

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in CONFERENCE ROOM 1a, COUNTY HALL, RUTHIN on Wednesday, 28 September 2016 at 9.30 am.

PRESENT

Councillors Stuart Davies, Peter Duffy, Martyn Holland, Alice Jones and Jason McLellan (Chair) and Mr Paul Whitham (Lay Member).

Lead Members – Councillors Julian Thompson-Hill and Eryl Williams

Observer – Councillor Meirick Lloyd Davies

ALSO PRESENT

Corporate Director: Communities (NS), Head of Legal, HR & Democratic Services (GW) Head of Finance (RW), Finance & Assurance Manager (SG), Head of Internal Audit (IB), Senior Auditor (NW), Head of Education (KE), Principal Education Support Manager (GD), Education Planning & Resources Manager (IL), Traffic, Parking & Road Safety Manager (MJ) and Committee Administrator (SLW).

Head Teacher of Ysgol Mair, Rhyl – Steve Blunkett

1 APOLOGIES

Apologies for absence were received from Councillors

2 DECLARATION OF INTERESTS

No Declaration of Interests.

3 URGENT MATTERS

No urgent matters.

4 MINUTES

The minutes of the meeting of the Corporate Governance Committee held on 13 July 2016 were submitted.

Page 6 – Item 12 (matters arising)

Paul Whitham requested confirmation that the information and guidance had been circulated to all Headteachers and School Governing Bodies.

The Head of Internal Audit confirmed he would check and inform Members of the Committee.

Page 11 – Item 8 – Annual Report on Whistle Blowing.

Paul Whitham requested the outcome of the investigation.

The Head of Legal, HR and Democratic Services confirmed he would check and inform Members of the Committee.

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

5 BUDGET PROCESS 2017/18

The Lead Member for Finance, Corporate Plan and Performance, Councillor Julian Thompson-Hill, introduced the Budget Process 2017/18 report (previously circulated) to provide an update on the process to set the budget for 2017/18.

The latest Budget Workshop had taken place on 18 July 2016. The workshop outlined the latest financial planning assumptions, economic context, the process for 2017/18 and progress made addressing the estimated budget gap.

Various key points were raised, and the main financial planning assumptions and possible consequences were set out.

It was assumed 1% efficiency savings would be delivered each year as part of the strategy to deal with the budget gap.

Details of the 1% efficiencies proposed for 2017/18 had been circulated to Members following the July 2016 Budget Workshop.

The budget timetable had been set assuming the provisional Local Government settlement would be announced on 19 October 2016. Given this, it had been suggested that the Budget Workshop scheduled for 14 October, 2016 be rearranged for 1 November, 2016. A further Workshop would then take place on 18 November, 2016 and thereafter, additional Workshops arranged as and when required.

Discussion took place and the following points were raised:

- Continual improvement to be an on-going process led by Managers.
- It had been agreed efficiency savings could not be maintained at the level which had been set during the previous 5 years. A process had been put in place to lift the burden from services. A 1% saving would be achievable.
- The length of time between the Budget Workshop in July and 1 November had been raised as an issue, but the Lead Member, Councillor Julian Thompson-Hill explained that full facts and indepth information was required and this would not be available until following the settlement announcement on 19 October.

The Chair expressed his gratitude on behalf of the Committee to the Lead Member and the Head of Finance for their work regarding the Budget Process.

The Chair also expressed the importance of Members attendance at Budget Workshops to submit ideas and raise questions to officers.

RESOLVED that Members of the Corporate Governance Committee considered the latest update of the Budget Process 2017/18 and commented as appropriate.

6 DENBIGHSHIRE AUDIT ENQUIRIES LETTER

The Finance & Assurance Manager introduced the Audit Enquiries 2015/16 report (previously circulated) to inform Members of the Council's response.

Wales Audit Office (WAO), as DCC's appointed external auditors, had a duty to obtain evidence of how management and those charged with governance (Corporate Governance Committee) were discharging their responsibilities for preventing and detecting fraud.

