

To: Members of the Corporate  
Governance Committee

Date: 31 May 2019

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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, 5 JUNE 2019** 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 ensuring year.

#### **3 APPOINTMENT OF VICE CHAIR**

To appoint a Vice Chair of the Corporate Governance Committee for the ensuring 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 - 12)

To receive the minutes of the Corporate Governance Committee meeting held on 10 April 2019 (copy enclosed).

**7 INTERNAL AUDIT UPDATE** (Pages 13 - 46)

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

**8 INTERNAL AUDIT OF HEALTH AND SAFETY IN SCHOOLS** (Pages 47 - 62)

To consider a report by the Chief Internal Auditor (copy enclosed) providing an update on progress in implementing the action plan that accompanied the Internal Audit report on Health & Safety in Schools in June 2018

**9 INTERNAL AUDIT REPORT - SECTION 106** (Pages 63 - 82)

To consider a report by the Chief Internal Auditor (copy enclosed) providing details of a recent Internal Audit report on Section 106 Agreements that received a 'Low' Assurance rating.

**10 INTERNAL AUDIT ANNUAL REPORT** (Pages 83 - 108)

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

**11 INTERNAL AUDIT OF THE JOINT CORPORATE PROCUREMENT UNIT** (Pages 109 - 124)

To consider a report by the Chief Internal Auditor (copy enclosed) updating members on the progress in implementing the action plan that accompanied the Internal Audit report on the Joint Procurement Unit in May 2018.

**12 ANNUAL CORPORATE GOVERNANCE COMMITTEE REPORT** (Pages 125 - 132)

To consider a report by the Head of Legal, HR and Democratic Services (copy enclosed) seeking Members' approval of a draft report to be submitted to Council in respect of the Corporate Governance Committee's work for the municipal year 2018/2019.

**13 ANNUAL RIPA (REGULATION OF INVESTIGATORY POWERS ACT 2000)**  
(Pages 133 - 138)

To consider a report the Deputy Monitoring Officer (copy enclosed) on the Council's use of its powers of surveillance under RIPA (Regulation of Investigatory Powers Act 2000).

**14 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME** (Pages 139 - 142)

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  
Joe Welch

**Lay Member**

Paul Whitham

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LOCAL GOVERNMENT ACT 2000

Code of Conduct for Members

DISCLOSURE AND REGISTRATION OF INTERESTS

I, (name)

a \*member/co-opted member of

(\*please delete as appropriate)

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:-

(\*please delete as appropriate)

Date of Disclosure:

Committee (please specify):

Agenda Item No.

Subject Matter:

Nature of Interest:

(See the note below)\*

Signed

Date

\*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, 10 April 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 Finance Officer (RW), Chief Internal Auditor (LL), Strategic Planning Team Manager (NK) Committee Administrator (RTJ).

Wales Audit Office Representatives – Gwilym Bury and Matthew Edwards.

#### **1 APOLOGIES**

None received.

#### **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 6 March 2019 were submitted.

Matters Arising –

- The governance in schools was raised and how the hopeful outcome of the e learning and training sessions only increasing by 5%, made the pf reaching of 100% completion by November unlikely.
- The CIPFA Practical Guidance questionnaire breakdown was queried as to whether it had been circulated. The Chief Internal Auditor (CIA) responded stating that it had been an oversight and would be circulated to members following the meeting.

- Concerns with non-report related items such as members training that were not being monitored due to them not being noted in the forward work programme. It was agreed that the matter would be discussed at the end of the meeting.

**RESOLVED** that the minutes of the Corporate Governance Committee meeting held on the 6 March 2019 be approved as a correct record.

## **5 ANNUAL GOVERNANCE STATEMENT 2018-19**

The Chief Internal Auditor (CIA) introduced the report (previously circulated) which was to demonstrate good governance. The Council was required to show that it was complying with the core principles set out in the revised Framework for Delivering Good Governance in Local Government (Wales) 2016 edition. The Annual Governance Statement (AGS) was prepared using a self-assessment and reports on the Council's governance and improvement arrangements for 2018-19; along with progress in addressing the improvement actions contained within the AGS 2017-18.

It was a statutory duty to publish an AGS in compliance with the Accounts and Audit (Wales) Regulations 2014; which would allow the committee the opportunity to comment on this years 'annual governance statement'.

The Annual Governance Statement 2018-19 (Appendix 1) was developed by performing a self-assessment of the Council's governance arrangements against the Framework for Delivering Good Governance in Local Government (Wales) 2016 edition. This was conducted by an officers group representing the key governance functions from across the Council. The AGS referenced various evidence sources and assurance sources such as the Internal Audit Annual Report, External Audit reports, and risk registers. Members were made aware that the AGS was concise and aimed to give a flavour of the work required.

The CIA guided members through the Annual Governance Statement 2018-19; the following matters were discussed –

- Review of Effectiveness and the Review and update of the Money Laundering Policy. It was queried which areas in the Council raised concerns in respect of money laundering. It was clarified that the policy had been recently updated. Money laundering was the concealment of the origins of illegally obtained money. The policy was for members of staff to raise any concerns with suspicious actions by members of the public.
- Another query with regards to the Review of Effectiveness section and the lack of a timetable within the report. It was clarified that it would be included in the updated report which would be returning to the committee in November.
- The AGS 2018-19 was commended as a document and it was suggested that the document could be circulated to all elected members to raise awareness of the work that the Corporate Governance Committee carry out.
- Training was raised and whether lay members would be included in training organised for the committee. The CIA agreed to explore the training



requirements, for all members of the committee, no training had been arranged, but the CIA would look into training for lay members.

- The Internal Audit review of Contract Management in 2018/19 was queried what timescale was allowed for the work to be completed Responding it was stated that the work would be completed as long as it would take basis.

**RESOLVED** – that the Corporate Governance Committee approves the draft annual governance statement for 2018-19 and notes the progress made on the action plan from 2017-18

## **6 WAO AUDIT PLAN 2019-20**

The Chief Finance Officer (RW) introduced the report (previously circulated) on the 2019 Audit Plan Denbighshire County Council which had been prepared by the Wales Audit Office (WAO). The report sets out the planned programme of work for both the WAO's financial audit and performance audit programme. The report also dealt with matters such as the fee for the work, details in respect of the audit team and the timetable for the work.

The Wales Audit Office (WAO) representatives (ME) and (GB) gave a summary of the contents of the 2019-20 Audit Plan – Denbighshire County Council, 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 representatives provided the committee with an overview of the contents of the report. During discussions the following matters were raised –

- There had been changes to the audit team, Derwyn Owen was the new Engagement Director and Engagement lead. Matthew Edwards was the new Financial Audit Manager. Another change not highlighted in the report was that Jeremy Evans would be replacing Sara-Jane Byrne as the Performance Audit Manager; due to an internal restructure.
- It had been identified that two WAO officers had family members working within the Council and following a risk assessment they would not be allowed to audit work in relation to the departments where families worked.
- The Social Services budgetary and cost pressures were raised and how thorough a review would be carried out. It was clarified that the review would not look at the quality of work carried out, but the budgetary pressures. A meeting would be organised with senior management and discuss Social Services budgetary and cost pressures with the aim to develop a project brief. It was suggested that a verbal update could be returned to Corporate Governance at a later date.
- Municipal Recycling was queried in terms of whether the review would take the changes to waste collection by the Council into consideration. It was

explained that the WAO would look review waste arrangements and how the Council engages with communities on recycling and whether the Future Generation Act was taken into consideration during the work.

The Committee commended the Wales Audit Office Representatives for the report

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

## **7 WAO REPORT ON USE OF DATA IN DENBIGHSHIRE COUNTY COUNCIL**

The Strategic Planning Team Manager (SPTM) introduced the WAO report (previously circulated) on the Use of Data by Denbighshire County Council. There had been a review of the usage of data nationwide and the report focused on the usage of data within Denbighshire.

The committee was assured that many of the key issues with data usage were common issues for many counties across Wales. The key issues highlighted in Denbighshire were - Vision, Leadership and Culture, Data Protection, Skills and Capacity; and Evidence-based decisions.

A data audit had been carried out which identified areas where data was stored. The Council had complied with the Data Protection Act 2018 which required that data was kept secured and monitored. Data sharing protocols were in place, and 97% of Council staff had completed the mandatory GDPR training.

The following matters were discussed in more detail –

- Communication between Departments was highlighted as a concern, and the sharing of data. It was queried why some departments could not share information amongst themselves; and if data could be shared with third parties. It was stated that information could be shared if the correct process was followed; this applied to third parties as well.
- The GDPR training was queried as to whether the training was available for elected members and lay members, it was not known whether the training was available for members and the SPTM would circulate information about this.
- Data sharing was reiterated as a concern in regards to sharing with external bodies, especially with the recent raise in cybercrime. It was asked whether Denbighshire could ensure that the data was kept secure whilst being shared. Data protection was taken very seriously by the Council with many protective measures in place by the IT department, and information being transferred would also be protected.
- Members were reminded that data was only collected for a reason, and those whose data was collected would be made aware of that reason, and whether the information would be shared.

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

## **8 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME**

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

The committee scrutinised the FWP and wondered whether any items could be deferred to alleviate the heavy agenda at the June meeting. No items were deferred. It was clarified that the 'Service Challenge – Service report' and 'Summary of the Alternative Delivery Model' would discuss the same matters and therefore the 'Alternative Delivery Model' could be removed from the FWP.

In respect of Training for members it was queried whether members could attend a pre briefing session prior to meetings which had large issues to debate. Members agreed that pre briefing sessions would be beneficial and a good use of time for officers and members.

It was suggested that the forward work programme could be scrutinised to identify items which could benefit from members briefing prior to the meeting. In July there was a treasury report, it was deemed that training was not be required until the full report would be brought back to the committee in November. The safeguarding report which was scheduled for July was deemed as being appropriate to hold a briefing session.

Members raised training was carried regularly for elected members, but it was deemed that additional training could be beneficial to Corporate Governance members. An agenda management session was deemed as being beneficial for members. (GW to liaise with Democratic Manager to arrange training dates)

The name of the committee was raised, and why the auditing aspect of the meeting was not in the name. It was stated that the Council could change the name of the committee, and in a white paper it was suggested that the Committee could be called the Corporate Governance and Audit Committee. The committee could request a name change in its annual report to Council.

05 June –

- The appointment of chair and vice chair would be added due to the meeting being held in the next municipal year.

Future items –

- Schools with financial issues could be discussed in the autumn.
- Use of capital contingency was also to be included on the forward work programme in the autumn.

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

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**Report To:** Corporate Governance Committee

**Date of Meeting:** 05 June 2019

**Lead Member / Officer:** Lisa Lovegrove – Chief Internal Auditor

**Report Author:** Lisa Lovegrove – Chief Internal Auditor

**Title:** Internal Audit Update

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**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. It also includes an update on progress with the CIPFA Good Practice for Audit Committees.

**2. What is the reason for making this report?**

To provide information on the 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**

Appendix 1 report provides an update as at 22 May 2019 on:

- Internal audit reports recently issued
- Progress on Internal Audit work to date;
- Progress on implementing agreed actions from assurance projects;
- Counter fraud update
- Update on Internal Audit performance against set standards; and
- Update on progress with the CIPFA Good Practice for Audit Committees.

Appendix 2 report provides a list of the overdue internal audit actions as at 31 March 2019 as recorded on verto (performance management system), along with their status and the latest service progress updates.

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

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

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

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

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

Not applicable - this report does not require a decision or proposal for change.

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

Not required.

**9. Chief Finance Officer Statement**

There are no financial implications attached to this report.

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

The work of internal audit gives assurance to the council on the adequacy and effectiveness of controls in place to manage and mitigate risks.

**11. Power to make the Decision**

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



# Internal Audit Update

June 2019

## 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 22 May 2019 on:
  - Internal Audit reports recently issued:
    - Bridges & Structures
    - Grant Management
    - Revenues & 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.

## Internal Audit Reports Recently Issued

3. This 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.

### Bridges & Structures – April 2019

| Medium Assurance |                       |
|------------------|-----------------------|
| 4                | Moderate risks/issues |
| 0                | Major risks/issues    |
| 0                | Critical risks/issues |

4. Our review found inspections are carried out within the timescales as set out in the National Code of Practice for Bridges, the results of which inform the prioritisation of the maintenance programme.
5. A list of highway assets is maintained and the ownership of bridges and culverts is clear. However, there is ambiguity as to the ownership of some retaining walls.
6. The most recent code of practice requires a risk assessment of structures and, while this has not been completed for all structures, this now forms part of the



inspection regime. This can prove to be very time consuming, so the team has begun trialling an asset management system and, it is anticipated that, once it is fully implemented, this will enable the team to complete risk assessments and monitor progress of inspections and the maintenance programme more efficiently.

7. Following the requisite inspections, highway structures requiring maintenance are identified and work prioritised as necessary. This is a reasonable approach for managing safety and serviceability.
8. Bridges and structures do not currently feed into the Highways Asset Management Plan and this needs to be updated.
9. Specialist consultants are used to perform inspections and ascertain the level of maintenance work required for highway structures. We found that procurement of consultants and contractors did not consistently follow Contract Procedure Rules (CPRs).
10. The financing of the team through Strategic Investment Group (SIG), while ensuring that there is a specific annual allocation for Bridges and Structures, does make medium and long term forward planning difficult. A 10 year maintenance backlog has been identified and a programme is in place to reduce this. An annual bid is put forward to SIG to secure additional funding to reduce this backlog. This bid is not a guarantee that the full requested allocation will be granted.
11. Overall, there is a good system in place for prioritising bridge maintenance repair, and no roads are closed due to bridge conditions which contributes to the Corporate Priority of Connected Communities. The team’s weak procurement practice, lack of internal guidelines and need to include bridges in the Highways Asset Management Plan means that we give a medium assurance rating.

### Grants Management- March 2019

12. Overall, our review found that the grant management process is being administered effectively by services. The terms and conditions set out in the individual grant award letters are complied with, and staff generally submit grant claims and returns within the designated timescales. Where there

| Medium Assurance |                       |
|------------------|-----------------------|
| 1                | Moderate risks/issues |
| 0                | Major risks/issues    |
| 0                | Critical risks/issues |

have been late submissions, this has been due to staff sickness or changes in personnel and have not resulted in a funding clawback.

13. Finance are involved operationally to monitor grant expenditure and complete a checklist before the final claim is submitted to the awarding body. The Head of Finance signs quarterly returns and final grant claims when his involvement is detailed in the terms and conditions.
14. Finance are also responsible for maintaining two grant registers for capital and revenue grants. The Capital Grants register is comprehensive and is currently being updated so that key supporting information is also held within the register. However, the Revenue Grants register could be improved, as it is currently only prepared towards the end of the financial year so all key staff may not be clear of the grants that the Council deals with. The register template would also benefit from a review to ensure it captures the key information during the year, e.g. audit requirements, and there were some grants on the ledger for 2017/18, which were not detailed on the corresponding grant register.
15. While our testing of grants was overall positive, the main area for improvement is to provide more documented guidance to staff on managing grants. While the process is briefly covered in Financial Regulations and the Scheme of Delegation, some of the weaknesses identified during our review could be addressed by providing further guidance:
  - evidence that grant programmes clearly demonstrate value for money prior to them being accepted, e.g. sufficient consideration of financial and staffing resources involved and whether the grant is aligned with corporate priorities;
  - Some grant documentation is retained on personal drives, which does not provide effective business continuity arrangements, and there was uncertainty as to the retention period of documentation;
  - on the authorisation process for grant management, if not covered in the grant terms and conditions, to ensure key documentation such as grant acceptance letters are authorised at an appropriate level; and
  - on monitoring grant outcomes or lessons learnt to avoid potential funding clawback should we be unable to supply the requisite information.
16. Flexible funding will be introduced during the next financial year 2019/20 resulting in ten existing grants being reduced to two. The implementation of

the funding is being phased in with full implementation from 2020/21. Operationally, work has been undertaken to prepare for its implementation through the Flexible Funding group, made up of representatives from the four services affected.

17. Welsh Government has only recently started to supply guidance and documentation to assist with its implementation, and the Council recognises it needs to work more strategically to ensure that the necessary processes are put in place to fully implement the new funding stream. For example, how to allocate the fund across the affected services and considering lessons learnt and good practice from early adopters, e.g. having a designated person to monitor and manage grants.
18. Our overall rating is medium assurance given the issues identified, which cross several Service areas. These mostly relate to the need for written guidance to direct better practice in relation to the Council’s management of grant applications (authorisation), storing evidence and monitoring outcomes.

### Revenues & Benefits– April 2019

| Medium Assurance |                       |
|------------------|-----------------------|
| 10               | Moderate risks/issues |
| 0                | Major risks/issues    |
| 0                | Critical risks/issues |

19. This year, our scope focused on: partnership arrangements, sundry debtors, benefit overpayments and enforcement.
20. The ‘business as usual’ element of the Civica partnership continues to operate well in terms of the governance and monitoring arrangements in place. The Operational Board continues to meet monthly to review performance and discuss key aspects of the partnership, and change control forms are authorised by both the Head of Finance and Civica to reflect any key amendments to the contract.
21. Operationally, performance is high with all but three Key Performance Indicators (KPIs) being rated as ‘green’ at the conclusion of our review. Performance within Benefits has recently been impacted with the migration to Universal Credit, but these KPIs are being kept under review by the Operational Board.
22. Civica has conducted a review of its compliance with General Data Protection Regulations (GDPR) and an action plan has been developed.
23. The Strategic Board meets quarterly to monitor performance and discuss income generation and developments with the Elwy Centre. Despite the efforts of both Civica plc and the Council, commercial opportunities within the Elwy

Centre have not yet materialised as anticipated in the original business case. Additionally, no profit has been generated for the Council through the 'On Demand' work. Developmental opportunities are kept under review, and other income maximisation projects are being pursued.

24. Our review of Sundry Debtors concludes that improvement is mainly dependent on departments taking prompt action to assist with collecting their debts, as currently it can be some time before departments respond to Sundry Debtors if their debts cannot be recovered by the debt collector.
25. There are planned changes to the sundry debtor system, which should improve efficiency, e.g. being AUDDIS (Automated Direct Debit Instruction Service) compliant. If feasible, we suggest further enhancements to the system to include a mandatory field to record the date the service was provided (for VAT purposes), details of the purchase order raised by the customer (where appropriate), and a repository on the system to store documentation to support the debt.
26. Robust procedures exist to prevent set up of duplicate debtor accounts, and our testing identified two duplicate invoices. The problem that caused these duplicates has since been resolved. In addition, we identified instances where recovery of aged debts had not progressed and recovery had stalled for a few of the debts being repaid under an instalment plan. These are being reviewed.
27. Added resource has been put in place within the Overpayments function to target historic debt where no recovery was being made. Where the two key performance indicators for overpayments historically had a 'red' status as the target was never met at year end, they now have a 'green' status because of recent initiatives.
28. Civica (Denbighshire) recognises that further improvements are needed with the Overpayments function, some of which have been inherited prior to start of the Civica partnership, e.g. the historic debt and credit balances. They are particularly held back by the robustness of the overpayments system and there are a number of issues that are currently in the process of being resolved. However, we are concerned about the impact of these system issues to the accuracy of reporting which may also mean that some debts are not being recovered.
29. While added resource has been put in place, there are ineffective business continuity arrangements to cover the Overpayments Officer's role. There is

some documented guidance, but this requires a review to ensure it is up-to-date and to reflect changes when the process is reviewed to ensure it is efficient and effective.

