

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1A, County Hall, Ruthin on Wednesday, 5 June 2019 at 9.30 am.

PRESENT

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

Lay Member Paul Whitham

Observer – Councillor Meirick Lloyd Davies

ALSO PRESENT

Head of Legal, HR and Democratic Services (GW), Chief Internal Auditor (LL), Senior Auditor (SD), Chief Accountant (SG), Corporate Health and Safety Manager (GL), Head of Planning and Public Protection (EJ), Development Control Manager (PM), Framework Manager (TS), Legal and Procurement Operations Manager (HM)

Wales Audit Office Representative - Matthew Edwards.

1 APOLOGIES

None received.

2 APPOINTMENT OF CHAIR

Nominations were sought for a Member to serve as the Committee's Chair for the ensuing year. Councillor Martyn Holland nominated Councillor Barry Mellor, seconded by Councillor Alan James. No other nominations were received and it was therefore;

RESOLVED that Councillor Barry Mellor be appointed as the Corporate Governance Committee's Chair for the ensuing year

3 APPOINTMENT OF VICE CHAIR

Nominations were sought for a Member to serve as the Committee's Vice Chair for the ensuing year. Councillor Barry Mellor nominated Councillor Martyn Holland, seconded by Councillor Tony Flynn. No other nominations were received and it was therefore;

RESOLVED that Councillor Martyn Holland be appointed as the Corporate Governance Committee's Vice Chair for the ensuing year.

4 DECLARATION OF INTERESTS

Councillors Martyn Holland, Tony Flynn, Mabon ap Gwynfor and Meirick Lloyd Davies declared a personal interest in Agenda item 8 - Internal Audit Of Health And Safety in Schools, as they were school Governors. Councillor Joe Welch, Tony Flynn and lay member Paul Whitham also declared a personal interest in Agenda item 8 - Internal Audit of Health and Safety in Schools, as they had children and grandchildren attending in schools within Denbighshire.

5 URGENT MATTERS

No urgent matters were raised.

6 MINUTES

The minutes of the Corporate Governance Committee held on the 10 April 2019 were submitted.

Item 4 – Minutes – A clerical error was noted. There was a spelling mistake ‘made the pf reaching of 100% completion’ it should have read ‘made reaching of 100% completion’.

Page 11 - Corporate Governance Committee Work Programme – The Head of Legal, HR and Democratic Services informed members that there had been communication with the WLGA in regards to training however nothing had been finalised.

RESOLVED that the minutes of the Corporate Governance Committee meeting held on the 10 April 2019 be approved as a correct record.

7 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 May 2019 on:

- Internal Audit reports recently issued:
- Bridges and Structures
- Grant Management
- Revenues and Benefits
- Section 106
- Progress on Internal Audit work to date in 2018-19;
- Progress with improvement actions arising from 2018-19;
- Progress with counter fraud work;
- Internal Audit performance standards; and
- CIPFA Practical Guidance for Audit Committees update.

The following matters were discussed in more detail –

- The Bridges and Structures overall inspection was carried out in time, the ownership of bridges and culverts was clear, however there was some ambiguity as to the ownership of some retaining walls. Members queried whether there could be assurances with retaining walls that the ownership could be known prior to any incident occurring. Responding the CIA stated that assurances could not be given. Members were informed that keeping specialist staff within the Council was difficult as external companies' wages were more appealing. The financial situation was queried, it was stated that the funding was only available on an annual basis, but the funding which was required had been fulfilled but the Council.
- It was raised that previous practice was the building regulation would deem some retaining walls as dangerous buildings, which would enable work to be carried out urgently. It was also queried whether bridges which connected DCC and other counties were assessed. Responding, it was stated that dangerous retaining walls would be dealt with as quickly as possible; in regards to bridges regulated by other Councils' that crossed into DCC were not reviewed. However the CIA could communicate with other counties in regards to Bridges.
- The assurances of grants was highlighted and whether the information was up to date and accurate, the information was kept as up to date as much as possible; however with grants regularly changing the task was difficult.
- Revenues and Benefits and the process of addressing small debts of less than £25 was queried, and why the amount was set at £25. It was clarified that the amount was a historic amount which had been set. The whole process of collecting debts was being discussed with CIVICA.
- The Internal Audit Performance Standards were highlighted, the performance of the Follow up Action Plans and Service Improvement was outlined as being below the target of 75%, and whilst being close at 73% members were assured that audit would encourage departments to update their work.

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

8 INTERNAL AUDIT OF HEALTH AND SAFETY IN SCHOOLS

The Senior Auditor (SA) introduced the report (previously circulated) updating members about how the Council was implementing improvements in Health and Safety in Schools since the issue of the Internal Audit report.

