

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1A, County Hall, Ruthin on Wednesday, 20 May 2015 at 9.30 am.

PRESENT

Councillors Ann Davies, Peter Duffy, Jason McLellan (Chair) and Barry Mellor (Vice-Chair).

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

Observers: Councillors Bobby Feeley and Martyn Holland

ALSO PRESENT

Head of Legal, HR and Democratic Services (GW), Head of Internal Audit (IB), Interim Head of Finance and Assets (JG), Head of Business Improvement and Modernisation (AIS), Programme Manager, Procurement (TB), Strategic Procurement Manager (AS), Head of Children and Family Services (LR), Chief Accountant (RW), Wales Audit Office Representatives (AV, GB, GE and SC) and Committee Administrator (SLW).

APPOINTMENT OF CHAIR

The Head of Legal, HR and Democratic Services welcomed everyone to the meeting and introduced the item of Appointment of Chair.

Councillor Barry Mellor nominated Councillor Jason McLellan, seconded by Councillor Peter Duffy.

There was a unanimous show of hands in agreement.

RESOLVED that Councillor Jason McLellan be appointed Chair of the Corporate Governance Committee for the ensuing year.

APPOINTMENT OF VICE-CHAIR

Councillor Jason McLellan nominated Councillor Barry Mellor, seconded by Councillor Ann Davies.

There was a unanimous show of hands in agreement.

RESOLVED that Councillor Barry Mellor be appointed Vice-Chair of the Corporate Governance Committee for the ensuing year.

2 DECLARATIONS OF INTEREST

No Declarations of Interest.

3 URGENT MATTERS

No Urgent Matters.

4 MINUTES

The Minutes of a meeting of the Corporate Governance Committee held on 25 March 2015 were submitted.

The Head of Legal, HR and Democratic Services apologised to the Committee, as due to a technical issue the English version of Item 11 – Financial Payment to Care Leavers – Update, had not been populated correctly by the Mod.Gov system. The Welsh papers were correct. A printed copy of item 11 was handed out at the meeting.

RESOLVED – *that the minutes of the Corporate Governance Committee meeting of the 25 March 2015, be received and approved as a true and correct record.*

5 BUDGET PROCESS 2016/17

To consider a report by the Chief Accountant (previously circulated) for Members to consider the latest Budget Process update and comment as appropriate.

Councillor Julian Thompson-Hill explained that since the previous Corporate Governance Committee meeting, which was held on 25 March, 2015, no Budget Workshops had taken place. The next Budget Workshop was scheduled for 5 June, 2015. Individual Service meetings had commenced and were 50% completed.

The budget gap for 2015/16 was approximately £8m. Savings of £2.7m had been approved as part of the current process, leaving a gap of approximately £6.2m.

Proposed savings of approximately £1.5m were expected on completion of the Individual Service meetings. That would mean finding additional savings of £4.5m.

Saving proposals arising from the Budget Workshop on 5 June, would go to full Council for ratification and approval in July 2015.

Risk management of the process would be a key consideration of the Committee and possible risks around the implementation of each saving proposal had been, and would continue to be, presented at workshops as they developed.

The Corporate Governance Committee strengthened the call for Members to be involved with and attend the Budget Workshops.

The Section 151 Officer (S151O) confirmed that a Budget Area had been set up on the Mod.Gov system in the Members Library. The information was currently being populated and the (S151O) would inform all Members when this had been completed.

At this juncture, Councillor Martyn Holland and the Chair expressed their gratitude to Paul McGrady, Head of Finance and Assets, for all his work and support he had given during his career at Denbighshire. He would be leaving Denbighshire on Friday to take up a new post.

RESOLVED that the Corporate Governance Committee receive and note the contents of the report on the latest update.

6 PROCUREMENT OF CONSTRUCTION SERVICES

The Interim Head of Finance and Assets (IHofF&A) presented a verbal update the procurement of construction services.

The IHofF&A stated that fundamental changes were required regarding the procurement of construction services. Different services had different arrangements so an improved process for procurement would need to be devised. To enable the system to be successful, time would need to be spent with suppliers, contractors and smaller firms to assist in their training for them to be confident using the system. The e-Procurement system would assist but there would be some changes required.

The IHofF&A requested extra time for him to meet with audit to produce a clear and concise action plan to bring back to Committee at the meeting to be held on 28 September.

There were two specific pieces of work within the Corporate Plan which would be required in one holistic plan:

- how the council worked with suppliers, and
- Community benefits.

A breakdown would also be presented on the gains of being involved with the National Procurement Service and use of the national framework.

The IHofF&A would be working on a project up to the end of the year to build up the specialist knowledge of the procurement officers. Consultation would also take place with Heads of Service to ascertain their needs from procurement.