- 30. No significant issues were identified as part of our review of the external enforcement agents and debt collector service. There is an approved Change Authorisation Note to reflect the change in the contract between the Council and Civica, and the external enforcement agents provide Civica with monthly reports detailing their performance. The Contract & Performance Manager also attends their quarterly review meetings.
- 31. Progress has been made with the addressing the issues outstanding from our previous review with only one issue now outstanding relating to debtor invoices being raised for small values (less than £25).
- 32. Our overall rating is medium assurance; while there are a number of areas for improvement, we consider that these can be resolved by either Civica or the Council.

### Section 106– May 2019

- 33. As this is a ‘low assurance’ report, the full report is shown on the committee’s agenda separately.

| Low Assurance |                       |
|---------------|-----------------------|
| 2             | Moderate risks/issues |
| 2             | Major risks/issues    |
| 0             | Critical risks/issues |

## Progress in Delivering the Internal Audit Assurance 2019-20

34. 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.

35. Where projects have been completed since 1 April 2019, the table provides assurance ratings and number of issues raised for the completed reviews.

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

- Office accommodation
- GDPR in Schools

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| Internal Audit Assurance Plan Areas of Work | 2019–20 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                      |
|---|----------------------|---------------------|------------------------|-----------------|------------------------|---------------------|------------------------|-------------------------------|
| <b>2019–20 Projects</b>                     |                      |                     |                        |                 |                        |                     |                        |                               |
| AONB Grant                                  | 1                    | 7                   | Preparing              |                 |                        |                     |                        |                               |
| Office accommodation                        | 1                    | 15                  | Scoping                |                 |                        |                     |                        |                               |
| Homelessness                                | 5                    | 25                  | Scoping                |                 |                        |                     |                        | Carried forward from 2018/19. |
| GDPR in Schools                             | 0                    | 20                  | Scoping                |                 |                        |                     |                        |                               |

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| Internal Audit Assurance Plan Areas of Work   | 2019-20 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   |
|---|----------------------|---------------------|------------------------|-----------------|------------------------|---------------------|------------------------|--|
| Contract Management   | 1                    | 20                  | Scoping                |                 |                        |                     |                        | Carried forward from 2018/19. Joint review with Flintshire County Council. Delayed |
| <b>2018-19 Projects</b>   |                      |                     |                        |                 |                        |                     |                        |  |
| Section 106   | 1                    | 2                   | Complete               | Low             | 0                      | 2                   | 2                      |  |
| Single Access Route to Housing (SARTH)  | 10                   | 15                  | Fieldwork              |                 |                        |                     |                        | Nearing completion   |
| Revenues and Benefits: <ul style="list-style-type: none"> <li>• Sundry Debtors</li> <li>• Overpayments</li> <li>• Bailiffs</li> </ul> | 2                    | 2                   | Complete               | Medium          | 0                      | 0                   | 10                     |  |
| School Governance   | 1                    | 2                   | Draft                  |                 |                        |                     |                        |  |
| Grants Management   | 0                    | 0                   | Complete               | Medium          | 0                      | 0                   | 1                      |  |
| School Fund Management  | 4                    | 5                   | Fieldwork              |                 |                        |                     |                        | See next section of IA update  |
| Bridges and Structures  | 1                    | 1                   | Complete               | Medium          | 0                      | 0                   | 4                      |  |
| Waste Management  | 3                    | 6                   | Closing meeting        |                 |                        |                     |                        | Nearing completion   |

| Internal Audit Assurance Plan Areas of Work   | 2019–20 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                  |
|---|----------------------|---------------------|------------------------|-----------------|------------------------|---------------------|------------------------|---------------------------|
| Legal Services Collaboration  | 5                    | 7                   | Closing meeting        |                 |                        |                     |                        | Nearing completion        |
| Programme and Project Management: <ul style="list-style-type: none"> <li>Rhyl Faith School</li> <li>CRM Systems</li> <li>Benefits Realisation</li> </ul>      | 3                    | 4                   | Draft                  |                 |                        |                     |                        |                           |
| Financial Services: <ul style="list-style-type: none"> <li>Treasury Management</li> <li>Payroll</li> <li>Accounts Payable</li> <li>Cash Receipting</li> </ul> | 7                    | 8                   | Draft                  |                 |                        |                     |                        |                           |
| Supported Budgets (Direct Payments)   | 15                   | 20                  | Draft                  |                 |                        |                     |                        |                           |
| General Data Protection Regulations   | 8                    | 15                  | Fieldwork              |                 |                        |                     |                        | Nearing completion        |
| Cyber Security  | 6                    | 8                   | Draft                  |                 |                        |                     |                        |                           |
| Former North Wales Hospital   | 2                    | 2                   | Final                  | Advisory        | N/a                    | N/a                 | N/a                    |                           |
| <b>Fraud &amp; Corruption Work</b>  |                      |                     |                        |                 |                        |                     |                        |                           |
| National Fraud Initiative   | 5                    | 40                  | Ongoing                |                 |                        |                     |                        | 2018–19 exercise underway |



| Internal Audit Assurance Plan Areas of Work    | 2019–20 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  |  |
|--|----------------------|---------------------|------------------------|-----------------|------------------------|---------------------|------------------------|---|--|
| Housing Tenancy Fraud                          | 11                   | 15                  | Fieldwork              |                 |                        |                     |                        | Nearing completion  |  |
| General fraud enquiries and counter fraud work | 0                    | 90                  | Ongoing                |                 |                        |                     |                        |   |  |
| <b>Follow-up Reviews</b>                       |                      |                     |                        |                 |                        |                     |                        |   |  |
| IA project follow-ups                          | 9                    | 30                  | Ongoing                |                 |                        |                     |                        | Includes devising new follow up process                               |  |
| Management of follow-ups                       | 2                    | 30                  |                        |                 |                        |                     |                        |   |  |
| <b>Other Areas of Work</b>                     |                      |                     |                        |                 |                        |                     |                        |   |  |
| School Fund admin & audits                     | 4                    | 60                  | In progress            |                 |                        |                     |                        |   |  |
| Corporate Governance Framework                 | 2                    | 20                  | 2018–19 complete       |                 |                        |                     |                        | See separate report on progress to date with the improvement actions. |  |
| Corporate working groups                       | 2                    | 35                  | In progress            |                 |                        |                     |                        |   |  |
| Consultancy & corporate areas                  | 2                    | 45                  | In progress            |                 |                        |                     |                        |   |  |
| <b>IA Support &amp; Management</b>             |                      |                     |                        |                 |                        |                     |                        |   |  |
| Team Meetings / 1:1s                           | 9                    | 65                  |                        |                 |                        |                     |                        |   |  |
| Management                                     | 6                    | 40                  |                        |                 |                        |                     |                        |   |  |
| Training & development                         | 7                    | 40                  |                        |                 |                        |                     |                        |   |  |
| <b>Total Days</b>                              | <b>135</b>           | <b>703</b>          |                        |                 |                        |                     |                        |   |  |

## Progress with Improvement Actions arising from Internal Audit Assurance Work 2018-19

37. Responsibility to resolve issues and manage agreed actions lies with management. The International Internal Audit Standards require internal audit to monitor what is happening to the results of audit engagements to ensure that actions have been implemented effectively or that management has accepted the risk of not taking action. The table below summarises progress as at the end of March 2019. The progress and current status of the actions showing as overdue is detailed in a separate Appendix report.

| Service                              | Actions Raised | Implemented | %    | Outstanding | %   |
|--------------------------------------|----------------|-------------|------|-------------|-----|
| Business Improvement & Modernisation | 17             | 15          | 88%  | 2           | 12% |
| Community Support Services           | 7              | 7           | 100% | 0           | 0%  |
| Communications Customers & Marketing | 3              | 3           | 100% | 0           | 0%  |
| Education & Children's Services      | 16             | 12          | 75%  | 4           | 25% |
| Facilities Assets & Housing          | 30             | 24          | 80%  | 6           | 20% |
| Finance                              | 18             | 15          | 83%  | 3           | 17% |
| Highways & Environmental Services    | 16             | 12          | 75%  | 4           | 25% |
| Legal, HR & Democratic Services      | 31             | 14          | 45%  | 17*         | 55% |

|                              |            |            |            |           |            |
|------------------------------|------------|------------|------------|-----------|------------|
| Planning & Public Protection | 10         | 6          | 60%        | 4         | 40%        |
| <b>Total</b>                 | <b>148</b> | <b>108</b> | <b>73%</b> | <b>40</b> | <b>27%</b> |

\* 7 actions relate to Travel & Subsistence review which has been delayed as pending decision by SLT regarding Grey Fleet Checks.

## Progress with Counter Fraud Work

38. Counter fraud work carried out since the last internal audit update includes:
- Providing advice on counter fraud to officers on request;
  - Review of data matches from the National Fraud Initiative (NFI) exercise 2018–19 is underway.
  - Involvement in Wales Audit Office review of Local Government counter fraud arrangements which will be report to the Public Accounts Committee in July 2019.
  - Audit of outstanding voluntary school fund certificates is nearing completion. Nearly all schools have up-to-date certificates with the exception of two schools. These will be reviewed by Internal Audit once all the required documentation is received.
  - Audit of Housing Tenancy Fraud nearing completion. This includes a review of NFI Housing Tenant matches.

## Referrals 2019/20

| Date Referred   | Investigation Details | Outcome |
|---|-----------------------|---------|
| Referrals from 2019/20                                      |                       |         |
| No allegations have been referred to Internal Audit to date |                       |         |

## Internal Audit Performance Standards

39. 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.

40. 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 (> 10) | 9.6                 |
| Internal Audit will issue a final audit report as soon as possible after agreeing the report and its action plan with services.  | Avg. Days (> 5)  | 2.8                 |

| 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%    | 73%                 |

## **CIPFA Practical Guidance for Audit Committees – Update**

41. Through the Welsh Chief Auditors Group an Audit Committee Chairs Network has been formed with its first meeting planned for the Summer 2019. The agenda for the session is being developed to provide guidance and training to support Chairs with carrying out their roles as well as an opportunity to network with their counterparts from other Council's across Wales.
42. Other training being progressed for all committee members include a session on agenda management and effective meetings as well as Treasury Management training by the Council's Treasury Advisors Arlingclose Ltd.

# Internal Audit Actions

## Business Improvement & Modernisation

|   |   |                |          |
|---|---|----------------|----------|
| IAABIM17a   | D161721f – Risk of Fraud & Corruption: A corporate anti-fraud plan is to be developed initially. An annual review will then be completed to assess how effectively the council performs against the plan. | 01/06/18       | 05/06/19 |
| Nearing completion. Summary of counter-fraud work during 2018/19 to be reported to Corporate Governance Committee in June 2019.   |   | Lisa Lovegrove | 30/04/19 |
| IAAFAHBIM01a  | D171825f – Health & Safety in Schools: Tracking system for 'recommended actions' following health & safety inspections / assessments. System to include timescales, reminders and escalation triggers.    | 27/06/18       | 30/09/19 |
| Due to capacity issues within ICT this action had been delayed. The Corporate Health and Safety team met with the Senior Business Systems Officer, ICT in April 2019 to discuss system requirements. A possible solution was discussed but this needs further investigation. An amended timescale has been provided for 30 September 2019. (SJD Updated on 22/5/19) |   | Lisa Lovegrove | 22/05/19 |

## Education & Children's Services

|   |               |   |                    |          |
|---|---------------|---|--------------------|----------|
|   | IAAECS11a     | D151633F – IT & Information Management in Schools: Review existing ICT Admin Contract with Gaia where supplier agreed to encrypt mobile devices and provide certification of data destruction as part of the original Invitation to Tender. | 01/05/17           | 31/08/18 |
| Update to be provided by Jane Hughes / Paul Barnes  |               |   | Geraint Davies     | 25/04/19 |
|   | IAAECS16a     | D171824f School Transport : Management of Additional Learning Needs (ALN) transport applications and managed transfers  | 01/06/18           | 31/12/18 |
| A post for an Education Support Officer within the School Support Team is due to be advertised which is to be jointly funded by Education. As part of their role, they will be reviewing the Capita One system and assisting teams to utilise modules on the system that are currently not being used. ALN and managed transfers could form part of this review. Dependent on the outcome of the recruitment process it is anticipated that an action plan will be prepared by the end of September 2018 and delivery of this activity will depend on the priorities detailed in the action plan.   |               |   | Heidi Barton-Price | 02/07/18 |
|   | IAASCHOOLS01a | D171825f – Health & Safety in Schools: Schools to advise Corporate Health and Safety on the progress/status of actions resulting from the Corporate Health & Safety inspections   | 27/06/18           | 30/09/19 |
| <p>The Corporate Health and Safety team has noticed an improvement in the communication from schools, in particular with the Business and Finance managers for the clusters on the status of actions arising from the inspections carried out.</p> <p>Once the new action tracking system is implemented, the Corporate Health and Safety team will be able to measure progress with addressing actions more accurately.</p>  |               |   | Lisa Lovegrove     | 22/05/19 |
|   | IAASCHOOLS02a | D171825f – Health & Safety in Schools: Corporate induction template provided by HR and H&S checklist template provided by Corporate Health and Safety to be used by schools to devise in-house induction for all new staff.                 | 27/06/18           | 30/03/19 |
| <p>Sample testing shows that: –</p> <ul style="list-style-type: none"> <li>• 2/7 schools have used the induction template for new staff at the schools and maintain records of the training received which includes H&amp;S training.</li> <li>• 2/7 confirmed that staff have received training as part of the induction process or through the health and safety awareness training, but do not retain a formal record to demonstrate this.</li> <li>• 3/7 did not respond.</li> </ul> <p>HR are currently in the process of launching the Corporate HR Induction checklist through the new starters' website, which has not been presented to schools as yet (planned for September 2019).</p> |               |   | Lisa Lovegrove     | 22/05/19 |



|  |  |  |
|--|--|--|
| Some schools are not maintaining records of staff training, including mandatory health and safety awareness training, to confirm their attendance. |  |  |
|--|--|--|



|  |   |                |          |
|--|---|----------------|----------|
| IAAFAH02a  | <b>D161740F –Housing Voids &amp; Allocations: More robust monitoring of spend to be introduced to ensure that CPR limits are not exceeded use of Exemption Forms where appropriate. Longer term, a framework is being developed and will be in place later in 2017.</b> | 01/11/16       | 31/03/18 |
| All documentation is now complete and with Legal for final sign off. Proactis system has been updated and is ready to go live. Pending Legal approve the revised documents, the Framework will go live on Sell2Wales mid-February.   |   | Matthew Hughes | 07/02/19 |
| IAAFAH19a  | <b>D181902f – Catering Services: Work with Head Teachers and School Business/Finance Managers to gain access to pupil records accordingly</b>   | 11/09/18       | 31/12/18 |
| Following approval in principle from Headteachers during Q2, Cluster Business Finance Managers have approved Catering Services to access ParentPay for the Prestatyn, the Welsh and Denbigh & St.Asaph Clusters. Contact has been made with Cluster Business and Finance Managers for Llangollen, Ruthin and Rhyl to request access to ParentPay in these areas. It is anticipated this will progress during Q4.   |   | Matthew Hughes | 07/02/19 |
| IAAFAH24a  | <b>D181904 – Housing Rents – Develop training plan to ensure resilience for reconciliation processes.</b>   | 15/10/18       | 30/04/19 |
| In line with Q2 update, target date moved to post Housing structure implementation. The Income & Service Charge Assistant role is to be reviewed to incorporate these duties. This will be outlined in the training plan.  |   | Matthew Hughes | 07/02/19 |
| IAAFAH25a  | <b>D181904 – Housing Rents – Vacancies in the Income team to be addressed via wider Housing structure review.</b>   | 15/10/18       | 30/04/19 |
| Housing structure review is progressing as expected. In line with this, team will be fully staffed within new structure from April 2019.   |   | Matthew Hughes | 07/02/19 |
| IAAFAH29a  | <b>D181904 – Housing Rents – Map how customer data is collected within Facilities, Assets &amp; Housing (and more specifically, the Income Team) and agree retention periods in line with GDPR.</b>   | 15/10/18       | 30/04/19 |
| Data mapping has been completed and retention schedules agreed. These are currently with Legal to check compliance, as some do not appear in the Corporate Retention Schedule and are therefore based on researched best practice. Once Legal have confirmed they are happy with the retention periods, any changes will be made to the FAH mapping document and the Corporate Information Asset Register in Q4. With this in mind, the 'Date Due' has been amended accordingly to 30/4/19, as the action shouldn't be marked as closed until Legal have confirmed retention schedules comply with relevant legislation/best practice. |   | Matthew Hughes | 07/02/19 |
| IAAFAH30a  | <b>D181904 – Housing Rents – Progress the purchase of Open Housing GDPR module to manage data within the housing ICT system. If it is agreed not to purchase the module, ensure another method of removing data from the system, in line with the agreed retention</b>  | 15/10/18       | 31/03/19 |
| Open Housing GDPR Module is being considered as part of Phase 2 the project implementation. A date for this will need to be agreed by the Open Housing Project Board which is due to meet during Q4.   |   | Matthew Hughes | 07/02/19 |





## Finance

|  |  |  |            |          |
|--|--|--|------------|----------|
|  | IAAFIN03a  | D171805f: CAD: Chief Internal Auditor, Head of Finance and Head of Legal, HR & Democratic Services to meet and review existing ASP Framework document, looking at the type of arrangements that it applies to and then the reporting frequency requirements    | 01/03/18   | 30/04/18 |
|  | Meeting took place and agreed the reporting arrangement to comprise of an annual report of ASPs to Chairs and Vice Chairs for them to decide the appropriate committee to monitor. A larger piece of work is also required to assess existing ASPs, Partnership etc to ensure mechanism in place for scrutiny by the appropriate committee or level of management. A report will be produced for Corporate Governance Committee outlining the agreed mechanism |  | Peter York | 07/06/18 |
|  | IAAFIN05a  | D161756f – Corp PC: Changes have been identified within the Proactis system, which will provide consistency and enhanced control in processing of petty cash claims. These changes will feed into guidance documents and communicated to all petty cash users. | 28/02/18   | 31/07/18 |
|  | Renaming the Creditor records complete. There are still further actions on the project that are being completed.<br><br>The date for the completion of the finance section of the guidance has been rolled on, a new completion date of July has been agreed   |  | Peter York | 05/06/18 |
|  | IAAFIN18a  | D171804 ALN Audit – Finance will review detailed analysis of the problems identified within their recoupment invoice testing and if required, outstanding queries will be followed up  | 27/11/18   | 31/03/19 |