The Internal Audit follow up report (Appendix 1) showed that the major risk issue relating to fire risk assessments and two of the four moderate risk issues had been successfully resolved. Further improvement was required to address the remaining two moderate risk issues relating to the development of an action tracking system and maintaining complete records of school staff who had attended the required Health and Safety training.

Based on the original review and the improvement work which had been carried out the assurance rating had been increased from low to medium. Internal Audit would continue to monitor the outstanding actions which were partially addressed to ensure that they were completed.

During discussion the following points were raised –

- It was confirmed that the letter circulated to schools, it was also sent to the governing bodies of the schools.
- The infection control plan was raised, and the type of issues schools with infections faced. Responding SA stated that the work was for preventative measures, such as appropriate infection control plans and cleanliness were in places i.e. cleaning of toys. Training was also being organised for school staff.
- Concerns were raised with the additional work which could be caused for teachers with work following the audit. The possibility of an officer appointed to carry out the work in schools was queried. Members were informed that a Healthy Schools Co-ordinator was available to assist schools. The Corporate Health and Safety Manager (CHSM) informed the committee that the Health and Safety team would also be of assistance to schools. Guidance had been sent to all schools, but each school was different and it was deemed more appropriate for someone with knowledge of the school to implement the work at their own school.
- The original report had been circulated to the Corporate Health and Safety Committee.
- The work which had been carried out was commended by members, it was deemed that health and safety of young children was a major risk which needed to be monitored thoroughly. It was agreed that a follow up letter from the Corporate Governance Committee be circulated to head teachers and governors, it was also agreed that a follow up report be returned to the committee in November.
- Fire safety assessments were set at three years by the Council, it was not a statutory requirement, three year assessments were deemed as adequate. However members were assured that if there were major changes to any school; assessments would be carried out again.

RESOLVED that the Corporate Governance committee to note progress with addressing audit action and that subject to the above observations

- Request that a follow up report be brought to Corporate Governance Committee in November 2019.*
- A follow up letter from the Corporate Governance be circulated to head teachers and school governing bodies.*

At this juncture (10.50 a.m.) there was a 10 minute break.

The meeting reconvened at 11.00 a.m.

The Senior Auditor (SA) introduced the report (previously circulated). The Corporate Governance Committee had agreed that it would receive and discuss all Internal Audit reports receiving a 'Low' Assurance rating so that they could discuss the outcome and receive assurance that improvements would be made.

The review was requested by senior management to provide assurance on the Section 106 (S.106) process; this area has not been reviewed previously. It would provide assurance for the Section 151 Officer, the Annual Internal Audit Report and the Annual Governance Statement.

During discussions the following matters were raised –

- The process with the Section 106 (S.106) agreements with building developers was queried and whether there was a process in place to ensure that the agreements were completed but also completed to a high standard. The Development Manager (DM) stated that the process was not previously monitored successfully. However there was a proposed Community Development Hub (CDH) project being developed which would monitor S.106 agreements and monitor whether they were completed.
- The Framework Manager (FM) clarified to members the proposed CDH project was currently a project brief which would be discussed at a board meeting to progress the brief into a project. The CDH would collate all community funding available and have centralised information and monitor the progress with community funded projects.
- The S.106 database and the financial contribution changing from £4,154,450 to £3,459,857 (17% variance) following an update of the S.106 agreements recorded was highlighted as a concern. The DM responded stating that developments in which the S.106 were agreed would sometimes change and the agreed S.106 would require changing. The changes would need to be agreed within a legal agreement.
- The report was commended by members and it was suggested that the report would be beneficial to be circulated to members of Planning Committee for information purposes. Officers agreed the report would be circulated to members of Planning Committee.
- A follow up report on the S.106 audit was suggested by the Committee. The officers responded stating that a follow up report on the CDH could be brought to the Corporate Governance committee; at a later date and this was agreed. It was also agreed that an annual report for the CDH could be brought to the Corporate Governance Committee.

RESOLVED that the Corporate Governance committee to note the content of the report; and subject to the above

- The report be circulated to members of the Planning Committee.*
- A follow up report be brought back to Corporate Governance Committee at a later date.*

The Chief Internal Auditor (CIA), introduced the Internal Audit Annual report (previously circulated).which provided the Committee with the Internal Audit Annual Report for 2018-19 that provided the Chief Internal Auditor's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informed the 'annual governance statement'.

The Accounts and Audit (Wales) Regulations 2014 required the review of governance arrangements to be reported within the authority, in the Council's case the Corporate Governance Committee, and externally with the published accounts of the authority. The Annual Governance Statement (AGS) was an annual review of the systems of internal control and gathered assurance from various sources to support it. Internal Audit was a key contributor and the CIA should provide a written annual report to those charged with governance to support the AGS.

