

7 CERTIFICATION OF GRANTS AND RETURNS 2017/18

The Chief Accountant introduced the Certification of Grants and Returns 2017-18 Denbighshire County Council report (previously circulated) which sets out a summary of the key outcomes from WAO's certification work on the Council's 2017/18 grants and returns.

The Wales Audit Office Representatives (WAOR) clarified that DCC had good arrangements in place for the production and submission of the 2017/18 grant claims, two recommendations relating to the Housing Benefit claim had agreed, actions were created and relevant officers were in place to address the issues, the reported issues were relatively minor.

The only claim that required a qualification was for the Housing Benefit Subsidy return. Members were informed of that a new issue which had been reported for the first time during 2017-18 was an error in the calculation of a claimant's earnings which resulted in an overpayment of housing benefit.

During discussion the following points were raised –

- The overpayment of the housing benefit was queried, error was identified in the calculation of a claimant's earnings which resulted in an overpayment of housing benefit, and the error had been identified as human error and would not reoccur.
- The grants which were audited were queried, The WAOR clarified the grants which were audited, where grants which were regular grants DCC received.

The Committee commended the Wales Audit Office Representatives and the Council's finance officers for the report.

RESOLVED *that the committee note the content of the report.*

8 REVIEW OF THE CORPORATE GOVERNANCE FORWARD WORK PROGRAMME

The Chief Internal Auditor (CIA) introduced the report on the Forward Work Programme 2019-20 (previously circulated) which provides the proposed forward work programme for 2019-20 to reflect the Corporate Governance Committee's terms of reference and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Practical Guidance for Audit Committees.

The forward programme was highlighted due to some meetings having full agenda's whilst other meetings have not enough items to populate the agenda. Merging meetings together was suggested to allow each agenda to be adequately populated.

The representative from the Wales Audit Office informed the committee that 3 Wales Audit Office reports could be brought to Corporate Governance in either June or July.

During discussion the following points were raised –

- Members did not want fewer meetings. The possibility of re-disturbing the items which were not needed at a specific time of the year was suggested. This would ensure each meetings' agenda would be adequately populated.
- It was clarified that the WAO reports could be moved around to fit into the forward work programme, depending on the severity of the reports.
- The layout of the proposed Forward Work Programme which highlighted each area of the committee's the terms of reference the proposed agenda items covered was commended.
- It was clarified that the RIPA report which was deferred could be brought to the Committee as an information report.
- Information reports were dismissed as a suggestion. This was due to the Committee believing that it would be beneficial for officers to attend with reports to respond to any queries the committee would raise.

It was agreed that the Chair, Vice Chair, Legal Services Manager, Chief Internal Auditor and the Democratic Services Manager could meet to discuss the forward work programme.

RESOLVED *that following the discussion that the proposed forward work programme be approved.*

9 INTERNAL AUDIT ANNUAL STRATEGY REPORT

The Chief Internal Auditor (CIA) introduced the report (previously circulated) to provide the Committee with the Internal Audit Charter and Strategy for 2019-20.

The Charter defined Internal Audit's purpose, authority and responsibility in line with the Public Sector Internal Audit Standards. The Strategy provided details of the proposed Internal Audit projects for the year that would allow the Chief Internal Auditor to provide an 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year.

The CIA guided the committee through the report highlighting key areas within the report –

- The service still had a vacancy which hopefully would be filled soon.
- The high level audit plan highlighted how much coverage each service would receive, which could be changed.
- Anti-fraud work would be carried out which was informed by the Code of Practice on managing the risk of fraud and corruption (CIPFA's). Notable areas of fraud nationally included: Housing Benefit, Council Tax, Housing and Tenancy, Procurement, Insurance, Abuse of Position, Blue Badges and Direct Payments (Social Care).
- The plan for the Proposed Audit priorities for 2019/20 and had been developed to align with the Corporate Priorities and strategic risks. The plan was flexible in case exiting or emerging risks required changes.
- Internal Audit performance monitoring remained challenging.

Changes to the Internal Audit Charter were outlined –

- In accordance with the Public Sector Internal Audit Standards, the Chief Internal Auditor would advise senior management and the Corporate Governance Committee of any changes to resources that were likely to affect the completion of the planned internal audit work which might impact the ability to provide the necessary assurances.

During discussion the following points were raised –

- The Proposed Audit priorities for 2019-20 it was commended that new projects were being reviewed.
- The assessment of low assurances with certain departments, and whether there was a summary or analysis for the low assurances which could be reviewed. It was added that some services asked for an audit review, which highlighted a good relationship between services and internal audit.
- Concerns were raised with Housing tenancy fraud and blue badges and the lack of medical questionnaires, and what work was carried out in Denbighshire; and whether internal audit could do something about the issue. Fraud was in the new audit plan, the National Fraud Initiative (NFI) database would be used to data match areas of concern with housing tenancy fraud; blue badges would also be assessed using the NFI database.

RESOLVED – *that the committee approve the Internal Audit Charter and the Internal Audit Strategy 2019-20.*

10 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

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

Following the debate for agenda item 8 the proposed for merging the April and June meetings was dismissed.

The following changes were made to the Corporate Governance Committee -

April

- The Internal Audit Update (CIPFA update) was agreed to be removed from the agenda.
- The Annual Governance Statement 2018-19 - (Chief Internal Auditor) would be included.

June –

- Summary of the Alternative Delivery Model - (Head of Business Improvement and Modernisation) would be included.

July –

- Safeguarding report to be included.

Nov –

- Information management in Schools - (Chief Internal Auditor)
- Budget update – (Head of Finance)
- Financial capital plan - (Head of Finance)

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

The meeting concluded at 12:05