## Highways & Environmental Services

|  |  |                 |                 |
|--|--|-----------------|-----------------|
| IAAHES01a  | <b>D171803f: Improving our roads priority. To deliver the annual capital highway maintenance programme. We will report progress in three categories; work completed, work not done due to third party issues and work not done due to issues within our control.</b> | <b>01/04/18</b> | <b>31/03/20</b> |
| 87% of schemes were delivered, 10% were deferred with 7% of these being for reasons beyond our control. 3% of schemes are currently in design and will go to site shortly. We are confident that the deferred schemes will be delivered in due course once the reasons for the delay have been removed. Examples include St Margaret's Drive in Rhyl where adjacent demolition of the school will result in any new carriageway work being damaged by construction traffic |  | Clair Sellers   | 30/04/19        |
| IAAHES05a  | <b>D171824f Learner Transport : Update the corporate contract register with all learner transport contracts</b>  | <b>01/06/18</b> | <b>30/09/18</b> |
| Circa one-third of contracts have changed w.e.f. Easter 2019   |  | Clair Sellers   | 30/04/19        |
| IAAHES16a  | <b>D181918: This will be addressed – especially in light of the forthcoming implementation of the code of Practice (the two documents will be linked)</b>  |                 | <b>31/03/19</b> |
| IAAHES17a  | <b>D181918: The existing details within the current HAMP will be revised, updated and expanded</b>   |                 | <b>28/02/19</b> |





|            |  |                 |          |
|------------|--|-----------------|----------|
| IAALHRD07a | <b>D171801f – Corporate Document Retention – HR to ensure that documents are disposed of in line with the corporate document retention schedule – ITrent</b>   | 01/01/18        | 31/03/19 |
|            | This has been halted pending legal advice on retention of files for reference purposes specifically for rolls that work with children and vulnerable adults  | Lindsey Duckett | 14/02/19 |
| IAALHRD09a | <b>D171815f – Travel &amp; Subsistence: Send a DVLA form to all employees who have claimed mileage within the last 12 months.</b>  | 01/04/18        | 31/03/19 |
|            | We are currently working on a report for SLT on a proposal for Grey Fleet Checks so that we can have a definitive position on what is required.  | Lindsey Duckett | 14/02/19 |
| IAALHRD10a | <b>D171815f – Travel &amp; Subsistence: Check the declaration on Proactis to ensure that it complies with the requirements of the policy.</b>  | 01/04/18        | 31/03/19 |
|            | We are currently working on a report for SLT on a proposal for Grey Fleet Checks so that we can have a definitive position on what is required.  | Lindsey Duckett | 14/02/19 |
| IAALHRD11a | <b>D171815f – Travel &amp; Subsistence: Add a separate declaration relating to the completion of the DVLA form in the last 12 months</b>   | 01/04/18        | 31/03/19 |
|            | We are currently working on a report for SLT on a proposal for Grey Fleet Checks so that we can have a definitive position on what is required.  | Lindsey Duckett | 14/02/19 |
| IAALHRD12a | <b>D171815f – Travel &amp; Subsistence: Check the capability of Proactis to see whether it can store information regarding the date the DVLA form was completed</b>  | 01/04/18        | 31/03/19 |
|            | We are currently working on a report for SLT on a proposal for Grey Fleet Checks so that we can have a definitive position on what is required.  | Lindsey Duckett | 14/02/19 |
| IAALHRD13a | <b>D171815f – Travel &amp; Subsistence: Incorporate a process for the monitoring of the return of completed DVLA forms and ensure forms received are checked within 48 working hours of being received by the Council.</b> | 01/04/18        | 31/03/19 |
|            | We are currently working on a report for SLT on a proposal for Grey Fleet Checks so that we can have a definitive position on what is required.  | Lindsey Duckett | 14/02/19 |
| IAALHRD14a | <b>D171815f – Travel &amp; Subsistence: Update the Travel and Subsistence Policy to reflect the changes in the process for claiming mileage.</b>   | 01/04/18        | 31/03/19 |
|            | We are currently working on a report for SLT on a proposal for Grey Fleet Checks so that we can have a definitive position on what is required.  | Lindsey Duckett | 14/02/19 |
| IAALHRD15a | <b>D171815f – Travel &amp; Subsistence: To provide a link to the revised policy to the Proactis Team, who will create a link on the P2P Expenses module to the “Travel and Subsistence” policy on the intranet.</b>        | 01/04/18        | 31/03/19 |
|            | This had been put on hold whilst the revised policy was being completed. It can now progress with a revised date of 31/3/19  | Catrin Roberts  | 11/10/18 |
| IAALHRD16a | <b>D171814 – Joint Procurement: Provide regular updates to Corporate Governance, Audit and Scrutiny and an annual report to Cabinet</b>  | 01/06/18        | 31/03/19 |

|            |   |                 |                 |
|------------|---|-----------------|-----------------|
|            | Ongoing, Internal Audit update report to Corporate Governance Committee in June 2019.   | Karen A Evans   | 15/01/19        |
| IAALHRD17a | <b>D171814f- Joint Procurement: Update the procurement strategy</b>   | <b>01/06/18</b> | <b>31/03/19</b> |
|            | Procurement Strategy been amended and being discussed at officer level. Waiting for FCC to add in some late additions about Ethical Code of Procurement. May be a need for DCC to do the same. Paper going to CLT on 15 April to discuss whether DCC will move to adopt the Code, and if so, amendments will be made to the Procurement Strategy.                         | Karen A Evans   | 16/04/19        |
| IAALHRD19a | <b>D171814f-Joint Procurement: Review contract procedure rules relating to extensions, variations and direct awards to ensure markets are regularly tested and the most competitive price obtained (and remind staff of good practice in relation to these)</b>   | <b>01/06/18</b> | <b>31/10/18</b> |
|            | CPRs amended and being discussed at officer level   | Karen A Evans   | 16/04/19        |
| IAALHRD21a | <b>D171814f-Joint Procurement: Raise the profile of the Joint Corporate Procurement Unit to highlight procurement and the need to collaborate</b>   | <b>01/06/18</b> | <b>31/03/19</b> |
|            | Attendance at SMTs, advert on Visontime, notice on LINC   | Karen A Evans   | 16/04/19        |
| IAALHRD23a | <b>D171807F - Financial Services 2017-18: Review and amend the disclaimer allowing staff to opt out of information sharing in line with General Data Protection Regulation.</b>   | <b>01/03/18</b> | <b>31/05/18</b> |
| IAALHRD30a | <b>Registration Service to review the record of issue list and the cashbook register and implement an improved income record document (IAA ref 3.1)</b>   | <b>01/12/18</b> | <b>31/03/19</b> |
|            | Record of Issue Sheet updated and agreed by General Register Office (GRO). Meeting held with finance officer to streamline cashbooks. Whilst some changes have been made, this will need to be revisited during May/June (once new SR appointed) - 50 % complete  | Karen A Evans   | 16/04/19        |
| IAALHRD31a | <b>Registration Service to establish a robust system of reconciliation for card and cash payments, including payments for Approval of Payments (ref IAA 3.2)</b>  | <b>01/12/18</b> | <b>31/03/19</b> |
|            | Meeting has taken place with finance officer to establish robust reconciliation process. The reconciliation for cash payments already works well but the process is more complex with card payments due to the volume of payments received. This will be monitored over next couple of months. Payments spreadsheet for Approved Premises has been created - 60% complete | Karen A Evans   | 16/04/19        |
| IAALHRD35a | <b>Registration Service to establish and maintain a Staff Training Log (IAA ref 4.4)</b>  | <b>01/12/18</b> | <b>31/03/19</b> |
|            | This has not yet been achieved due to staffing matters. Recruiting a new post holder who will be tasked with this duty  | Karen A Evans   | 16/04/19        |

|  |            |  |                  |          |
|--|------------|--|------------------|----------|
|  | IAALHRD36a | <b>Registration Service to consider options with regards to the telephone answer message to improve the customer experience and consider GDPR implications (IAA ref 4.6)</b> | 01/12/18         | 31/12/18 |
|  |            | Discussions held with ICT and limited options being considered.25% complete.   | Karen A<br>Evans | 16/04/19 |





## Planning & Public Protection

|  |   |                |          |
|--|---|----------------|----------|
| IAAPPP06a  | Welsh Transport Grants (D181905f) –Guidelines are to be developed to provide detail about: the process; the roles and responsibilities; the approval process; and scheme monitoring arrangements.   | 01/11/18       | 31/03/19 |
| Deferred to May 2019   |   | Eleri Williams | 13/05/19 |
| IAAPPP07a  | Welsh Transport Grants (D181905f) – Basic housekeeping of files will be undertaken in the short term to minimise duplication and to ensure all files are accessible. This will be done ahead of the new application process for financial year 2019–20 funding. | 01/11/18       | 31/12/18 |
| Completion deferred to May 2019 as team has been busy delivering projects before FY end. |   | Eleri Williams | 13/05/19 |
| IAAPPP09a  | Welsh Transport Grants (D181905f) – As per IAAPPP07a : As advised the new guidelines being developed will include details and a convention for the storage of electronic files.   | 01/11/18       | 31/03/19 |
| Deferred to May 2019   |   | Eleri Williams | 13/05/19 |
| IAAPPP10a  | Welsh Transport Grants (D181905f) – A debrief for the project team will be held at the end of each large grant-funded project, or for a collection of smaller projects. Findings to be discussed at Traffic Case Conference meeting as shared-learning.         | 01/11/18       | 31/12/18 |
| Deferred to May 2019   |   | Eleri Williams | 13/05/19 |

# Agenda Item 8

**Report To:** Corporate Governance Committee  
**Date of Meeting:** 5 June 2019  
**Lead Member / Officer:** Lisa Lovegrove – Chief Internal Auditor  
**Report Author:** Lisa Lovegrove – Chief Internal Auditor  
**Title:** Health & Safety in Schools Update

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**1. What is the report about?**

This report provides an update on progress in implementing the action plan that accompanied the Internal Audit report on Health & Safety in Schools in June 2018

**2. What is the reason for making this report?**

This report is to provide information on how the Council is implementing improvements in Health & Safety in Schools since the issue of the Internal Audit report. The audit report gave 'Low Assurance', so the Corporate Governance Committee requested a progress report to ensure that the issues are being addressed. This is the first progress report.

**3. What are the Recommendations?**

The Committee to review progress with addressing audit actions and decide whether it requires any further update reports on progress with the improvement action plan.

**4. Report details**

The Internal Audit follow up report (Appendix 1) shows that the major risk issue relating to fire risk assessments and two of the four moderate risk issues now been successfully resolved. Further improvement is 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 etc who have attended the required H&S training.

Based on the scope of the original review, and the improvements carried out, we have increased the assurance rating from low to medium. Internal Audit will continue to monitor the outstanding actions which are partially addressed to ensure that they are completed.

**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 Well-being Impact Assessment?**

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.





# Health & Safety in Schools

## Follow up review

**May  
2019**



**Medium  
Assurance**

## Purpose & Background Information

Our original review of Health and Safety arrangement in schools was completed in June 2018. We gave a low assurance rating due to:

- lack of evidence to demonstrate that staff had received the relevant health and safety training;
- no formal mechanism to record when high priority actions identified during school visits carried out by the Corporate Health and Safety team were completed;
- not all schools were in receipt of a fire risk assessment dated within the last two years; and
- some schools did not have an infection control plan in place.

As part of the review we selected of seven schools at random, one of which formed part of the sample during the original audit review: –

Internal Audit carry out a follow up review of all audits that receive a low or no assurance rating as well as any high or major risk issues raised. This provides assurance to management and those charged with governance that the agreed actions identified at our initial audit visit have been implemented, or suitable progress is being made to address the areas of concern. This enables us to reconsider the overall assurance opinion and provide an updated opinion where appropriate.

It should be noted that the updated opinion is based on the assumption that systems and controls as previously identified during the original audit remain in operation and are being complied with in practice. The purpose of our follow up exercise is not to retest the operation of controls which have already been assessed, but to review how management has responded to the action plans following our initial work.

## Audit Opinion

Based on the work carried out by both services and schools we found that significant progress has been made in addressing the risks issues identified during the original review. A number of the agreed actions have been implemented, which have strengthened the controls in place.

Progress on the development and implementation of an action tracking system has been delayed due to capacity issues within ICT department; however, work is now underway. **(See Risk Issue 1 for more detail)**


We confirmed that all schools now have a fire risk assessment completed within the last two years. The responsibility for carrying out fire risk assessments has since transferred to the Property Health and Safety Team as it ties in with their work. **(See Risk Issue 2 for more detail)**

Since our original review, there has been an increase in the reporting of accidents and incidents to the Corporate Health and Safety Team. The reason for this is attributed to increased promotion and communication between the Corporate Health and Safety Team, the schools and the Business and Finance Managers. **(See Risk Issue 3 for more detail)**

Questions have been added to Education Support's self-evaluation tool to prompt schools to record that staff who have received health and safety training. Testing identified an increase in the schools receiving the mandatory health and safety training which is directed to all staff (from 27 in 2017-18 to 34 in 2018-19). We noted some improvement in schools using the corporate HR induction template, which encompasses health and safety. However, to ensure all staff are aware of the health and safety arrangements and there is a consistent approach at schools, further promotion of the HR induction template document is required. **(See Risk Issue 4 for more detail)**

Good progress has been made with schools engaging with the Healthy Schools Coordinator to put in place effective Infection Control plans. Training has been provided to schools, which will be repeated annually to maintain awareness regarding infection control arrangements. Our testing shows that 6 out of the 7 schools that we sample tested had an infection control plan or are working towards implementing one. **(See Risk Issue 5 for more detail)**

Overall, good progress has been made in addressing the risks issues identified during the original review: one major issue and two of the four moderate issues have been addressed. A further follow up will be carried out to review the progress made on the outstanding actions. Based on the progress made to date we are providing a 'Medium Assurance'.

| Audit Opinion as at June 2018 | Audit Opinion as at May 2019 | Direction of Travel   |
|-------------------------------|------------------------------|---|
| Low Assurance                 | Medium Assurance             |  |

## Action Plan

**Audit Follow-up Review of:**      **Health & Safety in schools**  
**Date:**                                      **May 2019**  
**Action Plan Contacts:**              **Corporate Health & Safety Manager**

| Progress with Implementing Agreed Actions |         |             |
|---|---------|-------------|
| Previous                                  | Current | Risk Rating |
| 0   | 0       | Critical    |
| 1   | 0       | Major       |
| 4   | 2       | Moderate    |

|                            |   |  |                                       |
|----------------------------|---|--|---------------------------------------|
| <b>Risk Issue 1</b>        | There is no formal mechanism in place corporately for recording the status of actions raised as part of the inspections and assessments carried out by the Corporate Health and Safety team.  |  |                                       |
| <b>Underlying Weakness</b> | <p>The Corporate Health and Safety team carry out the following inspections and assessments of school premises: –</p> <ul style="list-style-type: none"> <li>• General health and safety inspections with involvement from the schools. These cover different themes i.e. in 2017/18 focused on policies and procedures and in 2018/19 the focus will be on cleaning standards.</li> <li>• Fire Risk Assessments.</li> </ul> <p>Although improvement actions which are identified to address any issues are formally reported to the school, there is no process/system in place centrally to record that the necessary actions have been implemented. Although the school has a role to address the actions, the Council, as landlord, also has a role to maintain school buildings. The Health &amp; Safety team follow up priority issues based on their significance and the resources available but are not currently recording any progress or updates.</p> |  |                                       |
| <b>Action (Ref)</b>        | <b>Agreed Management Action</b>   | <b>Responsibility &amp; Deadline</b>                         | <b>Status</b>                         |
| 1.1                        | Meet with ICT to discuss and implement an action tracking system for the recording of “recommended actions” with the agreed timescales. The recipients of the “recommended actions” to respond to the Corporate Health and Safety Team  | Corporate Health & Safety Manager & ICT Business Partner for | In progress – revised date 31/09/2019 |

|                          |   |   |             |
|--------------------------|---|---|-------------|
|                          | within a given timescale. The system will include iterative reminders from the system and escalation triggers as part of the process.   | Service by<br>30/03/2019                  |             |
| <b>Follow Up Results</b> | Due to capacity issues within ICT this action had been delayed. The Corporate Health and Safety team met with the Senior Business Systems Officer, ICT in April 2018 to discuss system requirements. A possible solution was discussed but this needs further investigation. An amended timescale has been provided for 30 September 2019.  |   |             |
| <b>1.2</b>               | Internal Audit to attend a future Business and Finance Managers meeting to highlight the responsibility of the schools for updating the status of actions arising from inspections.   | Internal Audit Services by<br>30/09/2018  | Complete    |
| <b>Follow Up Results</b> | Internal Audit attended the Business and Finance Managers meeting on 10 September 2018 to raise awareness of the risks issues identified during the review and the schools' responsibility.   |   |             |
| <b>1.3</b>               | Schools to advise Corporate Health and Safety on the progress/status of actions resulting from the Corporate Health and Safety inspections.   | All School Head teachers by<br>30/03/2019 | In progress |
| <b>Follow Up Results</b> | The Corporate Health and Safety team has noticed an improvement in the communication from schools, in particular with the Business and Finance managers for the clusters on the status of actions arising from the inspections carried out.<br><br>Once the new action tracking system is implemented, the Corporate Health and Safety team will be able to measure progress with addressing actions more accurately. |   |             |

|                            |  |   |               |
|----------------------------|--|---|---------------|
| <b>Risk Issue 2</b>        | Some schools' fire risk assessment may no longer be relevant as they have not been reviewed within the last three years. As a result, there is potential that fire safety measures are inadequate.   |   |               |
| <b>Underlying Weakness</b> | <p>The Regulatory Reform (Fire Safety) Order 2005 states that fire risk assessment must be reviewed and updated by a responsible person on a regular basis or where there has been significant changes to the premises. Although the legislation does not specify the frequency of fire risk assessments, the Corporate Health &amp; Safety team aim to carry out a fire risk assessment every three years. The team is undergoing a programme of updating schools' fire risk assessment; however, testing shows that there are a number of schools who have not had their fire risk assessment updated within the set target period. At the time of our review, of the 65 school sites<sup>1</sup>:</p> <ul style="list-style-type: none"> <li>• 5 were assessed in 2018.</li> <li>• 25 were assessed in 2017.</li> <li>• 11 were assessed in 2016.</li> <li>• 11 were assessed in 2015.</li> <li>• 10 were last assessed in 2014. Although four of these school sites are due to be updated this year, at the time of our review there were no planned dates for the remaining seven schools.</li> <li>• 3 relate a new school sites or classroom that have not yet been assessed.</li> </ul> <p>Where fire risk assessments are not up-to-date and adequate and appropriate fire safety measures are not put in place (see Risk Issue 1 above), there could be greater risk of injury or loss of life in the event of a fire.</p> |   |               |
| <b>Action (Ref)</b>        | <b>Agreed Management Action</b>  | <b>Responsibility &amp; Deadline</b>            | <b>Status</b> |
| 2.1                        | We will add extra resource into the process to bring all school FRA's within a three year period. This resource will be taken from other activities in a balanced manner. We will maintain our target of three yearly FRA reviews where resources permit.  | Corporate Health & Safety Manager by 30/03/2019 | Complete      |

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<sup>1</sup> Although there are 58 schools in Denbighshire, some have more than one site, giving a total of 65 school sites.

**Follow Up  
Results**

The Corporate Health and Safety Manager advised that all schools now have up-to-date fire risk assessments in place. Officers within the Corporate Health and Safety team carried out fire risk assessments for schools and other civic sites e.g. leisure centres and libraries.