A report would be drawn up to update members of the Corporate Governance Committee at the meeting of 28 September 2015.

RESOLVED that the verbal report be noted and to accept the Procurement of Constructions Services Report at the Corporate Governance meeting to be held on 28 September 2015.

7 FINANCIAL PAYMENTS TO CARE LEAVERS

The Head of Children and Family Services (HofC&F) presented a report (previously circulated) providing an update on progress with the action plan included in the Internal Audit report on Financial Payments to Care Leavers issued in March 2014.

The Committee had discussed the follow-up report on 5 November 2014 and 25 March 2015. Some progress against the action plan had been noted but there were still outstanding actions mainly linked to advice sought from Collaborative Procurement Service.

The latest update showed that all actions had been completed following advice given by the Collaborative Procurement Service. The use of bus passes had been particularly useful and would be used by other sections across Children and Family services.

For youngsters who were responsible to look after their money, bank accounts were set up, but for those who were not responsible, a process would be put in place. Various options were investigated and the Credit Union option had appeared to be the most flexible.

The (HofC&F) confirmed it had taken a longer period than originally anticipated but all actions were now completed.

RESOLVED that the Corporate Governance Committee note the report and agreed that the Action Plan be marked as completed. No follow-up report would be required.

8 SENIOR INFORMATION RISK OFFICERS REPORT

The Head of Business Improvement & Modernisation presented the report (previously circulated) which covered the period April 2014 to March 2015. The report detailed breaches of the Data Protection Act by the Council that had been subject to investigation by the Senior Information Risk Officer (SIRO – in DCC this was the Head of Business Improvement & Modernisation).

The report also covered complaints about the Council relating to Freedom of Information legislation that had been referred to the Information Commissioner and provided some information about the Access to Information requests made to the Council.

The Council's Data Protection Policy required an annual report on progress to the Corporate Governance Committee to allow Member oversight of the process.

There had been no major breach of the Data Protection Act by the Council in this period, and only 2 had been considered to have been sufficiently serious to report them to the Information Commissioners Officer (ICO), as opposed to 4 the previous year. There had also been an overall reduction in the number of cases which had required action by the SIRO, from 8 last year to 5 this year.

Members noted there were a continued high volume of access to information requests received. This was continuing despite the fact that more information was published on the DCC website than previously.

During 2014/15, 3 complaints under the FOI Act were made to the ICO regarding the Council. Two were found in the Council's favour. The third was found to be in breach of the legislation by taking too long to respond to a Subject Access Request. The ICO recognised this had been a particularly complex piece of work and that factors had contributed to the lateness of the response. No further action on the part of the Council had been required by the Commissioner. Since that case, procedures had been improved to ensure complex cases were recognised early on in the process so timely responses could be made.

RESOLVED that Corporate Governance Committee note the report.

At this juncture (11.20 a.m.) there was a 15 minute break.

Meeting reconvened at 11.35 a.m.

9 INTERNAL AUDIT ANNUAL REPORT

The Head of Internal Audit (HIA) presented a report (previously circulated), to provide the Corporate Governance Committee with the Internal Annual Report for 2014/15. The report detailed the HIA'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".

The Public Sector Internal Audit Standards (PSIAS) require the "chief audit executive" to deliver an annual internal audit opinion and report, which the Council could utilise to inform its governance statement.

The Internal Audit Report 2014/15 indicated:

- That the HIA had provided "medium assurance" on the overall adequacy and effectiveness of the Council's internal control environment, including its arrangements for governance and risk management
- There were no qualifications attached to the HIA's "opinion"
- The level of work that Internal Audit carried out to arrive at this overall "opinion"
- How Internal Audit complied with the PSIAS, and
- A summary of Internal Audit's performance throughout the year.

A brief discussion took place and it was:

RESOLVED that Corporate Governance Committee receives and notes the contents of the report.

10 INTERNAL AUDIT STRATEGY 2015/16

The Head of Internal Audit (HIA) presented a report (previously circulated) to provide the Corporate Governance Committee with the Internal Audit Strategy for 2015/16. The Strategy provided details of the proposed Internal Audit projects for the year that would allow the Head of Internal Audit to provide an “opinion” on the adequacy and effectiveness of the Council’s framework of governance, risk and control during the year.

The Public Sector Internal Audit Standards (PSIAS) required the “Chief Audit Executive” to develop a risk-based internal audit plan which took into account the requirement to deliver an annual internal audit opinion and report that the organisation could use to inform its governance statement. The Corporate Governance Committee’s terms of reference require it to consider Internal Audit’s Planning Strategy.

The following responses were provided to questions from Members:

- School audits were not carried out by Internal Audit. Themed visits together with work in school funds were carried out in education.
- The Constitution required updating and a report would be presented at the forthcoming meeting in July.
- A Group would be working on the top 10 areas of work which had been agreed. It was agreed information regarding those areas would be presented to the Budget Workshop.