The CIA guided members through the report highlighting key areas –

- Internal Audit opinion 2018-19 - The governance, risk management and control arrangements in place for key business functions was satisfactory overall, and there were good relationships with the management whereby they openly share the areas where they perceive potential problems to be and take on board the results of audit work as an opportunity to make improvements.
- Summary of Audit Work 2018/19 – The assurances which were given were fairly consistent with previous years. All low assurance reviews were reported to the Corporate Governance Committee.
- Counter Fraud – Members were informed that direct payments and housing tenancy fraud were included in the review.
- The performance of internal Audit was good against the indicators throughout the year.
- The feedback received from the customer satisfaction survey has been taken on board within internal audit team.

The committee commended the report, the following points were discussed –

- The appointment of an auditor was raised, and the time it took for an auditor to be appointed. In response the CIA stated that there was a shortage of auditors available and in light of this an in house training policy had been adopted. Samantha Davies had also been promoted to Senior Auditor.
- Grey Fleet Vehicles were clarified to be vehicles owned and used by staff for business use.
- The Counter Fraud section was highlighted and the 10 allegations of fraud received, and 5 not needing anything further action. It was deemed that it would be good practice to have further information, to ensure the committee were informed of the work which had been carried out.

RESOLVED *that the Corporate Governance Committee notes the content of the Internal Audit Annual Report.*

The Chief Internal Auditor (CIA) introduced the report (previously circulated) which provided an update to the Corporate Governance Committee on progress in implementing the action plan that accompanied the Internal Audit report on the Joint Procurement Unit (JPU) in May 2018. The Legal and Procurement Operations Manager provided a service update in January 2019.

The report provided information on how the Council was implementing improvements relating to the JPU since the issue of the Internal Audit report. The audit report gave a 'Low Assurance' opinion, so the Corporate Governance Committee requested a progress report to ensure that the issues were being addressed.

The Corporate Governance Committee praised the work which had been carried out on the JPU. The following points were discussed in more detail –

- Following all the work which had been carried out with the JPU the assurance has been raised from low to medium.
- There were concerns raised in particular to Risk Issue 1, the issues would be alleviated with regular meetings and providing Corporate Governance/Audit and Scrutiny with regular updates together with an annual report being presented to Cabinet committees.

RESOLVED that the Corporate Governance Committee note the progress with addressing audit actions.

12 ANNUAL CORPORATE GOVERNANCE COMMITTEE REPORT

The Head of Legal, HR and Democratic Services (HLHRD) provided a report on the Corporate Governance Committee Annual Report. It was explained that the Constitution required that the Committee prepared and submitted 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 that members took time to read and comment on the content. It was explained to members that the purpose of the report was to illustrate what the Corporate Governance Committee did and the important role Members had on the Committee.

It was stated that the change of the committee's name to 'Corporate Governance and Audit Committee' which was mentioned at the last meeting was omitted from the Draft Corporate Governance Committee Annual Report, it was clarified the change of name would be included in the report to Council.

Members suggested that the wording of the report could be altered to describe the role internal audit have at the Corporate Governance Committee. The HLHRD informed members that the cover report was limited to four pages, but would streamline aspects and include more of internal audit in the report.

RESOLVED that:-

- (a) *Corporate Governance Committee receive and note the Corporate Governance Committee Annual report with the above amendments.*
- (b) *an amended report detailing the work undertaken by the Corporate Governance Committee be presented to County Council.*

13 ANNUAL RIPA (REGULATION OF INVESTIGATORY POWERS ACT 2000)

The Head of Legal, HR and Democratic Services (HLHRD) presented the report (previously circulated) on the annual report to the Corporate Governance Committee on the Council's use of its powers of surveillance under RIPA (Regulation of Investigatory Powers Act 2000) combined with the results of the RIPA inspection which takes place approximately every three years.

The report was required under the Home Office Code of Practice to make at least annual reports to members, on the Authority's use of its powers under this regime. The Corporate Governance Committee received any external inspection reports as provided within the Committee's terms of reference.

There had been no surveillance carried out since the last review, the RIPA inspection was a desktop review which ensured that there was no need for a full review.

RESOLVED that the Corporate Governance note the content of the RIPA report.

14 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 FWP subject to the following amendments:-

10 July 2019 –

- It was clarified that the Annual SIRO report was duplicated on the 11 September, it was agreed that the report would be removed from either date with agreement of the report author.

11 September 2019 –

- The Internal Audit Report - Section 106 it was agreed an update would be brought to the committee.

20 November 2019 –

- Following the item Health and Safety in Schools Update, an update would be included.
- The Head of Legal, HR and Democratic Services also advised that the Annual RIPA report would be deferred until June 2020.

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