Since the original review, fire risk assessments will now be carried out by the Property Health and Safety team as an officer with the team carries out fire risk assessments for Council properties. The completed fire risk assessments will be recorded on the Technology Forge system, which will prompt when actions and fire risk assessments are due.



|                            |  |   |               |
|----------------------------|--|---|---------------|
| <b>Root Cause 3</b>        | Some schools are not using the corporate system for recording accidents or incidents which have occurred on school premises.   |   |               |
| <b>Underlying Weakness</b> | <p>Analysis of the corporate system for recording accidents and incidents shows that 20 out of 58 schools (34%) have not recorded any accidents or incidents. Our sample testing confirms that schools are recording accident &amp; incidents locally which complies with legislation as it does not specify how accidents and incidents should be recorded. However, this means that the Corporate Health &amp; Safety team has difficulty monitoring all accidents and incidents that have occurred on school premises to gauge any emerging trends, enable monitoring by the Corporate Health &amp; Safety Committee and ensure that serious accidents and incidents are reported to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013.</p> <p>The Corporate Health and Safety team as part of their role has advised the schools but cannot force the schools to record accidents and incidents on the corporate system.</p> |   |               |
| <b>Action (Ref)</b>        | <b>Agreed Management Action</b>  | <b>Responsibility &amp; Deadline</b>                            | <b>Status</b> |
| 3.1                        | School Support team to include “accident incident reporting” to the self-assessment reporting tool for schools used by Education.  | Principal Manager-<br>Modernising<br>Education by<br>30/03/2019 | Complete      |
| <b>Follow Up Results</b>   | A question on accident incident reporting is now included on Education Support’s self-assessment reporting tool for schools. Education Support monitor the responses and results of the self-evaluation tool are passed on to the relevant service e.g. Corporate Health & Safety.   |   |               |
| 3.2                        | We will continue to regularly communicate the requirements for accident incident reporting to school responsible persons through training, Health and Safety attended, Education Health and Safety committee and Business & Finance Managers meetings.   | Corporate Health & Safety Manager<br>by 30/03/2019              | Complete      |

|                                 |  |
|---------------------------------|--|
| <p><b>Follow Up Results</b></p> | <p>Report provided by Corporate Health and Safety Manager demonstrated that there has been an increase in the reporting of accident and incident reporting by 26%. Communicating the importance of reporting accidents and incidents has been carried out through: –</p> <ul style="list-style-type: none"> <li>• Follow up discussions with line managers (including head teachers and Business and Finance Managers) where incidents were highlighted and not reported. In our original testing, two schools within the sample had not reported incidents.</li> <li>• Discussed in health, safety and wellbeing courses</li> <li>• Newsflashes and quarterly newsletters</li> <li>• Regular monitoring visits and face to face discussions.</li> <li>• The number of accidents and incidents reported in 2018–19 was 338 in comparison with 230 in 2017–18.</li> <li>• Letter from Corporate Governance Committee to Chairs of Governors for all schools prompting for action to address issues highlighted within the original audit report.</li> </ul> |
|---------------------------------|--|

|                                   |   |
|-----------------------------------|---|
| <p><b>Risk Issue 4</b></p>        | <p><b>Not all schools were able to demonstrate that staff have attended the required Health and Safety training courses.</b></p>  |
| <p><b>Underlying Weakness</b></p> | <p>Analysis of iTrent (HR system) and discussion with a sample of Head teachers identified that not all schools are using iTrent as the recording mechanism for recording training courses, in particular health and safety courses. There was evidence on iTrent that school representatives have attended a range of health and safety courses (53 out of 58 schools); however, records show that some school employees had not attended the relevant courses for their role, for example a Head teacher is required to attend the ‘Managing Safely’ course. The only other mandatory course that all staff should attend is the induction course, which covers Health and Safety.</p> <p>The sample of five schools tested confirmed that they all provide the mandatory induction training course which includes Health and Safety; however, only one school was able to evidence this.</p> <p>The Corporate Health and Safety team advises the schools of the available courses but it is each school’s responsibility to ensure that the relevant staff attend the recommended courses.</p> |

| Action (Ref)             | Agreed Management Action   | Responsibility & Deadline                             | Status   |
|--------------------------|--|---|--|
| 4.1                      | School Support team to include "Health & Safety course" to the self-assessment tool 'School Management Review'. This is monitored by the Education Support team and highlight any schools that have not attended the appropriate training.   | Planning & Resources Manager (Education) by 30/3/2019 | Complete                                       |
| <b>Follow Up Results</b> | Attendance at a Health & Safety course question has been included on the self-assessment reporting tool for schools. Monitoring of the responses will be carried out by the Education Support team.  |   |  |
| 4.2                      | Schools to use the corporate induction template provided by HR and incorporate the Health and Safety checklist template provided by Corporate Health and Safety to devise their own in-house induction for all new staff within their schools. This document will also assist with ensuring that all corporate mandatory training is covered during the induction period.  | All School Head teachers by 30/3/2019                 | In progress - revised follow up date 31/10/19. |
| <b>Follow Up Results</b> | <p>Sample testing shows that: -</p> <ul style="list-style-type: none"> <li>• 2/7 schools have used the induction template for new staff at the schools and maintain records of the training received which includes H&amp;S training.</li> <li>• 2/7 confirmed that staff have received training as part of the induction process or through the health and safety awareness training, but do not retain a formal record to demonstrate this.</li> <li>• 3/7 did not respond.</li> </ul> <p>HR are currently in the process of launching the Corporate HR Induction checklist through the new starters' website, which has not been presented to schools as yet (planned for September 2019).</p> <p>Some schools are not maintaining records of staff training, including mandatory health and safety awareness training to confirm their attendance.</p> |   |  |

|                   |  |                                       |                    |
|-------------------|--|---------------------------------------|--------------------|
| 4.3               | Internal Audit presented the results of this review at the Heads of Clusters meeting in May 2018 and each Head teacher that was in attendance at the meeting was required to feedback to their school clusters that all staff must attend the relevant Health & Safety training and maintain formal training records.  | All School Head teachers by 30/3/2019 | Complete – ongoing |
| Follow Up Results | <p>478 members of school staff (34 schools) have received health and safety awareness training during 2018–19 compared to 190 staff within 27 schools in 2017–18. There are 10 schools who have not received health and safety awareness from the Corporate Health and Safety team in the last 2 years.</p> <p>Testing of the 7 sample schools shows that: –</p> <ul style="list-style-type: none"> <li>• 6/7 have attended health and safety awareness training provided by the Corporate Health and Safety Team between 2017–18 and 2018–19.</li> <li>• 1/7 schools has not received health and safety awareness training by the Corporate Health and Safety Team between 2017–18 and 2018–19.</li> </ul> <p>The increase in the training at schools has been as a result of the promotion of health and safety awareness courses through monitoring visits carried out by the Corporate Health and Safety team.</p> |                                       |                    |

|              |  |
|--------------|--|
| Risk Issue 5 | Some schools have not implemented an infection control plan which sets out controls to address associated risks. |
|--------------|--|

|                            |  |   |                               |
|----------------------------|--|---|-------------------------------|
| <b>Underlying Weakness</b> | <p>Our sample testing highlighted some schools without an infection control plan in place. The purpose of an infection control plan is to identify various infections and illnesses and the controls required to address the associated risks. This is particularly advisable given the recent outbreaks at a few schools within Denbighshire.</p> <p>The Healthy Schools Co-ordinator is in the process of working with schools to raise awareness of the importance of having infection control plans in place.</p> <p>Note: The Corporate Health &amp; Safety team in co-ordination with the Council's Cleaning Services team and the Healthy Schools Co-ordinator will review the risk of infection at schools in 2018/19.</p>   |   |                               |
| <b>Action (Ref)</b>        | <b>Agreed Management Action</b>  | <b>Responsibility &amp; Deadline</b>  | <b>Status</b>                 |
| 5.1                        | <p>Create relevant questions relating to infection control plans and cleanliness. The questions will be available for all schools to answer on the self-assessment tool 'School Management Review' in terms of what arrangements are in place. The information will then be analysed and a minimum level of quality assurance will be agreed for relevant officers to carry out spot checks of a sample of schools.</p>  | <p>Principal Manager<br/>- Modernising<br/>Education and<br/>Healthy Schools<br/>Co-Ordinator by<br/>31/12/2018</p> | <p>Complete -<br/>Ongoing</p> |
| <b>Follow Up Results</b>   | <p>Questions have been added to the self-evaluation tool for schools to complete. The Healthy Schools Co-Ordinator has analysed the information completed to date and will be contacting the individual schools where responses are below 'acceptable' or showing as 'priority for improvement'.</p> <p>The Healthy Schools Co-Ordinator has provided support to schools regarding infection control arrangements, and ensuring that they have a good understanding of the purpose and requirements of the infection control plans. Training has been provided for schools and will be repeated annual to maintain a good understanding of the infection control processes.</p> <p>Our testing shows that 6 of the 7 schools had infection controls plans in place. This demonstrates an improvement on the previous testing where only 2 out of the 5 schools had an infection control plan in place.</p> |   |                               |

## Report Recipients

- Chief Executive Officer
- Corporate Director: Economy and Public Realm
- Corporate Director Communities
- Head of Facilities, Assets & Housing
- Head of Education & Children Services
- Head of Finance / Section 151 Officer
- Corporate Health & Safety Manager
- Programme Manager – Business Change
- Principal Manager – Modernising Education
- Planning & Resources Manager (Education)
- Healthy Schools Co-ordinator
- Scrutiny Co-Ordinator
- Chair – Performance Scrutiny Committee
- Lead Member for Finance, Corporate Plan & Performance
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance Committee
- Strategic Planning & Performance Officer

## Internal Audit Team

|                    |                |   |
|--------------------|----------------|---|
| Samantha<br>Davies | Senior Auditor | 01824 708086<br>samantha.davies@denbighshire.gov.uk |
|--------------------|----------------|---|

## Key Dates

|  |                           |
|--|---------------------------|
| Follow up review commenced                 | April 2019                |
| Follow up review completed                 | May 2019                  |
| Reported to Corporate Governance Committee | 5 <sup>th</sup> June 2019 |

# Agenda Item 9

Report To: Corporate Governance Committee  
Date of Meeting: 05 June 2019  
Lead Member / Officer: Lisa Lovegrove – Chief Internal Auditor  
Report Author: Lisa Lovegrove – Chief Internal Auditor  
Title: Internal Audit of Section 106 Agreements

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1. What is the report about?  
This report provides details of a recent Internal Audit report on Section 106 Agreements that received a 'Low' Assurance rating.
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  
Section 106 of the Town and Country Planning Act 1990 relates to agreements regulating the development or use of land. The S.106 process is initiated through the Planning team with involvement from Legal Services and ends with other departments in the Council e.g. Education Services. Agreements under Section 106 are legally binding and require that provisions be made at the landowner's expense for affordable housing and/or financial contributions towards: affordable housing; education; open spaces; in connection with granting of permission for development of any size or type. The Council uses two types of agreements as noted below: -
  - S.106 agreements - where both the Council and the developer/landowner enter into the agreement.
  - Unilateral Undertakings - where there is commitment by the developer/landowner only.

The review was requested by senior management and focused on the following areas of the Section 106 planning obligation: policy and guidance, negotiations, use of unilateral undertakings, monitoring and enforcement, and recording and processing.

Our review concludes that despite there being good processes in place for some elements of the S.106 process, there are a number of significant weaknesses that need to be addressed. Using root cause analysis, we highlight four risks issues in total, which are briefly summarised below:

- Need to establish a clear framework for the overarching S106 process

- Lack of a central register to record S106s so it is accessible to all relevant parties.
- Details captured against S106s were not up-to-date and therefore showing some inaccuracies
- Lack of resilience or suitable arrangements within some teams to ensure continuity of the S106 process.

The full Internal Audit report is included as Appendix 1.

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 Well-being Impact Assessment?  
Not applicable – there is no decision of proposal for change associated 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?  
The work of internal audit gives assurance to the Council on the adequacy and effectiveness of controls in place to manage and mitigate risks. Internal Audit will follow up the agreed actions to ensure that necessary improvements are undertaken to reduce the risks identified. Corporate Governance Committee may request update reports to monitor progress with the implementation of the improvement action plan.
11. Power to make the Decision  
Not applicable - there is no decision required with this report.





# Section 106 agreements

May 2019



**Low  
Assurance**

## Purpose & Scope of Review

1. This review was requested by senior management to provide assurance on the Section 106 (S.106) process; this area has not been reviewed previously. It will provide assurance for the Section 151 Officer, the Annual Internal Audit Report and the Annual Governance Statement.
2. A review of the following areas related to a Section 106 (S.106) planning obligation:
  - The policy and guidance associated with requesting landowner/developer contributions and any calculations therein;
  - The negotiations necessary to agree the terms of a S.106 agreement and the finalising thereof by relevant officers;
  - The use of unilateral undertakings to secure landowner/developer contributions, agreed templates, legal implications;
  - The monitoring and enforcement of the terms of the S.106 agreement;
  - How to record, process and subsequently spend financial contributions. Who is responsible? What agreed procedures are required? Where should we report?
  - The implications of not spending financial contributions, returns to developers, challenges etc.

## Background & Context

3. Section 106 of the Town and Country Planning Act 1990 relates to agreements regulating the development or use of land. The S.106 process is initiated through the Planning team with involvement from Legal Services and ends with other departments in the Council e.g. Education Services. Agreements under Section 106 are legally binding and require that provisions be made at the landowner's expense for affordable housing and/or financial contributions towards: affordable housing; education; open spaces; in connection with granting of permission for development of any size or type. The Council uses two types of agreements as noted below: –
  - S.106 agreements – where both the Council and the developer/landowner enter into the agreement. During the time of the review there were 209 S.106 agreements.
  - Unilateral Undertakings – where there is commitment by the developer/landowner only. During the review there were 10 signed unilateral undertakings in place.

4. The signed agreements and corresponding planning consents are available on the council's website to view.
5. Upon receipt of the agreed contributions from the landowner/developer, the responsible department or third party should be notified of the income and is obligated to spend it as detailed within the agreement and linked to affordable housing, education, open spaces and community projects.
6. The Community Infrastructure Levy (CIL) was introduced for England and Wales by UK Government in 2010 but the Corporate Director: Economies & Public Realm confirmed that the Council has not adopted CILs as they are not viable and so are still reliant on the S.106 process.

## Audit Opinion

7. There are comprehensive policies in place for planning officers, landowner and/or developers to access which provides guidance on planning obligations. The policies and procedures are compliant with the relevant legislation e.g. Town and Country Planning Act 1990, which are reviewed and updated in line with changes required. Guidance and advice is also sought from Welsh Government when there are changes in the Planning Policy guidance. The relevant policies are listed below: –
  - Affordable Housing Supplementary Planning Guidance (SPG);
  - Affordable Housing Commuted Sums Policy;
  - Planning Obligations Supplementary Planning Guidance (SPG);
  - Local Development Plan (LDP) 2006–2021.
8. Further work has recently been carried out to identify the current open space provision which details the quality, type and who maintains the open space. The information will form part of the new Local Development Plan (LDP) and provide guidance for Planning Policy officers when consulting on future applications received relating to the open space requirements in areas where there is proposed development.
9. We identified good co-ordination between Planning Officers and Strategic Housing Officers within Planning and Public Protection Services, where officers work closely in the delivery of affordable housing and compliance with the adopted planning guidance.

10. However, we identified that there is no clear framework in place for the S.106 process. As S.106 agreements require cross-service involvement, it is essential that all parties are aware of the process and kept informed of the progress and status of the agreements. This would improve the efficiency of the collection of financial contributions and strengthen the communications between services involved in the process, in particular, if the landowner is not complying with the legally binding agreements that had been entered into. **(See Risk/Issue 1 for more detail)**.
11. There is no central register listing all S.106 agreements entered into by the Council that is accessible to all the relevant staff. In addition, the mechanism in place to monitor when agreed triggers have been reached is weak as the Council relies on the landowners to notify the Council when the trigger has been achieved. Our testing of 18 S.106 agreements highlighted occasions where landowners had not notified the Council where the developments have been completed as per the requirement of the signed agreement. The Council is privy to other sources of information that could be used to give a more reliable indicator for when to pursue the financial contribution through the Sundry Debtors process. This would be an added control and prompt further enquiry with the landowners if they had not already notified the Council. **(See Risk/Issue 2 for more detail)**
12. Our testing identified that information recorded on the S.106 database was not entirely accurate. A number of the agreements had expired or been superseded but the database had not been updated. The total potential financial contribution changed from £4,154,450 to £3,459,857 (17% variance) following an update of the S.106 agreements recorded by Planning Services. This demonstrates a lack of monitoring and reconciliation process in place to ensure the accuracy of the information. **(See Risk/Issue 3 for more detail)**
13. The review highlighted inconsistencies in the level of resilience of the key posts involved in the process, which are mainly stand-alone posts. There were good examples of resilience within the Business, Improvement and Modernisation Service, Finance Services and Education & Children's services as there were either documented procedures or arrangements in place where other officers could carry out the required elements of the S.106 process. However, Planning Services and Legal Services is more vulnerable as currently only the key officers involved in the process have the relevant knowledge and understanding. **(See Risk/Issue 4 for more detail)**

14. Despite there being good processes in place for some elements of the S.106 process, there are a number of significant weaknesses that need to be addressed. Using root cause analysis, we highlight four risks issues in total as shown in the action plan below. Based on the risk issues identified, we are able to provide a 'Low' assurance rating.

|                      |   |
|----------------------|---|
| <b>Low assurance</b> | Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk. |
|----------------------|---|

## Action Plan

**Audit Review of:** Section 106 Agreements

**Date:** May 2019

| Corporate Risk/Issue Severity Key |  |
|-----------------------------------|--|
| 0                                 | <b>Critical</b> – Significant issues to be brought to the attention of SLT, CET, Cabinet Lead Members and Corporate Governance Committee |
| 2                                 | <b>Major</b> – Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT and/or CET                 |
| 3                                 | <b>Moderate</b> – Operational issues that are containable at   |

| Risk Issue 1                 | There is no clear framework in place to document the overarching S.106 process and key officers for the allocation of contributions received to the relevant areas.   |                           |            |
|------------------------------|---|---------------------------|------------|
| Page 70<br>Background Detail | <p>There is no clear framework, overarching procedure or flowchart in place to document the overall process for the S.106 from the beginning of the process where contributions are agreed through to the end of the process where contributions are allocated to the relevant department or third party.</p> <p>Given the cross-service nature of the process, the role of the key officers involved in the various stages for the S.106 process is not defined nor is the interlinkages and communication requirements. The key officers involved in the S.106 process are aware of their own role within the service and there are continuity arrangements in place for the majority of services with the exception of the individuals within Legal and Planning.</p> <p>We identified that not all departments involved in the process had documented procedures in place to ensure contributions received are allocated accordingly to appropriate communities nor were contributions paid out monitored to ensure communities in receipt of contributions were benefiting from the contributions received within the community.</p> <p>In particular, Educational Services do not have a formal process in place to ensure all S.106 funds received are allocated to the correct local area and spent on education. Although no funds have been received in recent years, there needs to be a process in place to ensure any financial contributions from future developments is allocated. There is a significant amount of financial contributions due to the Council in the near future subject to approved larger developments being completed.</p> |                           |            |
| Action (Ref)                 | Agreed Management Action  | Responsibility            | Deadline   |
| 1.1                          | Initial scoping meeting to be arranged with representatives from each Service area to form a group to document the S.106 process. The Development Manager, Planning and Public  | Head of Planning & Public | 28/02/2019 |

|     |   |   |            |
|-----|---|---|------------|
|     | Protection Services will take the lead in co-ordinating meetings. Further actions will be known following the initial meeting.  | Protection Services                               |            |
| 1.2 | <p>Step by step process agreed at the initial group meeting. S.106 process should be as follows:-</p> <p>Step 1 – Log Heads of Terms and Estimated Build Schedule on Mapping System and Communicate these to Group members – (DM Team to lead)</p> <p>Step 2 – Monitor Developments and Chase Obligation (TBC – see 2.3 below)</p> <p>Step 3 – Reconcile what is owed and what is received (TBC – see 2.3 below)</p> <p>Step 4 – Document how money is spent (TBC – see 2.3 below)</p> <p>The above will be developed into a flow chart which will be circulated and agreed by group.</p> | Development Manager, Planning & Public Protection | 30/04/2019 |
| 1.3 | Development Control Officer & Planning & Public Protection Manager to attend future Highways & Environment Services (HES) Management team meeting to discuss the planning policy process due to a lack of awareness within HES of the overarching process in terms of the planning application process and access to the monies received in through the S.106 process. Further actions will be known following attendance at the meeting.   | Development Manager & Planning & Policy Manager   | 30/06/2019 |