RESOLVED that Corporate Governance Committee receives and notes the contents of the report.

11 GOVERNANCE IMPROVEMENT PLAN AND DRAFT ANNUAL GOVERNANCE STATEMENT 2014/15

The Head of Internal Audit (HIA) presented a report (previously circulated) to provide an update on the Council’s Governance Improvement Plan arising from the Council’s 2013/14 “annual governance statement” – “Delivering good governance and continuous improvement”. It also presented a first consultation with the Committee on the self-assessment report on the Council’s governance and improvement arrangements for 2014/15.

The report provided information to the Corporate Governance Committee on progress which had been made with the implementation of various actions included in last year’s Governance Improvement Plan to ensure that the Council had robust and effective governance in place.

It also provided the Committee with the opportunity to comment on the first draft of this year’s “annual governance statement”.

The improvement areas were included in a Governance Improvement Plan that also provided proposed actions to address the weaknesses, officers responsible for the actions, and timescales.

In 2013/14, the traditional “annual governance statement” had been replaced with a document entitled “Delivering good governance and continuous improvement”. The Committee noted this was a very early draft that was still a work in progress and needed to be discussed further, particularly with the Senior Leadership Team. The agreed final version would be signed by the CEO and Leader by the 30 June, 2015 and would be presented to this Committee together with the Statement of Accounts.

RESOLVED that the Committee:

- *Reviewed and noted the progress on last year’s Governance Improvement Plan, and*
- *Reviewed and noted the draft “annual governance statement” for 2014/15*

12 MONITORING OF COUNCIL FUNDED SERVICE PROVIDERS

The Head of Internal Audit (HIA) presented a report (previously circulated) to provide the Corporate Governance Committee with details of the scope and project plan for the review of monitoring of Council-funded Service Providers (CFSPs), which would result in a new framework for putting such arrangements in place.

There had been concerns raised over monitoring of CFSPs and therefore the Council had to ensure robust arrangements were in place to monitor governance, financial performance, operational performance and the use of Council funds.

At the meeting of the Corporate Governance Committee held on 25 March 2015, a discussion took place regarding the roles and responsibilities of elected members when representing the Council on outside bodies. Members requested further information on how this would be provided as part of the overall review of CFSPs.

The project would result in a new framework for entering into arrangements with organisations to which the Council provided funding to provide services on its behalf. This would include arms-length organisations, partnerships, grant-funded organisations, and major third-party suppliers of key services.

The new framework would ensure that DCC addresses the following key risks:

- Having guidance and consistent arrangements for setting up and recording CFSPs meant that it would be fully aware of all CFSPs dealt with.
- Having regular and robust monitoring arrangements meant it would not fund CFSPs that did not deliver intended outcomes and would be aware of CFSPs which performed poorly, operationally and/or financially.
- Having robust governance arrangements over CFSPs reduced the likelihood of failure in its stewardship of public funds.
- Having early warning mechanisms through regular monitoring information reduced the likelihood that it would suffer financial loss due to a CFSP ceasing to exist and should not have to step in with contingency arrangements to deliver services.

- Having robust business cases for approval of CFSP arrangements meant that it could ensure that CFSPs shared DCC's values and should not bring the Council into disrepute through its behaviour.
- Having robust legal agreements and service level agreements ensured that both organisations understood their roles and responsibilities and strengthened DCC's position in the event of dispute.
- Providing robust guidance and support to its elected members who sat on outside bodies protected their interest, improved the likelihood of robust scrutiny and clarified the legal position and conflicts of interest relating to directorships and trustees.

Overall, the framework meant that DCC should not suffer significant damage to its reputation due to failure of a CFSP.

Following a request from the Welsh Audit Office representative the HIA confirmed he would request that CET nominate an Officer to take ownership of the project.

A discussion took place and it was:

RESOLVED that Corporate Governance Committee:

- (i) Considered and noted the proposed scope and project plan
- (ii) Agreed to bring the report back to Committee at the next meeting on 27 July 2015
- (iii) Agreed to request CET to nominate an Officer to take ownership of the project

13 FEEDBACK ON CORPORATE EQUALITY MEETING

None.

14 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

The Head of Legal, HR and Democratic Services presented the Corporate Governance Forward Work Programme (previously circulated).

The Committee confirmed the Corporate Governance Committee Forward Work programme subject to the inclusion of the following business items:

27 July, 2015:

- Update Monitoring of Council Funded Service Providers
- Surveillance Commissioners Inspection Report and RIPA (Regulation of Investigatory Powers Act) Report

28 September, 2015:

- Procurement of Construction Services

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

The meeting concluded at 12.45 p.m.