|                          |   |
|--------------------------|---|
| <b>Risk Issue 2</b>      | There is no central register to record all S.106 agreement which all relevant parties within the Council has access to. Also, there is no effective mechanism in place to monitor where the agreed triggers have been reached to ensure that financial contributions are claimed from the landowners as specified within the S.106 agreements.  |
| <b>Background Detail</b> | <p>There is no central register in place of S.106 agreements to enable relevant officers to monitor progress.</p> <p>Testing of 18 signed S.106 agreements, and discussions with key officers involved in the process, identified that there is no formal mechanism in place for monitoring that the agreed triggers have been achieved. As stated in the signed agreements, the landowner is required to notify the Council once the triggers have been reached so the Council can raise an invoice for the agreed value. Despite the legally binding agreements specifying timescales when landowners/developers are required to make financial contributions, the notification process depends on developers notifying the Council, which is not entirely effective or reliable.</p> |

|              | <p>The Council has access to other sources of information that can be used to alert that the relevant triggers have been achieved. These are listed below: –</p> <ul style="list-style-type: none"> <li>• Building Control – when the team are contracted to carry out a building control inspection of a S.106 site. The progress of the site is recorded on the ‘Tascomi’ system. However, not all developers use Building Control Services as developers can use other service providers.</li> <li>• Local Development Plan – The team receive affordable housing data, which may be relevant to S.106 agreements. The team also carry out annual housing land availability studies, which will identify sites where the development has commenced or the triggers have been achieved on sites where S.106 agreements are applicable.</li> <li>• Planning Enforcement Team – While Planning Enforcement Officers are inspecting a site with a S.106 agreement attached, they can notify the Principal Support Officer of progress.</li> <li>• Revenues Service – where new properties are completed and registered with Council tax services with a new address.</li> </ul> |   |            |
|--------------|--|---|------------|
| Action (Ref) | Agreed Management Action   | Responsibility  | Deadline   |
| 2.1          | This will be incorporated as part of Risk Issue 1 as part of the Initial scoping meeting with representatives from each service area.  | Head of Planning & Public Protection Services                 | 28/02/2019 |
| 2.2          | All new S.106’s to be mapped on a central system to be agreed with the group. Heads of terms and developers estimated development programme will then be circulated to the group   | Development Manager, Planning & Public Protection             | 30/04/2019 |
| 2.3          | The future monitoring of build and S.106 triggers is being explored as part of the Community Benefits Hub project. The Project brief has now been approved at the Young People and Housing Board (7/02/2019) and a Business Case, to include this monitoring role, will be developed. Until then the Development Management team will continue to circulate new S.106 terms to the group and map as agreed.  | Frameworks Manager/Legal Services Manager/Development Manager | 30/06/2019 |
| 2.4          | Development Control officer and Frameworks Manager to meet with officers within HES to discuss the proposed community Benefits Hub and the links between S.106 process and the community hub process.  | Development Manager/Frameworks Manager/Legal Services Manager | 30/04/2019 |



|                   |   |   |                 |
|-------------------|---|---|-----------------|
| Risk Issue 3      | The current process in place is not effective in terms of ensuring the S.106 agreements are updated to reflect the true status of the applications. This has resulted in an overstatement in the potential contributions due to the Council.  |   |                 |
| Background Detail | <p>There is no reconciliation between S.106 contributions received to actual contributions recorded on the database to confirm its accuracy. The testing of the S.106 agreements demonstrated that a number had expired or been superseded.</p> <p>The Senior Finance and Assurance Officer, who allocates S.106 income to the appropriate ledger cost code, confirmed they are not being made aware of the financial contributions due to the Council to monitor that it is received. This would act as an independent reconciliation.</p> <p>A summary of the testing results showing the amounts outstanding is available in Appendix 1 – Root Cause Analysis.</p> |   |                 |
| Action (Ref)      | Agreed Management Action  | Responsibility  | Deadline        |
| 3.1               | Will be incorporated as part of Risk Issue 1 as part of the Initial scoping meeting with representatives from each service area.  | Development Manager, Planning & Public Protection             | 28/02/2019      |
| 3.2               | Reconciliation process is already in place for money <b>received</b> . No process is required for money expected, this is the monitoring process  | Finance Officer/BIM   | <i>Complete</i> |
| 3.3               | The monitoring role will reconcile money <b>owed</b> . Until an Officer is in post new S.106's will be mapped by the Development Management team and info circulated to the group. Need to confirm as part of initial signing of s.106's a "monitoring fee" to potentially cover the costs longer term of the monitoring post.  | Development Manager/Frameworks Manager/Legal Services Manager | 30/06/2019      |

|                          |  |   |                 |
|--------------------------|--|---|-----------------|
| <b>Risk Issue 4</b>      | <b>There is a lack of resilience and continuity arrangement in place for the key processes of the S.106 process.</b>   |   |                 |
| <b>Background Detail</b> | <p>Suitable contingency arrangements are in place within some of the services/teams involved, for example the Housing Strategy team and Finance. However, we identified pockets within other key services where the resilience arrangements were weak, specifically:</p> <ul style="list-style-type: none"> <li>• There are written procedures in place for drawing up a S.106 agreement within Legal Services, but these procedures are not accessible to other staff within Legal to ensure the work can continue when the relevant officer is absent from work.</li> <li>• There are no written procedures in place for the drawing up of Unilateral Undertakings.</li> <li>• There are written procedures in place for the Planning &amp; Public Protection Service, but the process has not been undertaken by another member of the team during periods of absence.</li> </ul> |   |                 |
| <b>Action (Ref)</b>      | <b>Agreed Management Action</b>  | <b>Responsibility</b>                               | <b>Deadline</b> |
| 4.1                      | Documenting the steps taken in Legal Services for the completion of S.106 agreements and Unilateral Undertakings when instructed by Planning and Public Protection. This process would also feed into Risk Issue 1 for the overarching process.  | Team Leader Places, Legal, HR & Democratic Services | 31/01/2019      |
| 4.2                      | Initial training given to Officers in P&PP in order to ensure cover to Support Officer responsible for mapping and circulating terms of new s.106's.   | Development Manager, Planning and Public Protection | 31/03/2019      |
| 4.3                      | Investigation into options for dealing with Risk 2 to ensure resilience in the documenting and monitoring role.  | Corporate Group set up to examine Risk 1            | 30/04/2019      |

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## Report Recipients

- Head of Planning & Public Protection
- Development Manager
- Team Leader Places, Legal, HR & Democratic Services
- Head of Legal, HR & Democratic Services
- Head of Business, Improvement & Modernisation
- Head of Highways & Environmental Services
- Programme Manager, Education & Children Services
- Scrutiny Co-Ordinator
- Chair – Performance Scrutiny Committee
- Lead Member for Finance, Corporate Plan & Performance
- Corporate Governance Committee

## Internal Audit Team

|                 |         |   |
|-----------------|---------|---|
| Samantha Davies | Auditor | 01824 708086<br>samantha.davies@denbighshire.gov.uk |
|-----------------|---------|---|

## Key Dates

|  |                           |
|--|---------------------------|
| Review commenced                           | July 2018                 |
| Review completed                           | October 2018              |
| Reported to Corporate Governance Committee | 5 <sup>th</sup> June 2019 |
| Proposed date for 1st follow up review     | July 2019                 |

## Appendix 1 – Root Cause Analysis

**Root Cause 1 – There is no overarching process or procedure to document the S.106 process and the key people involved.**

**Underlying weakness – There are difficulties in establishing who the key officers are in the S.106 process.**

When a S.106 is drawn up, there are a number of obligations agreed between Denbighshire County Council and the landowner/developers and other relevant parties.

The officers all carry out the necessary role/activity but the notification process is not clear to all parties and, in some respect, insufficient to ensure the agreed financial contribution is received from the landowner/developer.

**Underlying weakness – There is no process in place within Education Services when S.106 contributions are allocated to Education services.**

Education Services do not have a documented process in place to record agreed contributions and the steps required to ensure that they passed on accordingly to the education provision(s) within the area where the development has been completed. Although Band B proposals include potential S106 agreements for Bodelwyddan and Llangollen, such a documented procedure would assist the delivery of the projects.

Note: there has been no contributions due to Education Services in the last decade due to larger developments not being completed within the County; however, significant financial contributions are due in the near future subject to the completion of developments in Bodelwyddan and Llangollen.

**Underlying weakness – there is no mechanism in place to monitor contributions are allocated to the same area as the S.106 agreement relates to and that the contributions have provided additional benefit to the community.**

There is no monitoring of contributions paid out to ensure the following: –

- The agreed contributions are provided to the same area/community where the original signed S.106 agreement relates to.
- There is no mechanism in place for monitor the outputs or benefits the contributions have made to the communities following the contributions being allocated to the relevant third party provider.

**Root Cause 2 – There is no formal mechanism in place internally to communicate when triggers agreed in the S.106 agreements have been achieved to ensure the financial contributions are received and allocated to the relevant community.**

**Underlying weakness – There is no formal mechanism in place to ensure that the Principal Support Officer is made aware of completed developments within the same service.**

There are several areas where the information is known within the Planning and Public Protection Service, but not communicated to the Principal Support Officer. Although the teams listed below are not aware of the S.106 agreements in place, it would be good practice to notify the Principal Support Officer to ensure that all opportunities in improving the communication are utilised.

The key teams are: –

- Building Control – the team can be contracted as the Building Control inspectors for developments in Denbighshire. However, this source cannot be relied upon entirely for all developments as some building inspections are conducted by external agencies.
- Local Development Control – there are officers within the Planning Policy team and the Housing Strategy team who have information that may relate to the S.106 agreements in terms of completed sites. There is a monitoring programme in place for the annual housing land availability studies and the affordable housing data.
- Planning Enforcement team – advice of sites where site visits confirm that development is nearing completion or complete.
- Revenues Service – where new properties are completed and registered with Council tax services with a new address.

**Underlying weakness – The various officers/teams are using different systems for the recording of the obligations and are not communicating with Planning once triggers have been achieved.**

The different teams across various services involved in the S.106 process are using different systems for recording the status of sites.

There is no overarching mechanism or cross-linkages in place to ensure that all involved receive the necessary progress updates on the various sites that may be subject to S.106 agreements. This is also the case with teams working within the same service.

**Root Cause 3 – There is no formal mechanism in place to monitor the financial contributions agreed to the actual contributions received.**

**Underlying weakness – There is no reconciliation process in place for the S.106 contributions to ensure the database was accurate to show when S.106s had expired or had been superseded (Links to Root cause 2)**

The original figures received stated the following: –

- Potential financial contribution: £4,154,449.76;
- Total collected up to June 2018: £2,172,887.90;
- Outstanding contributions: £1,981,561.86.

However, following further queries to confirm the valid S.106s we found that the figures have changed showing a decrease in the potential contributes that could be used for the benefit of the community:

- Potential contributions: £3,459,857.23;
- Contributions received to date – £2,174,637.48;
- Outstanding contributions – £1, 285,219.75; this figure includes sites not developed or potentially not being developed between 2013 and 2018. These developments are still within the agreed timescales of the planning application and the supporting S.106 agreement, which total £739,163.17 (as of 5 September 2018). This leaves an outstanding figure of £546,056.58 for older S106 agreements.

This demonstrates a lack of monitoring of S.106s records in terms of the accuracy of the status of the S.106 applications and the true potential financial contribution that could be available for community benefits.

**Underlying weakness – The information on the database is not accurate and up to date.**

There were a number of S.106 agreements that had expired or been superseded, which have not been updated on I-plan which feeds into the S.106 database.

Due to the volume of planning applications received, it is impossible to allocate the role of updating the planning applications and S.106 agreements to one person as the individual Planning Officers have the knowledge of applications within their allocated wards. As the individual Planning Officers have not updated the information on the I-plan system, the information on the S.106 database is not always accurate, including the status and the value of financial contributions due to the Council.

**Underlying weakness – Not all key officers involved in the process are aware of the S.106 agreements in place.**

The Senior Finance and Assurance Officer currently does not receive notification of the S.106s and unilateral undertakings until the financial contributions have been received and allocated to the ledger cost code (P16). The key officers in the relevant sections should be

made aware of the S.106 agreement to enable monitoring of the S.106 agreements and the associated financial contributions.

The review identified that relevant officers within the Planning and Public Protection Service were not always aware of the S.106 agreements either. Therefore, key officers may not know to notify the Principal Support Officer of commencements or completions of sites where financial contributes may be due.

#### **Root Cause 4 – There is a lack of continuity for the key steps in the S.106 process.**

**Underlying weakness – Other officers within the services are not aware of the process for carrying out S.106 agreements when the key officers are absent from work (Links with Root cause 1)**

There are key officers in stand-alone posts for the different steps of the process. However, not all services have continuity arrangements in place during periods of absence. Examples are: –

- Principal Support Officer, Planning & Public Protection – there are written processes in place but other officers have not received the training or are not aware of the guidance.
- Places Team Leader, Legal Services – the written procedures for the drawing up of S.106 agreements are not accessible (see weakness below) and no other officers within the service are aware of the process.

**Underlying weakness – The written procedures within Legal Services are inaccessible to other staff who may need to undertake actions for the S.106 process during unforeseen periods of absence.**

The written procedures in place for drawing up S.106 are not accessible to all staff as they are saved on the Places Team Leaders' C-Drive.

**Underlying weakness – Not all processes carried out within Legal Services have written procedures in place**

There are no written procedures in place for drawing up unilateral undertakings to ensure the unilateral undertakings can be drawn up by another officer within the team.

## Appendix 2 – Risk Matrix and Assurance Ratings

| Likelihood |  | >70%   | Almost Certain | A |                     |  |  |   |   |  |
|------------|--|--------|----------------|---|---------------------|--|--|---|---|--|
|            | Event likely to occur in most circumstances                | 30–70% | Likely         | B |                     |  |  |   |   |  |
|            | Event will possibly occur at some time                     | 10–30% | Possible       | C |                     |  |  |   |   |  |
|            | Event unlikely and may occur at some time                  | 1–10%  | Unlikely       | D |                     |  |  |   |   |  |
|            | Event rare and may occur only in exceptional circumstances | <1%    | Rare           | E |                     |  |  |   |   |  |
|            |  |        |                |   | 5                   | 4  | 3  | 2   | 1   |  |
|            |  |        |                |   | Very Low            | Low  | Medium   | High  | Very High   |  |
|            |  |        |                |   | Service Performance | Minor errors or disruption                   | Some disruption to activities/ customers                                 | Disruption to core activities/ customers                          | Significant disruption to core activities. Key targets missed   | Unable to delivery core activities. Strategic aims compromised   |
|            |  |        |                |   | Reputation          | Trust recoverable with little effort or cost | Trust recoverable at modest cost with resource allocation within budgets | Trust recovery demands cost authorisation beyond existing budgets | Trust recoverable at considerable cost and management attention | Trust severely damaged and full recovery questionable and costly |
|            |  |        |                |   | Financial Cost (£)  | < £50k                                       | £50k – £250k   | £250k – £1m   | £1 m – £5 m   | > £5m  |
|            |  |        |                |   | <b>Impact</b>       |  |  |   |   |  |

| Levels of Assurance | Definition  | Management Intervention  |
|---------------------|---|--|
| High Assurance      | Risks and controls well managed and objectives being achieved.                                    | Minimal action required, easily addressed by line management.  |
| Medium Assurance    | Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives. | Management action required and containable at service level. Senior management and SLT may need to be kept informed. |



|  |               |  |  |
|--|---------------|--|--|
|  | Low Assurance | Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.      | Management action required with intervention by SLT and / or CET.                              |
|  | No Assurance  | Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives. | Significant action required in a number of areas. Require immediate attention from SLT or CET. |

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|                               |   |
|-------------------------------|---|
| <b>Report To:</b>             | Corporate Governance Committee          |
| <b>Date of Meeting:</b>       | 5 June 2019                             |
| <b>Lead Member / Officer:</b> | Lisa Lovegrove – Chief Internal Auditor |
| <b>Report Author:</b>         | Lisa Lovegrove – Chief Internal Auditor |
| <b>Title:</b>                 | Internal Audit Annual Report 2018-19    |

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**1. What is the report about?**

This report provides the Committee with the Internal Audit Annual Report for 2018-19 that provides the Chief Internal Auditor's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informs the 'annual governance statement'.

**2. What is the reason for making this report?**

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

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

**3. What are the Recommendations?**

The Committee considers and comments on the Chief Internal Auditor's annual report and overall 'opinion'.

**4. Report details**

The Internal Audit Report 2018-19 is included as Appendix 1 and shows:

- The opinion is formed based on the internal audit work carried out during the year as per the Internal Audit Strategy which was approved by Corporate Governance Committee;
- The level of work that Internal Audit carried out to arrive at this overall 'opinion';
- The opinion does not imply that Internal Audit has reviewed all risks relating to the Council. In providing an opinion, it is vital to note that assurance cannot be absolute. The most that Internal Audit can provide is reasonable assurance that there are no major weaknesses in the system of internal control.
- The Chief Internal Auditor has provided 'medium assurance' on the overall adequacy and effectiveness of the Council's internal control environment, including its arrangements for governance and risk management;

- a summary of the counter fraud work;
- how Internal Audit complies with the PSIAS; and
- a summary of Internal Audit's performance during the year.

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

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

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

There are no additional costs associated with this report. Actions to ensure compliance with relevant legislation and Council policies are taken within existing budgets.

**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?**

Consultation with officers, Corporate Governance Committee Chair and Vice Chair and Wales Audit Office was conducted in drafting the Internal Audit Strategy.

**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?**

An inadequate and operationally ineffective internal control system can have adverse impact on the Council's risk management processes and wider corporate governance, and, therefore, the quality of service provided.

The Public Sector Internal Audit Standards require Internal Audit to evaluate the effectiveness of risk management and contribute to the improvement of risk management processes.

**11. Power to make the Decision**

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



# Internal Audit Annual Report 2018-19

June 2019



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Lisa Lovegrove CMIIA, CISA, Chief Internal Auditor

## Introduction and background

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1. This report outlines the internal audit work that Internal Audit has carried out for the year ended 31 March 2019.
2. The Accounts and Audit (Wales) Regulations 2014 require the review of governance arrangements to be reported within the authority, in the Council's case the Corporate Governance Committee, and externally with the published accounts of the authority. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor and the Chief Internal Auditor (CIA) should provide a written annual report to those charged with governance to support the AGS.
3. The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive', in the Council's case the Chief Internal Auditor (CIA), to deliver an annual internal audit opinion and report that the organisation can use to inform its annual governance statement.
4. This is achieved through a risk-based plan of work, agreed with management and the Corporate Governance Committee. The opinion does not imply that Internal Audit has reviewed all risks relating to the Council.

## Internal Audit opinion 2018-19

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5. The CIA has based her 2018–19 opinion on the following:

- The scope and outcome of Internal Audit’s work during the year;
- Any follow up action taken in respect of audits from previous periods.
- IA report opinions and assurance ratings;
- The issues and risks that Internal Audit has raised during the year;
- The effectiveness of management’s response to the issues and risks that Internal Audit has raised;
- Assurances received from external regulators and other sources;
- The outcome of the Council’s review of its Corporate Governance Framework and

governance arrangements 2018–19.

6. **Governance, risk management and control arrangements in place for key business functions is satisfactory overall.** There are some areas of weakness in management of risks and/or controls which may put achievement of objectives at risk. Improvements are required to address such areas so that the framework of governance, risk management and control is adequate. See appendix 1 for a list of audit results, and appendix 3 for a list of the assurance ratings definitions.

7. Internal Audit continues to maintain a good relationship with management whereby they openly share the areas where they perceive to be potential problems and take on board the results of our work as an opportunity to making improvement. In some instances, Management’s request for an audit of a known area of concern has resulted in low assurance reports, whereby our work assists the service to prioritise the response and steps to take to improve the situation.

8. Five audits during the year have received ‘Low’ assurance, the others being awarded ‘High’ or ‘Medium’ Assurance ratings. Two piece of advisory work has been completed during the year. Management is willing to engage with Internal Audit to establish good risk and control environments. Where significant issues have been identified, overall these have been appropriately addressed, which confirms that management is responsive to our work.



9. In reaching my opinion, I have considered the balance of the results of our audit work against this environment and concluded that the

major risk issues and low assurance opinions are not significant in aggregate to the system of internal control.

## Summary of Audit Work 2018/19

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10. The Internal Audit Strategy is produced to concentrate on key risk facing the Council. The Internal Audit Strategy 2018–19 was agreed with the Corporate Governance Committee in 25 April 2018; it has been updated throughout the year to ensure that Internal Audit focuses its resources in areas of greatest priority and risk at the time and provides assurance in the areas where it is most needed. Progress and changes are reported to Corporate Governance Committee as part of the Internal Audit Update Report.

11. The table below shows a summary of the audit opinions provided during the year, categorised as follows:

| Assurance Rating |                  | 2016–17 | 2017–18 | 2018–19 |
|------------------|------------------|---------|---------|---------|
| <b>Green</b>     | High Assurance   | 13      | 14      | 8       |
| <b>Yellow</b>    | Medium Assurance | 13      | 13      | 19      |
| <b>Amber</b>     | Low Assurance    | 1       | 4       | 5       |
| <b>Red</b>       | No Assurance     | 0       | 0       | 0       |
|                  |                  | 27      | 31      | 32      |

12. The majority of opinions were ‘medium’ this year and the number of ‘low’ assurance ratings of three this year is fairly consistent with previous years. This indicates that Internal Audit’s risk based approach is focussed on the key risks of the Council and may suggest that controls are showing signs of strain as services and capacity are increasingly stretched. A couple of the Low Assurance reviews were performed following management indicating areas of concern. All low assurance reviews are reported to the Corporate Governance Committee and they will receive progress reports from the service to oversee the implementation of the agreed improvements.

13. As in previous years, there were no reports with ‘No Assurance’ rating issued during the year.

14. The Schedule in Appendix 1 contains a list of all audits agreed in the Audit Strategy 2018/19 and the final outturn for the financial year.

15. Internal Audit has followed up agreed actions arising from our audit work to establish if necessary improvements have been achieved. A summary of the results of this work is reported to Corporate Governance Committee regularly and the latest position is shown in Appendix 2.
  
16. The Internal Audit Opinion considers the number of no and low assurance reports, particularly the issues raised and the overall impact on the control environment.

## Counter Fraud

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17. Counter-fraud arrangements are vital to the Council with the aim of protecting public funds and accountability.

### *National Fraud Initiative (NFI)*

18. Work on the 2016/17 exercise was concluded and subsequently commenced on the 2018/19 exercise. A review of matches is underway and the table below summarises the main results achieved in 2016/17 and so far in 2018/19:

| NFI Results                         | 2016/17        | 2018/19<br>(still in progress) |
|-------------------------------------|----------------|--------------------------------|
| Housing Benefit                     | £17,663        | £21,759                        |
| VAT                                 | £85            | -                              |
| Council Tax Single Persons Discount | £9,771         | -                              |
| Council Tax rising 18s              | £964           | -                              |
| Council Tax Reduction Scheme        | £3,302         | £7,711                         |
| <b>Total</b>                        | <b>£31,784</b> | <b>£29,470</b>                 |

### *Irregularities*

19. During the 2018/19 financial year, Internal Audit has been informed of 10 allegations of fraud. Internal Audit carried out, or assisted with two investigations. A summary of the outcomes is shown below.

| Outcome of Investigations                 | 2018/19 |
|---|---------|
| Dismissal / contract terminations         | 2       |
| Resignations accepted after investigation | 1       |
| Written warnings issued                   | 0       |
| No further action                         | 5       |
| Investigations pending outcomes           | 1       |
| Prosecutions                              | 1       |

### *Proactive exercises*

20. The internal Audit team has undertaken proactive exercises which were included in the Internal Audit Strategy. This includes reviewing direct payments and housing tenancy fraud. The outcome of both reviews will be reported to Corporate Governance Committee when they are concluded.

### *Other Counter-Fraud Activity:*

21. The Monitoring Officer's Annual Report on Whistleblowing was reported to Corporate Governance Committee in November 2018. The two concerns raised continue to be investigated and will be reported on when concluded.

## **Added Value**

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23. In addition to providing risk-rated assurance reports, Internal Audit has strived to add value wherever possible i.e. going beyond the standard expected and providing something “more” without any added costs.

### ***Corporate Governance Working Group***

24. Internal Audit is a lead participant in the Corporate Governance Working Group to review governance arrangements and update the Corporate Governance Framework and the Annual Governance Statement.

### ***Collaborative Working***

25. Internal Audit developed a joint audit programme with Flintshire County Council to audit contract management which is linked to the shared procurement service for both Councils.

26. The Chief Internal Audit chairs the North and Mid-Wales Internal Audit Partnership meetings which aims to encourage collaboration, sharing ideas and improving efficiency and effectiveness of our services. The Chief Internal Auditor also attends the Welsh Chief Auditors Group that coordinates a peer review of conformance against the Public Sector Internal Audit Standards.

### ***Assurance Advisory Support***

27. Internal Audit has provided advisory support on a number of Boards, projects and other requests, including:

- Information Governance Group
- ADM Leisure Project
- Waste Project

### ***Summary Reports***

28. Summary reports and presentations are provided to Schools to highlight improvements areas identified during thematic reviews which helps them to identify potential areas of risk or opportunities. Also, assist the Governing Body to better understand the need for appropriate oversight; and feedback to the Council the level of support and guidance required for schools where concerns have been identified.

## *Assurance Mapping*

29. Internal Audit performs an annual assurance mapping exercise to map out the key activities performed by the Council and how these are assured. This informs the Internal Audit Strategy so that it focusses on areas of greatest risk and maximise the value from Internal Audit.

## Internal Audit Performance

30. There are no national performance indicators for Internal Audit, so we measure performance by benchmarking with other Councils' Internal Audit Services via the Welsh Chief Auditor's Group

31. The table below shows Internal Audit's performance for the year.

| Performance Target   | Target         | Current Performance |
|--|----------------|---------------------|
| Discuss, agree and issue scope for each audit  | 100%           | 100%                |
| Draft report issued within 10 working days of the closing meeting                      | Avg. days > 10 | 9                   |
| Final report issued within 5 working days of agreeing the draft report and action plan | Avg. days > 5  | 2                   |
| Implementation of Agreed actions   | 75%            | 73%                 |

32. Overall, performance against the indicators has been very good over the year. The revised follow up process is more embedded but there is still further progress needed to improve the timeliness of completing agreed actions. This requirement will be further promoted e.g. through attendance at Service Management Team meetings.

33. A customer satisfaction survey to recipients of internal audit reviews in 2018/19 allows feedback on our performance – rated as either: “Not at all”; “Limited”, “Satisfactory”, “Good” or “Very Good”. The percentage of scores marked as satisfactory or above are shown below. We consider all feedback to ensure we continue to meet our stakeholder needs and improve.

| Customer Survey Question  | Target | Current Performance |
|---|--------|---------------------|
| Consulted/made aware on the objectives and/or scope of the audit? | 100%   | 92%                 |
| Level of consultation throughout the audit?                       | 100%   | 100%                |
| Professional and approachable auditor?                            | 100%   | 92%                 |
| Results and conclusions of the review explained?                  | 100%   | 92%                 |
| Accurate report that addressed the key issues?                    | 100%   | 100%                |



|  |      |      |
|--|------|------|
| Extent that you were able to comment during the review?              | 100% | 100% |
| Did you have an opportunity to comment on the results of the review? | 100% | 100% |
| Auditor took your views into account?                                | 100% | 100% |
| Was the audit constructive and did it add value overall?             | 100% | 100% |

## **Conformance with Public Sector Internal Audit Standards**

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### ***Conformance***

34. Denbighshire Internal Audit Service conforms to the requirements of the Public Sector Internal Audit Standards (PSIAS) for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. Our internal audit charter was approved by Corporate Governance Committee in March 2019. This is supported by our self-assessment of conformance with PSIAS and Local Government Application Note.

### ***Quality Assessment***

35. An external assessment of our service against the PSIAS in March 2018 stated “Internal Audit is operating in conformance with the standards” and the result was reported to Corporate Governance Committee in November 2018. The External Assessment provides independent assurance against the Institute of Internal Auditors (IIA) and appendix 4 shows progress with implementing the improvement actions identified.

36. The Chief Internal Auditor maintains a quality assessment process which includes review of all audit work. The quality assessment process and improvement is supported by a development programme.

### ***Improvement Programme***

37. A quality improvement programme is in place which consists of all recommendations from the external assessment. Nearly all actions have been implemented with only one partly implemented which will be completed on the conclusion of the Ethics audit.

## Appendix 1- Internal Audit Work Conducted 2018-19

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

| Report Title                               | Status of Project | Assurance Rating | Risks/Issues Raised |       |          |
|--|-------------------|------------------|---------------------|-------|----------|
|  |                   |                  | Critical            | Major | Moderate |
| ALN, Recoupment & Out of County Placements | Complete          | Medium           | 0                   | 1     | 2        |
| Registrars                                 | Complete          | Low              | 0                   | 2     | 2        |
| Learner Transport                          | Complete          | Medium           | 0                   | 0     | 5        |
| IT Procurement of Resources                | Complete          | Medium           | 0                   | 1     | 3        |
| Business Continuity                        | Complete          | Medium           | 0                   | 0     | 4        |
| Section 106                                | Complete          | Low              | 0                   | 2     | 2        |
| Catering                                   | Complete          | Medium           | 0                   | 0     | 2        |
| Housing Rents                              | Complete          | Medium           | 0                   | 0     | 4        |
| Welsh Transport Grants                     | Complete          | Medium           | 0                   | 0     | 3        |
| AONB Grant Certification                   | Complete          | N/a              | N/a                 | N/a   | N/a      |
| EIG Grant Certification                    | Complete          | N/a              | N/a                 | N/a   | N/a      |
| PDG Grant certification                    | Complete          | N/a              | N/a                 | N/a   | N/a      |
| North Wales Hospital                       | Complete          | Advisory**       | N/a                 | N/a   | N/a      |
| Grant Management                           | Complete          | Medium           | 0                   | 0     | 1        |
| Cyber Security                             | Draft             | Medium*          |                     | 1     | 1        |
| Bridges & Structures                       | Complete          | Medium           | 0                   | 0     | 4        |
| Project Management Overall                 | Draft             | Medium*          | N/a                 | N/a   | N/a      |
| - Rhyl faith school new build project      | Draft             | Medium*          | 0                   | 0     | 1        |
| - C360 CRM project                         | Draft             | Low*             | 0                   | 0     | 2        |
| - Closed Projects                          | Draft             | Medium*          | 0                   | 0     | 1        |
| Revenues & Benefits Overall;               | Complete          | Medium           | N/a                 | N/a   | N/a      |
| • Partnership Arrangements                 | Complete          | High             | 0                   | 0     | 1        |
| • Enforcement Agents/ Debt Collectors      | Complete          | High             | 0                   | 0     | 0        |
| • Sundry Debtors                           | Complete          | Medium           | 0                   | 0     | 5        |
| • Benefit Overpayments                     | Complete          | Medium           | 0                   | 0     | 3        |
| Financial Services Overall:                | Complete          | High*            | -                   | -     | -        |
| • Accounts Payable                         | Draft             | High*            | 0                   | 0     | 0        |
| • Payroll                                  | Draft             | High*            | 0                   | 0     | 2        |
| • Treasury Management                      | Draft             | High*            | 0                   | 0     | 4        |
| • Money Laundering                         | Draft             | Medium*          | 0                   | 0     | 1        |

| Report Title                            | Status of Project | Assurance Rating | Risks/Issues Raised |       |          |
|---|-------------------|------------------|---------------------|-------|----------|
|   |                   |                  | Critical            | Major | Moderate |
| • Cash Receipting & Bank Reconciliation | Draft             | High*            | 0                   | 0     | 0        |
| • Accountancy Systems                   | Draft             | High*            | 0                   | 0     | 0        |
| Risk Management                         | Complete          | Medium           | 0                   | 0     | 5        |
| Direct Payments                         | Draft             | Low*             |                     |       |          |
| Health & Safety in Schools              | Complete          | Low              | 0                   | 1     | 4        |
| Effective Governance in Schools         | Draft             | Medium           | 0                   | 0     | 6        |
| SARTH                                   | Ongoing           | N/a              | N/a                 | N/a   | N/a      |
| Housing Tenancy Fraud                   | Ongoing           | N/a              | N/a                 | N/a   | N/a      |
| School Fund Management                  | Ongoing           | N/a              | N/a                 | N/a   | N/a      |
| Legal Services Collaboration            | Ongoing           | N/a              | N/a                 | N/a   | N/a      |
| GDPR                                    | Ongoing           | N/a              | N/a                 | N/a   | N/a      |
| Pooled Budgets                          | Complete          | Advisory**       | N/a                 | N/a   | N/a      |
| Waste Management                        | Ongoing           | N/a              | N/a                 | N/a   | N/a      |

The following audits have been deferred to 2019/20:

- Homelessness
- Contract Management
- Tourism Strategy

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

\*\* Limited scope so assurance rating not provided/Advisory work only

39. There has not been any notable changes to the Internal Audit Strategy planned projects this year. While there have been some change, these are mainly due to timing affected by service changes or operational matters.

40. A vacant Auditor post since January 2019, together with two investigatory work that was required, has impacted the completion of some projects with three reviews being deferred to 2019–20. We have successfully appointed an Auditor who is due to commence the role in July 2019.

## Appendix 2 - Follow Up Work Conducted

41. The CIA regularly reports to Corporate Governance Committee on progress with Internal Audit agreed actions as part of its update reports. The following table shows the position at the end of 2018–19:

| Service                              | Actions due by<br>31/03/2019 | Status of agreed actions |            |             |            |
|--------------------------------------|------------------------------|--------------------------|------------|-------------|------------|
|                                      |                              | Implemented              | %          | Outstanding | %          |
| Business Improvement & Modernisation | 17                           | 15                       | 88%        | 2           | 12%        |
| Community Support Services           | 7                            | 7                        | 100%       | 0           | 0%         |
| Communications Customers & Marketing | 3                            | 3                        | 100%       | 0           | 0%         |
| Education & Children's Services      | 16                           | 12                       | 75%        | 4           | 25%        |
| Facilities Assets & Housing          | 30                           | 24                       | 80%        | 6           | 20%        |
| Finance                              | 18                           | 15                       | 83%        | 3           | 17%        |
| Highways & Environmental Services    | 16                           | 12                       | 75%        | 4           | 25%        |
| Legal, HR & Democratic Services      | 31                           | 14                       | 45%        | 17*         | 55%        |
| Planning & Public Protection         | 10                           | 6                        | 60%        | 4           | 40%        |
| <b>Total</b>                         | <b>148</b>                   | <b>108</b>               | <b>73%</b> | <b>40</b>   | <b>27%</b> |

\* 7 actions relate to Travel & Subsistence review which has been delayed as pending decision by SLT on Grey Fleet Checks.

42. The internal control environment is strengthened by timely implementation of agreed actions. Results show that 73% of risk issues, due by 31 March 2019, have been implemented. While a majority of the outstanding actions are in progress, this is below the Council's performance target of 75% of agreed actions implemented by their due date.
43. This remains a priority for Internal Audit, and proactive steps are being taken to improve performance by reporting to Service Management Teams to ensure timely implementations of agreed actions.

## Appendix 3 - Definitions

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### Definitions of Assurance Ratings

|  |                         |  |
|--|-------------------------|--|
|  | <b>High Assurance</b>   | Risks and controls well managed and objectives being achieved  |
|  | <b>Medium Assurance</b> | Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives         |
|  | <b>Low Assurance</b>    | Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk |
|  | <b>No Assurance</b>     | Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve       |

44. Internal Audit reports usually include an action plan that raises risks/issues that highlight improvement areas. These risks/issues are defined in the following table. No 'Critical' risks/issues were raised during the year.

### Definitions of Risks/Issues

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

## Appendix 4 – Quality Assurance Improvement Programme

45. Progress against actions from the external assessment, November 2018.

| Ref  | Standard  | Agreed action  | Comment   |
|--|---|--|---|
| <b>Code of Ethics</b>                              |   |  |   |
| 1.   | Do internal auditors have regard to the Standards of Public Life's <i>Seven Principles of Public Life</i> ? | Amend the Annual Declaration to include Standards of Public Life's <i>Seven Principles of Public Life</i> .<br><i>Chief Internal Auditor, Completed</i>  | <b>Complete.</b><br>Auditors aware of the Standards of Public Life's principles and annual declaration updated and signed acceptance by all auditors. |
| <b>1000: Purpose, Authority and Responsibility</b> |   |  |   |
| 2.   | Does the internal audit charter cover the arrangements for appropriate resourcing?                          | Internal Audit Charter " <i>Resources</i> " should incorporate the reporting arrangements if there are insufficient resources.<br><i>Chief Internal Auditor, May 2019</i>  | <b>Complete.</b><br>Internal Audit Charter updated accordingly.   |
| <b>1100: Independence and Objectivity</b>          |   |  |   |
| 3.   | The board approves the internal audit budget and resource plan.   | Provide details of the annual resources available for Internal Audit, i.e. number of productive audit days available after taking into account non-productive time, e.g. annual leave, training etc. in the Internal Audit Strategy. | <b>Complete.</b><br>Internal Audit Strategy states the annual resources available for Internal Audit.   |



|  |   |  |   |
|--|---|--|---|
|  |   | <i>Chief Internal Auditor, May 2019</i>  |   |
| <b>1300: Quality Assurance and Improvement Programme</b>   |   |  |   |
| 4.   | The “ <i>Checklist for Assessing Conformance with the PSIAS</i> ” produced by CIPFA to satisfy the requirements set out in PSIAS 1311 and 1312 was not used as a basis for the internal assessment. | The IIA’s checklist was used for the internal assessment.<br><br>Agree to use the PSIAS checklist as agreed by the Welsh Chief Auditors Group in future to conduct the internal assessment.<br><br><i>Chief Internal Auditor, March 2019</i> | <b>Complete</b><br><br>Internal Audit assessment checklist updated.   |
| <b>1300: Quality Assurance and Improvement Programme</b><br><b><i>1311: Internal Assessments</i></b>                         |   |  |   |
| 5.   | Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?   | The Internal Audit Update report to Corporate Governance Committee to include a review of activity against the risk-based plan.<br><br><i>Chief Internal Auditor, May 2019</i>   | <b>Complete.</b><br><br>Annual Internal Audit Report summarises work completed against the Internal Audit Strategy. |
| <b>1300: Quality Assurance and Improvement Programme</b><br><b><i>1311: Reporting on the Quality Assurance Programme</i></b> |   |  |   |
| 6.   | Has the CAE reported the results of the QAIP to senior management and the board and that the results of both external and periodic internal assessment must be                                      | This has already been identified following the internal assessment. The external assessment report will be presented to the Corporate Governance Committee.<br><br><i>Chief Internal Auditor, November 2018</i>                              | <b>Complete</b><br><br>External assessment presented to Corporate Governance Committee in November 2018.            |

|   |  |  |  |
|---|--|--|--|
|   | communicated upon completion.  |  |  |
| 7.  | Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?  | Include results of the QAIP and progress within the annual report<br><i>Chief Internal Auditor, May 2019</i>   | <b>Complete.</b><br><br>Annual Internal Audit Report includes the results of the QAIP and progress.  |
| <b>2000: Managing the Internal Audit Activity</b><br><b><i>2060: Reporting to Senior Management and the Board</i></b> |  |  |  |
| 8.  | Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and the board? | This was also highlighted as part of the review of the Corporate Governance Committee's effectiveness in line with the CIPFA Code of Practice.<br><br>Review frequency of reporting on Internal Audit activity to the Corporate Governance and update the Forward Work Programme if required.<br><i>Chief Internal Auditor, April 2019</i> | <b>Complete.</b><br><br>Frequency of Internal Audit report reviewed and Forward Work Programme for the Corporate Governance Committee updated. All Low and No Assurance Report continue to be reported to the Committee at the earliest opportunity. |
| <b>2100: Managing the Internal Audit Activity</b><br><b><i>2110: Governance</i></b>                                   |  |  |  |
| 9.  | Has the internal audit activity evaluated the:<br>a) Design<br>b) Implementation, and<br>c) Effectiveness  | Include a review of Ethics within the Internal Audit Strategy.<br><i>Chief Internal Auditor, May 2019</i>  | <b>Partly complete</b><br><br>A review of Ethics is included in the Internal Audit Strategy for 2019–20 but the review itself has yet to take place.   |

|  |  |  |   |
|--|--|--|---|
|  | of the organisation's ethics-related objectives, programmes and activities?  |  |   |
| <b>2400: Communicating Results</b><br><b><i>2410: Criteria for Communicating</i></b> |  |  |   |
| 10.  | If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted? | <p>Where risk/issues or actions cannot be agreed, these are highlighted within the action plan of the relevant internal audit report and the Corporate Governance Committee made aware.</p> <p>This will be incorporated within the Internal Audit Charter for clarity.</p> <p><i>Chief Internal Auditor, May 2019</i></p>   | <p><b>Complete.</b></p> <p>Internal Audit Charter updated to include this requirement.</p>  |
| 11.  | Does the annual report incorporate a comparison of work actually carried out with the work planned?  | <p>This action is difficult to achieve in practice as the Internal Audit plan changes during the year to correspond to changes in risk and priorities.</p> <p>Chief Internal Auditor to assess the effort required to perform this comparison, and if it is not excessive, the comparison will be included in the Annual Internal Audit report.</p> <p><i>Chief Internal Auditor, May 2019</i></p> | <p><b>Complete.</b></p> <p>Comparison between work planned and work carried out included in the Internal Audit Annual Report.</p> |

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**Report To:** Corporate Governance Committee  
**Date of Meeting:** 5 June 2019  
**Lead Member / Officer:** Lisa Lovegrove – Chief Internal Auditor  
**Report Author:** Lisa Lovegrove – Chief Internal Auditor  
**Title:** Joint Procurement Unit Update

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**1. What is the report about?**

This report provides an update on progress in implementing the action plan that accompanied the Internal Audit report on the Joint Procurement Unit in May 2018. The Legal & Procurement Operations Manager provided a service update in January 2019.

**2. What is the reason for making this report?**

This report is to provide information on how the Council is implementing improvements relating to the Joint Procurement Unit 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 are being addressed. This is the first follow up carried out by Internal Audit.

**3. What are the Recommendations?**

The Committee to review progress with addressing audit actions and decide whether it requires any further update reports on progress with the improvement action plan.

**4. Report details**

The Internal Audit follow up report (Appendix 1) shows that most actions have been successfully completed with three moderate risk issue remaining which are making progress. These actions have exceeded the agreed completion date, mainly due to the requirement to implement the actions at two Councils and the need to tailor the solution to suit. In particular, development of strategies and policies for both Councils which need to take account for the views of both Authorities. While the process is taking longer than anticipated, work is well underway to deliver the required improvement.

Based on the scope of the original review, and the improvements carried out, we have increased the assurance rating from low to medium. We will continue to monitor the implementation of the outstanding actions as part of our follow up process.

**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 Well-being Impact Assessment?**

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.



# Joint Corporate Procurement Unit Follow up review

May  
2019



Medium  
Assurance

## Purpose & Background Information

Our original review of the Joint Corporate Procurement Unit was completed in May 2018 giving a low assurance rating because of:

- A lack of documented progress being made against the primary objectives outlined in the business case for the creation of the Joint Corporate Procurement Unit (JCPU);
- The JCPU and Joint Procurement Board (JPB) identified weaknesses in governance arrangements:-
  - Insufficient scrutiny and monitoring;
  - Little reporting to the relevant Council committees to update members on progress towards the JCPU;
  - Delay in the procurement strategy across the two Councils;
  - Inadequate arrangements for measuring and reporting efficiency savings and performance;
- Concerns about the different corporate/procurement culture between the two organisations were evident.

Internal Audit carry out a follow up review of all audits that receive a low assurance rating and as well as any high or major risk issues. This provides assurance to management and those charged with governance that the agreed actions identified at our initial audit visit has been implemented, or suitable progress is being made to address the areas of concern. This enables us to reconsider the overall assurance opinion and provide an updated opinion where appropriate.

It should be noted that the updated opinion is based on the assumption that systems and controls as previously identified during the original audit remain in operation and are being complied with in practice. The purpose of our follow up exercise is not to retest the operation of controls which have already been assessed, but to review how management has responded to the action plans following our initial work.



## Audit Opinion

The follow up review has confirmed the Procurement Team has made progress against the action plan and has addressed some of the risk issues identified during the original review. A number of the actions to address the risks issues have been implemented, which have strengthened the controls in place.

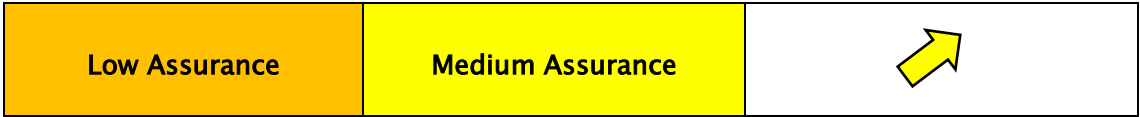
The Legal and Procurement Operations Manager completed a review of the Procurement Strategy in November 2018, but due to the limited availability of Senior Officers and little in the way of feedback, the re-draft of the Procurement Strategy was delayed until March 2019. Further amendments were then required by FCC relating to the adoption of the Ethical Code of Employment, and these amendments are still outstanding from FCC. The Legal and Procurement Operations Manager plans to finalise the Procurement Strategy by the end of June 2019 dependent upon receiving amendments from FCC. In addition, the Legal and Procurement Operations Manager is taking a report to DCC Cabinet in June 2019 relating to DCC adopting the Ethical Code of Employment, which may require some small amendments to the DCC revised Procurement Strategy. The Legal and Procurement Operations Manager anticipates that the strategy will be ready by the end of June 2019 to be issued for consultation across the Council.

The CET and SLT have agreed for the Legal and Procurement Operations Manager to attend a future meeting to present the Procurement Strategy.

The Legal and Procurement Operations Manager is currently gathering the information needed to produce the annual report for Cabinet, with the intention of presenting the report to both councils' cabinets in September 2019.

Overall, good progress has been made in addressing the risks issues identified during the original review. Once the Procurement Strategy is completed, this will address a number of the remaining issues. A further follow up will be carried out to review the progress made on the outstanding actions. Based on the progress made to date we are providing a 'Medium Assurance'.

|                              |                              |                     |
|------------------------------|------------------------------|---------------------|
| Audit Opinion as at May 2018 | Audit Opinion as at May 2019 | Direction of Travel |
|------------------------------|------------------------------|---------------------|



## Action Plan

**Audit Follow-up Review of:** Joint Corporate Procurement Unit  
**Date:** May 2019  
**Action Plan Contact:** Legal and Procurement Operations Manager

| Progress with Implementing Agreed Actions |         |             |
|---|---------|-------------|
| Previous                                  | Current | Risk Rating |
| 0   | 0       | Critical    |
| 4   | 1       | Major       |
| 9   | 3       | Moderate    |

|                            |   |
|----------------------------|---|
| <b>Risk Issue 1</b>        | 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   |
| <b>Underlying Weakness</b> | <p>Our review of governance arrangements identified;</p> <ul style="list-style-type: none"> <li>• 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).</li> <li>• 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).</li> <li>• 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).</li> <li>• Limited evidence of reporting of KPI's to the JPB / no robust targets in place for KPI's (1.4).</li> <li>• Insufficient systems for recording and monitoring the split of procurement staff time across the two Councils (1.5).</li> <li>• 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).</li> </ul> |

|                          | <ul style="list-style-type: none"> <li>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).</li> </ul> <p>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>  |  |   |
|--------------------------|---|--|---|
| Action (Ref)             | Agreed Management Action  | Responsibility & Deadline  | Status                                    |
| 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<br>DCC / Chief Officer<br>(Governance) FCC | In Progress –<br>Revised date<br>30/09/19 |
| <b>Follow Up Results</b> | <p>The JPB now meet on a regular basis with a schedule of meetings arranged at the start of every financial year. We confirmed the Legal and Procurement Operations Manager provides reports to the Corporate Governance committee and Performance Scrutiny committee.</p> <p>However, the Legal and Procurement Operations Manager has yet to produce the annual report for cabinet. Currently, the Procurement Systems Officer and Data Analyst is compiling the data for the report and the Legal and Procurement Operations Manager is intending to present the reports to both DCC and FCC's cabinets in September 2019.</p> |  |   |
| 1.2                      | The procurement strategy will be updated during 2018/19 in accordance with the recommendations provided by the WGLA.  | Legal and Procurement Operations<br>Manager/DCC & FCC                              | In Progress –<br>Revised date<br>31/12/19 |
| <b>Follow Up Results</b> | <p>The Legal and Procurement Operations Manager has re-written the procurement strategy for both DCC and FCC. FCC requested that their strategy include the Ethical Code of Employment and DCC has since decided to include it too, so the strategy is being update. It has been agreed by both councils that, once both strategies have been completed and agreed by the JPB, they will then be presented to the appropriate cabinets.</p>   |  |   |

|                   |  |   |  |
|-------------------|--|---|--|
| 1.3(i)            | <p>To ensure the JPB are kept informed of all potential efficiency savings from collaborative procurement activities, the board will :</p> <ul style="list-style-type: none"> <li>a. explore the possible systems available to measure efficiency savings;</li> <li>b. agree how they will capture and measure non-financial savings;</li> <li>c. ensure there is an appropriate system in place to measure collaborative efficiencies;</li> <li>d. the Legal and Procurement Operations Manager should provide a report detailing missed opportunity for collaboration to the JPB; and</li> <li>e. consider longer term contracts, which will reduce procurement cost.</li> </ul> | <p>Legal and Procurement Operations Manager<br/>DCC &amp; FCC</p> | <p>Complete</p>                                    |
| Follow Up Results | <p>A spreadsheet has been developed by the Procurement Team to record all potential efficiency savings carried out around collaborative procurement activities. The spreadsheet will also record missed opportunities. The Legal and Procurement Operations Manager has started taking the spreadsheet to the JPB meetings to provide them with an update. A savings methodology document has been drafted and agreed by both Councils. This explains how savings will be calculated/identified, and also sets out how savings will be reported and by whom. Services are resistant to longer term contracts, although this is encouraged by Procurement Business Partners.</p>    |   |  |
| 1.3(ii)           | <p>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.</p> <p>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.</p>  | <p>Legal and Procurement Operations Manager –<br/>DCC / FCC</p>   | <p>In Progress –<br/>Revised date<br/>30/09/19</p> |
| Follow Up Results | <p>The review of the contract procedure rules was completed in November 2018, but due to the diary constraints of the JPB members, a meeting has only taken place two weeks ago. A second meeting is planned for the 13<sup>th</sup> June 2019 to complete the review and then the Legal and Procurement Operations Manager is planning to complete the amendments to the</p>  |   |  |

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|                   | document by the 26 <sup>th</sup> June 2019 for circulation to relevant Senior Officers. Once completed, it will take a further six to eight weeks to go through the consultation stage before being finalised and taken to Cabinet and Full Council.   |  |                    |
| 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 | Complete           |
| Follow Up Results | The KPI's have been reviewed and approved by the JPB.  |  |                    |
| 1.5               | <p>The Legal &amp; Procurement Operations Manager to consider the options available for a time recording system for staff to record time spent.</p> <p>A review of time spent working on Regional Procurement by DCC staff to be undertaken by the Legal &amp; Procurement Operations Manager with consideration being given to recharging the individual local authorities.</p>   | Legal and Procurement Operations Manager - DCC / FCC | Complete           |
| Follow Up Results | <p>A spreadsheet with pivot tables has been designed for the recording of staff time on projects, which the team is now using. The information is being presented to the JPB to allow them to monitor time spent by the procurement team.</p> <p>The spreadsheet has seen a shift in the time spent by the Procurement team, with more time being spent working with DCC staff than FCC staff, and the Regional Procurement work has diminished.</p> |  |                    |
| 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 | Complete - ongoing |
| Follow Up Results | Dates for the forthcoming year are agreed by the JPB and entered into the relevant members / officers diaries. Since the Legal and Procurement Operations Manager came into post in August 2017, she has made sure an agenda is circulated prior to each meeting and minutes are typed up and circulated after each meeting.   |  |                    |

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| 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<br><br>Legal and Procurement Operations Manager - DCC / FCC | Complete |
| <b>Follow Up Results</b> | This role is currently being performed by the Procurement Business Partners, who identify contract spend, potential collaborative work and provide a report to the Legal and Procurement Operations Officer for discussion at the next planned JPB meeting. It was agreed this would be the best use of the JPB's time allowing them to look at why collaboration has not happened.  |   |          |
| 1.8                      | In order for the JCPU to advise whether collaborative procurement can take place, the following information will be captured and held:<br><br>f. the actual and potential collaborative procurements;<br><br>g. details of any potential instances of collaboration which Services decline to take forward collaboratively;<br><br>h. up to date information around contracts coming to an end across DCC/FCC in so far as the information is recorded on Proactis; and<br><br>i. collaborative procurements with an approval made to the relevant Council//Service. | Legal and Procurement Operations Manager - DCC / FCC<br><br>JPB - DCC / FCC                   | Complete |
| <b>Follow Up Results</b> | Procurement Business Partners review contracts due for renewal/award to establish if a collaborative contract can be completed. The Legal and Procurement Operations Manager will report the findings to the JPB along with other monitoring options for them to consider and feedback the outcome to the Procurement Business Partners.   |   |          |

|                            |  |                                      |  |
|----------------------------|--|--------------------------------------|--|
| <b>Risk Issue 2</b>        | <b>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</b>  |                                      |  |
| <b>Underlying Weakness</b> | <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"> <li>• 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).</li> <li>• 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.</li> <li>• 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).</li> <li>• 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).</li> <li>• 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).</li> </ul> |                                      |  |
| <b>Action (Ref)</b>        | <b>Agreed Management Action</b>  | <b>Responsibility &amp; Deadline</b> | <b>Status</b>                                |
| 2.1                        | 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   | Officers of the JPB                  | In progress –<br>Revised date of<br>31/12/19 |



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|                          | <p>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>Chief Officers (FCC)<br/>/ SLT and Middle Managers (DCC)</p> <p>Legal and Procurement Operations Manager</p> |   |
| <b>Follow Up Results</b> | <p>The Legal and Procurement Operations Manager requested attendance at SLT/CLT in each Council in July 2018 to raise the profile of the Procurement team. The Legal and Procurement Operations Manager is due to attend the SLT/CLT at each authority once the Procurement strategy has been agreed, which should be approved by September 2019.</p> <p>The Legal and Procurement Operations Manager has contributed to each service's Service Challenge and provided a procurement activity report.</p> |   |   |
| <b>2.2</b>               | <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>Procurement Operations Manager<br/>- DCC / FCC</p>   | <p>Complete in DCC. FCC still need to complete the marketing exercise.<br/>September 2019</p> |
| <b>Follow Up Results</b> | <p>The Procurement Business Partners now attend the Service Senior Management team meetings on a quarterly basis.</p> <p>The Legal and Procurement Operations Manager is due to attend a future SLT meetings once the Procurement Strategy has been approved.</p> <p>The Legal and Procurement Operations Manager has used available marketing options in DCC, but has not been able at FCC due to marketing staff not assisting her.</p>   |   |   |
| <b>2.3</b>               | <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>Legal and Procurement</p>  | <p>Complete</p>   |

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|                          | <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>  | Operations Manager<br>- DCC / FCC |                     |
| <b>Follow Up Results</b> | This has been addressed by the introduction of a form that all staff need to complete when procuring goods and services.  |                                   |                     |
| <b>2.4</b>               | <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>   | CPU/Business Partners - DCC / FCC | Complete - Ongoing. |
| <b>Follow Up Results</b> | <p>DCC: contracts are prepared and completed by CPU and sent to the supplier and, on return, the contracts are scanned into Proactis contract management module.</p> <p>At FCC, there has been resistance from support services in getting contracts prepared ready for dispatch to the supplier. It has been agreed by the Chief Officer Governance that CPU will prepare an electronic version of the contract and send it to the Service, and that it is a Service responsibility to ensure the contract is completed and a scanned copy sent to CPU for uploading to Proactis.</p> <p>There is functionality within the contract management module on the Proactis system to set up tasks whereby the Contract Manager can set up tasks, deadline for completion and send a reminder to the named officer for the upcoming tasks. This is reliant on Contract Managers setting up tasks as reminders to themselves. The Legal and Procurement Manager is aware of officers in ICT who are using the task function for ICT contracts but not aware of other officers using this functionality.</p> |                                   |                     |

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| <b>2.5</b>               | CPU to provide contract monitoring training for Services/contract managers during the next 12 months.   | CPU Strategic Business Partner – DCC / FCC | Complete – Ongoing |
| <b>Follow Up Results</b> | The Procurement Systems Officer and Data Analyst has provided training during the last 12 months, unfortunately staff attendance at the training sessions has been poor. This is an area that will be ongoing and the Procurement Systems Officer and Data Analyst will continue to offer the training during the next 12 months. |  |                    |

## Report Recipients

- Head of Legal HR and Democratic Services
- Legal Services Manager
- Legal and Procurement Operations Manager
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance Committee
- Strategic Planning & Performance Officer

## Internal Audit Team

|               |                |   |
|---------------|----------------|---|
| Bob Chowdhury | Senior Auditor | 01824 706988<br>Bob.Chowdhury@denbighshire.gov.uk |
|---------------|----------------|---|

## Key Dates

|  |              |
|--|--------------|
| Follow up review commenced                 | May 2019     |
| Follow up review completed                 | May 2019     |
| Reported to Corporate Governance Committee | 05 June 2019 |

**Report To:** Corporate Governance Committee  
**Date of Meeting:** 5<sup>th</sup> June 2018  
**Lead Member / Officer:** Gary Williams, Head of Legal, HR and Democratic Services  
**Report Author:** Gary Williams, Head of Legal, HR and Democratic Services  
**Title:** **Annual Report of Corporate Governance Committee**

**1. What is the report about?**

This report is about the annual report of the Committee to Council.

**2. What is the reason for making this report?**

To seek Members' approval of a draft report to be submitted to Council in respect of the Committee's work for the municipal year 2018/2019

**3. What are the Recommendations?**

That the Committee consider the draft report attached as Appendix 1 and approve it's submission to Council subject to any amendments suggested and agreed by Members.

**4. Report details**

The Constitution requires that the Committee prepares and submits a report each year to the Council on the Committee's performance and effectiveness.

The draft report attached seeks to set out the main issues that the Committee has considered during the Municipal Year 2018/19 and the recommendations made by the Committee.

The draft report explains the role of the Committee, the standing items that it considers, and some of the important issues that it has considered during this period.

Members are asked to consider whether the content of the report reflects the work of the Committee and make any suggestions to improve the style and content of the report.

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

The Committee's work in scrutinising the Council's financial affairs, risk management and corporate governance controls assists the Council in delivering the Corporate Priorities.

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

There are no direct costs associated with this report.

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

An impact assessment is not required for this report

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

This report is seeking Members' views on the content of the Annual report. No other consultation is required.

**9. Chief Finance Officer Statement**

The Committee is a key part of the Council's governance arrangements. Effective scrutiny of significant financial processes, systems and transactions is a vital element of internal control and provides a level of assurance to the wider Council and other stake holders.

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

The risk of not having an effective Corporate Governance or Audit Committee is that there is no oversight of the Council's corporate governance which is a key component of good performance. Weak corporate governance can contribute to failures in service delivery.

**11. Power to make the Decision**

Section 13 Council Constitution

**Report To:** County Council

**Date of Meeting:** 2<sup>nd</sup> July 2019

**Lead Member / Officer:** Chair Corporate Governance Committee

**Report Author:** Gary Williams, Head of Legal, HR and Democratic Services

**Title:** **Annual Report of the Corporate Governance Committee**

**1. What is the report about?**

The report is about the work of the Corporate Governance Committee (the Committee) for the Municipal Year 2018/19

**2. What is the reason for making this report?**

To inform all Members of the work of the Committee.

**3. What are the Recommendations?**

3.1 That Members note the content of the report.

**4. Report details**

- 4.1 The Council is statutorily required under the provisions of the Local Government Wales Measure 2011 to have an Audit Committee. The Committee is the Council's designated committee for this purpose. The statutory role of the Audit Committee is to review and scrutinise the authority's financial affairs, make reports and recommendations in relation to the authority's financial affairs, review and assess the risk management, internal control and corporate governance arrangements of the authority and make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements. The Committee is required to oversee the authority's internal and external audit arrangements, and review the financial statements prepared by the authority. The Committee is also the body that is responsible for keeping the Constitution under review.
- 4.2 The Council's Constitution provides that the membership of the Committee is made up of six elected Members on a politically balanced basis. There is no statutory requirement for the Committee to be politically balanced. There is a statutory requirement to have at least one independent lay member of the Committee and the current lay member is Mr. Paul Witham.
- 4.3 Each meeting of the Committee is attended by the Council's s151 Officer, Monitoring Officer and Head of Internal Audit or their representatives. In addition each meeting is attended by officers of the Wales Audit Office.
- 4.4 During the period covered by this report, the Committee has received a number of internal annual reports on matters relating to governance. These have included:

- 4.4.1 Annual Governance Statement Report - this report provides the self-assessment report on the Council's governance and improvement arrangements for 2017-18, which incorporates the Council's 'annual governance statement'. There were no significant governance issues to report. Any less significant issues were included in the Governance Improvement Action Plan which is monitored by the Committee.
- 4.4.2 Corporate Health and Safety Annual Report – this is a report from the Corporate Health and Safety Officer to provide assurance to the Committee that accidents and incidents are reported and monitored; that activity is planned in line with information provided by service hazard and gap analysis; and that training is delivered as required. The overall assessment of DCC's implementation of H&S systems and of employee involvement in H&S are both medium assurance (yellow). This means that H&S management systems are generally developed and recorded. Significant hazards are generally identified and managed to minimise risk. Employees are generally involved in the development and use of H&S management systems.
- 4.4.3 Senior Information Risk Officer (SIRO) Annual Report – the Senior Information Risk Owner (SIRO) has an explicit responsibility to ensure that information held by the Council is managed safely, effectively and in accordance with legislation. This report provides Members with information as to any data protection breaches that may have occurred and whether there are any issues or trends that require further action to be taken. The report sets out statistical data regarding requests for information under the Freedom of Information legislation and the number of complaints made to the Information Commissioner's Office. There had been no significant data breaches during the reporting period. There had been two minor breaches involving inaccurate address details on correspondence. Both breaches were investigated but not considered sufficiently serious to report to the Information Commissioner.
- 4.4.4 Whistleblowing Annual Report – the Council's Whistleblowing Policy requires that an annual report be provided to the Committee on the number and outcome of concerns raised under the policy and whether there are any trends or issues that require further action to be taken. There were two concerns raised under the policy during the reporting period which emanated from separate areas and were different in nature. There did not appear to be a connection between the two concerns nor any underlying theme that needed to be addressed.
- 4.5 The Committee also receives a number of reports relating to financial matters each year. These have included:
- 4.5.1 Statement of Accounts – each year the Committee is required to approve the Council's statement of accounts in order that they may be signed off by the Chair of the Committee and the s151 Officer. There is a large amount of information involved in the accounts and the draft is presented to the Committee in one meeting before summer recess and the final statement of accounts is presented for approval in September each year in order that the committee has sufficient opportunity to examine the documentation and scrutinise it. The accounts were approved.



4.5.2 Treasury Management – the Committee receives two reports each year on the treasury management functions of the Council. The reports present details of capital financing, borrowing, debt rescheduling and investment transactions during the reporting period. The reports also deal with the risk implications of treasury decisions and transactions and compliance with treasury limits and Prudential Indicators. The Committee reviews the Annual Treasury Management Strategy prior to its approval by Council.

4.6 The Committee also receives external regulatory reports. During this reporting period the Committee has received the following reports:

4.6.1 Wales Audit Office Annual Improvement Report - this report was presented to the Committee and Full Council and is a summary of audit work by the WAO, including studies on Scrutiny, Service User Perspective Review relating to Housing and the Estyn Inspection. No significant recommendations for change were made, and the report was overall very positive about the Council. There were six 'proposals for improvement', which were presented to Council together with the actions in respect of each of these.

4.6.2 WAO Annual Audit Letter – the Committee received the WAO's annual audit letter, the key messages in which were that Denbighshire County Council complied with its responsibilities relating to financial reporting and use of resources, that WAO was satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources and that their work to date on certification of grant claims and returns had not identified significant issues that would impact on the 2018-19 accounts or key financial systems.

In addition the Committee receives reports on the WAO's programme of work.

4.6.3 Overview and Scrutiny – Fit for the Future – the Committee received a report on The Council's Scrutiny arrangements as part of a national study. The report concluded that the Council's overview and scrutiny function is responding well to current challenges, however limited capacity to support scrutiny may hinder future progress, and there is scope for cabinet members to contribute more actively to scrutiny discussions.

4.6.4 Local Government Use of Data – the Committee received a report on the use of data by the Council as part of a national study. The report found that the Council has the foundations in place to make better use of data but needs to improve how data is analysed and presented to decision makers. The report suggested that – developing a more unified and corporate approach to using data would help to extend the benefits of data-led decisions to all service areas. Updating data sharing protocols and communicating them would help to ensure that managers know when and what they can share, helping to avoid disproportionate risk aversion when it comes to data sharing. Mapping staff who have a role in analysing and managing data to build and develop capacity in data usage and developing its data analysis capacity within existing resources will help the Council embed data-driven decision-making and generate greater insights into customer demand for services.

4.7 The Committee also receives regular reports from the Chief Internal Auditor on the progress made against the Internal Audit Plan which is approved by the Committee. Members of the Committee also receive copies of internal audit reports. The reports which have “low” assurance are considered at Committee and the action plans to address any concerns are scrutinised and monitored by the Committee. Audit reports that have been considered, or have had action plans monitored by the Committee during the reporting period include, Health and Safety in schools, Public Conveniences, Project Management of 21<sup>st</sup> Century Schools, Registration Service, and Joint Procurement Unit.

4.8 The Committee has also undertaken a self-assessment of its own performance compared to current best practice. This assessment was against a checklist from the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance “Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition.”

There are no significant areas of non-compliance identified in the core functions expected of audit committees or wider functions, however some variances were identified and the terms of reference updated accordingly. Self-assessment responses highlighted training needs which is being arranged with the Welsh Chief Auditors Group for the Chair and internally for all committee members.

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

The Committee’s work in scrutinising the Council’s financial affairs, risk management and corporate governance controls assists the Council in delivering the Corporate Priorities.

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

There are no direct costs associated with this report.

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

This report contains no proposal but is, rather, a report on the work done by the Committee over the past year. There is therefore no impact assessment required.

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

The Committee has received and commented upon a draft of this report.

**9. Chief Finance Officer Statement**

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

The risk of not having an effective Corporate Governance or Audit Committee is that there is no oversight of the Council’s corporate governance which is a key component of good performance. Weak corporate governance can contribute to failures in service delivery.

**11. Power to make the Decision**

There is no decision required as a result of this report.

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| <b>Report To:</b>             | Corporate Governance Committee   |
| <b>Date of Meeting:</b>       | 5 <sup>th</sup> June 2019  |
| <b>Lead Member / Officer:</b> | Gary Williams, Head of Legal HR and Democratic Services and SRO for RIPA |
| <b>Report Author:</b>         | Lisa Jones, Legal Services Manager and RIPA Co-Ordinator                 |
| <b>Title:</b>                 | <b>RIPA Inspection by the IPCO and Annual RIPA Report</b>                |

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1. **What is the report about?**

This is 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.

2. **What is the reason for making this report?**

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

3. **What are the Recommendations?**

That Members receive the external report and note the contents of this report and the actions taken as recommended by the IPCO.

4. **Report details**

The Council for the first time experienced a 'desktop' audit; the new arrangements which have been put in place by the Investigatory Powers Commissioner's Office (previously known as the Office of Surveillance Commissioner) where an initial desktop inspection occurs and then a decision is made on whether a physical inspection shall result. The SRO is pleased to report that the Inspector was satisfied with the Council's approach to governing this area, over the last three years, completed his inspection on the basis of a desktop audit and importantly, that our applications and authorisations are of a good standard. A copy of the Inspection Report is attached as appendix 1.

Following the Inspectors' recommendations, the policy has been updated and is being translated at the time of writing this report.

At the last annual report the SRO for RIPA reported that training was to be provided in - house to investigating officers and authorising officers with practical case studies. This training did take place and the inspector has had sight of the training materials and was satisfied with the content. Since the inspection, one Solicitor in Legal Services has attended a specific legal training course on covert surveillance and social media; the intention now being that over the next 6 months the course materials produced in house will be amended to reflect this new learning.

As regards the annual update to this Committee, there has been no activity in the use of these powers since the last report to this Committee in the last 12 months; the IPCO inspection report covers a three year period and does refer to activity taken place during this time.

The Council has utilised these powers previously for fly tipping, environmental crimes, unlawful sales to underage persons such as alcohol or fireworks; animal welfare and so on. Applications are not made on the basis of 'fishing expeditions', the service will ordinarily be in receipt of evidence supporting the requirement for the surveillance in question.

The Council's RIPA working group has continued to meet as required, in particular where there are any changes to the Codes of Practice or Guidance issued by the Home Office or the Office of Surveillance Commissioners; to consider approaches to particular operations or areas where ripa could assist any enforcement issues and to feedback any comments from any Inspection or from members of this Committee.

The Working Group will meet following this feedback from the Committee.

- 5. How does the decision contribute to the Corporate Priorities?**  
The report provides members with details of an inspection on the governance of one of it's activities.
- 6. What will it cost and how will it affect other services?**  
Costs are retained within existing resources and training is delivered in house save for a recent training session on use of social media, costing less than £200
- 7. What are the main conclusions of the Well-being Impact Assessment?**  
Not required
- 8. What consultations have been carried out with Scrutiny and others?**  
No consultation was required.
- 9. Chief Finance Officer Statement**  
Not required
- 10. What risks are there and is there anything we can do to reduce them?**  
In utilising it's powers under this regime, the Council can risk breaching an individual's right to a private and family life as set out in the European Convention on Human Rights. Any exercise of these powers, requires the Council to set out very

comprehensively, in an application to an Authorising Officer and then the Magistrates Court, those reasons and grounds for proceeding with the surveillance, which should address why it is proportionate to interfere with any human rights of an individual.

Regular training of officers who use these powers and close oversight by the Monitoring Officer of such activities reduce any risk involved. The Council is also inspected every three years by the Office of Surveillance Commissioners and the report is taken to this Committee once it is received.

**11. Power to make the Decision**

No decision is required.

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Ms Judith Greenhalgh  
Chief Executive  
Denbighshire County Council  
PO BOX 62  
Ruthin  
LL15 9AZ  
(judith.greenhalgh@denbighshire.gov.uk)

25 October 2018

Dear Chief Executive,

### **Inspection of Denbighshire County Council**

Your Council was recently subject of a desktop based documentary inspection by one of my Inspectors, Mr Graham McCrory MBE. I am grateful to you for facilitating this through your Legal Services manager, Ms Lisa Jones, who has provided the relevant materials and also spoke to my Inspector to provide further details.

Whilst there is no need for a physical inspection at this stage, the desktop review has identified certain matters that require remedy and Mr McCrory has made the following recommendations:

1. Whilst RIPA awareness training has been undertaken since the last inspection, there is a need for regular training and awareness to be developed and introduced throughout the Council in order that those who may engage RIPA powers remain "match fit".

2. Whilst the Senior Responsible Officer (SRO) has received Authorising Officer Training, their use to authorise RIPA applications should only be as a last resort. Their role as SRO is to oversee the use of RIPA powers by the Council employees.

3. The Council's Policy documents should be updated and added to in the following areas:

- Details on the use of Social Networking Sites (SNS) should be developed further to include advice and guidance contained within the revised Code of Practice for Covert Surveillance and Property Interference 2018 (Paragraphs 3.10 to 3.17)
- The authorisation period for a juvenile CHIS has been amended and is now for a maximum duration of four months and not one month as documented at Section (4.2) of the Council policy document. (Revised Code of Practice for Covert Human Intelligence Sources 2018, paragraph 4.2 refers)
- Any references to the Office of Surveillance Commissioners (OSC) as the oversight body for RIPA powers should be updated to reflect that oversight is now undertaken by the Investigatory Powers Commissioner's Office (IPCO)

4. The two directed surveillance authorisations reviewed were found to have been completed to a good standard. That said, the cancellation of the authorised activity should be timely and follow promptly after the need for surveillance has finished.

I shall be grateful if you would respond to me within six weeks from the date of this letter to advise the action taken in response. I will then decide whether a physical inspection is required.

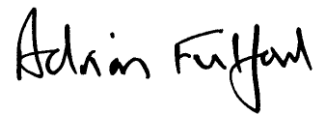
I take the opportunity here to remind you of the importance of regular, ongoing internal oversight of the actual or potential use of these powers, which should be managed through your Senior Responsible Officer [REDACTED]. Officers need to maintain their levels of training lest, however remote a possibility it may appear, the powers need to be used. I also draw attention to the

increasing usefulness and accessibility of social media which can offer initial investigative leads and assist with your enforcement or other responsibilities, but it behoves you to ensure that such resources as these are used in a controlled, auditable, and well understood manner. The Home Office Covert Surveillance and Property Interference Code of Practice, as alluded to, provides some helpful advice on this point.

My Office is available to you should you have any queries following the recent desktop inspection, or at any point in the future. Contact details are provided at the foot of this letter.

Yours sincerely,

The Rt. Hon. Lord Justice Fulford

A handwritten signature in black ink that reads "Adrian Fulford". The signature is written in a cursive, slightly slanted style.

The Investigatory Powers Commissioner

## Corporate Governance Committee Forward Work Programme

|                             |    |  |   |
|-----------------------------|----|--|---|
| <b>10<br/>JULY<br/>2019</b> |    | <b>Standing Items</b>                                |   |
|                             | 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  | Forward Work Programme                               | Democratic Services   |
|                             |    |  |   |
|                             |    | <b>Reports</b>                                       |   |
|                             | 4  | Draft Statement of Accounts                          | Head of Finance- Richard Weigh  |
|                             | 5  | Treasury Management                                  | Head of Finance- Richard Weigh  |
|                             | 6  | Annual report on the Constitution                    | Head of Legal, HR and Democratic Services - Gary Williams / Chief Internal Auditor – Lisa Lovegrove |
| Page<br>139                 | 7  | Annual SIRO Report                                   | Head of Business Improvement & Modernisation– Alan Smith  |
|                             | 8  | WAO Annual improvement report                        | WAO/ Head of Business Improvement & Modernisation– Alan Smith                                       |
|                             | 9. | Annual Fraud Report                                  | Chief Internal Auditor – Lisa Lovegrove   |
|                             | 10 | Safeguarding report                                  | WAO   |
|                             | 11 | Service Challenge – Service report                   | Head of Business Improvement & Modernisation– Alan Smith (Elaine Smith)                             |
| <b>11<br/>SEPT<br/>2019</b> |    | <b>Standing Items</b>                                |   |
|                             | 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 (CIPFA update)                 | Chief Internal Auditor – Lisa Lovegrove   |
|                             | 4  | Forward Work Programme                               | Democratic Services   |
|                             |    |  |   |
|                             |    | <b>Reports</b>                                       |   |
|                             | 5  | Approval of Statement of Accounts                    | Head of Finance – Richard Weigh   |
|                             | 6  | Annual H&S Report                                    | Head of H&S –Gerry Lapington  |

## Corporate Governance Committee Forward Work Programme

|                    |    |  |   |
|--------------------|----|--|---|
|                    | 7  | Update report on the Low Assurance Audit report – Registration Service (requested at 23/01/19) | Chief Internal Auditor – Lisa Lovegrove   |
|                    | 8  | Audit of Financial Statement Reports   | WAO   |
|                    | 9  | Annual SIRO Reports  | Need to identify the officer – highlighted under the Governance and Risk Management |
|                    | 10 | Registration Service Follow Up Audit   | Highlighted in other reports requested  |
| <b>20 NOV 2019</b> |    | <b>Standing Items</b>  |   |
|                    | 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             |
| Page 140           | 3  | Internal Audit Update (CIPFA update)   | Head of Internal Audit – Lisa Lovegrove   |
|                    | 4  | Forward Work Programme   | Democratic Services   |
|                    |    | <b>Reports</b>   |   |
|                    | 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  | Annual Governance Statement  | Chief Internal Auditor – Lisa Lovegrove   |
|                    | 8  | Information management in Schools  | Chief Internal Auditor – Lisa Lovegrove   |
|                    | 9  | Budget Update  | Head of Finance – Richard Weigh   |
|                    | 10 | Financial capital plan   | Head of Finance – Richard Weigh   |
|                    | 11 | Cost Safeguards in relation to major projects, contracts and procurements                      | Head of Finance   |
|                    | 12 | Annual Complaints Report & Ombudsman’s Annual Letter   | Head of Legal, HR and Democratic Services / Gary Williams                           |
| <b>Feb 2020</b>    |    | <b>Standing Items</b>  |   |
|                    | 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             |

## Corporate Governance Committee Forward Work Programme

|                   |   |  |   |
|-------------------|---|--|---|
|                   | 4 | Forward Work Programme                               | Democratic Services   |
|                   |   |  |   |
|                   |   | <b>Reports</b>                                       |   |
|                   | 5 | Treasury Management Strategy                         | Head of Finance – Richard Weigh   |
|                   | 6 | AGS Improvement Plan Update                          | Head of Legal, HR and Democratic Services / Gary Williams               |
| <b>March 2020</b> |   | <b>Standing Items</b>                                |   |
|                   | 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 (CIPFA update)                 | Head of Internal Audit – Lisa Lovegrove                                 |
|                   | 4 | Forward Work Programme                               | Democratic Services   |
|                   |   |  |   |
|                   |   | <b>Reports</b>                                       |   |
|                   | 5 | Certification of Grants & Returns 2017/18            | Chief Finance Officer – Richard Weigh                                   |
|                   | 6 | Budget Process                                       | Chief Finance Officer- Richard Weigh                                    |
|                   | 7 | Internal Audit Strategy & Charter                    | Head of Internal Audit – Lisa Lovegrove                                 |

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.

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