The details of the responses of both management (Head of Finance) and Corporate Governance Committee (Chair of CGC) were set out as an Appendix to the report.

In summary, the responses set out the Council's approach to the following areas of governance:-

- Management processes in place to identify and mitigate against the risk of fraud
- Awareness of any actual or alleged instances of fraud
- Processes to gain assurance that all relevant laws and regulations had been complied with
- Whether there was any potential litigation or claims that would affect the financial statements
- Processes to identify, authorise, approve, account for and disclose related party transactions and relationships.

The WAO representative, Michelle Phoenix, confirmed WAO had no issues with any of the responses.

RESOLVED that the Chair of the Corporate Governance Committee formally confirmed the responses included in Appendix 1 to the report.

7 APPROVAL OF THE STATEMENT OF ACCOUNTS

The Head of Finance, introduced the Approval of the Statement of Accounts 2015/16 report (previously circulated) to be formally approved by elected members on behalf of the council.

The council had a statutory duty to produce a statement of accounts that complied with approved accounting standards.

The financial statements for 2015/16 were approved, subject to audit, by the Head of Finance on 21 June 2016. The draft accounts had been presented to the Corporate Governance Committee on 13 July 2016 and open to public inspection from 11 July to 5 August.

The Accounts and Audit Regulations required that the Council formally approve the audited accounts, containing the external auditor's opinion, by the end of September 2016. The approval of the audited accounts had been delegated to the Corporate Governance Committee.

The Statement of Accounts were produced in compliance with the International Financial Reporting Standards (IFRS). The Chartered Institute of Public Finance & Accountancy (CIPFA) produced the IFRS based Code of Practice on Local Authority Accounting and the council had produced the 2015/16 accounts in compliance with the code.

An elector had registered an objection to the accounts with the Wales Audit Office (WAO). The WAO representative, Michelle Phoenix confirmed that although they approved the Statement of Accounts, they could not close off the Accounts until the questions had been assessed as to whether they fit the criteria and the objector had been satisfied. Therefore, they had amended the audit report paragraph to express this.

The Wales Audit Office had worked closely with the Finance team to ensure the timely and successful finalisation of the audit. Professional opinions were drawn from numerous other disciplines beyond finance, such as legal, property valuation, HR and pensions.

General discussion took place and the Chair expressed appreciation on behalf of the Committee for the work undertaken by the Head of Finance, his officers and the Wales Audit Office.

RESOLVED that:

- *the Corporate Governance Committee approve the Statement of Accounts 2015/16, which is Appendix 1 to the report*
- *the Chair and Chief Finance Officer sign the Accounts and the Letter of Representation.*

8 ESTYN REPORT ON GWE REGIONAL CONSORTIUM

The Head of Education introduced a verbal report following the receipt of the Estyn report on GwE Regional Consortium.

Four education consortiums had been established in 2013, GwE provided school improvement services for the six North Wales Local Authorities: Anglesey, Conwy, Denbighshire, Flintshire, Gwynedd, and Wrexham.

North Wales had the lowest proportion of pupils eligible for school meals of the four Welsh regions. Overall, the rate of improvement in pupils' outcomes in North Wales across many indicators over three years to 2015 had been the slowest of the four regions.

The consortium had improved its information management system. Consortium staff had access to and used more effectively, a better range and quality of information to support their work. However, data had not always been used

effectively or appropriately enough in evaluating programmes and projects to support school improvement.

The consortium had been slow to provide clear and consistent challenge and support for schools on reducing the impact of deprivation on outcomes.

A summary of the results of the reports were as follows:

- Support for School Improvement – Adequate
- Leadership – Adequate
- Improving Quality – Adequate
- Partnerships – Adequate
- Resource Management – Unsatisfactory

The recommendations contained within the report were as follows:

Recommendation 1 – Ensure that the school improvement services used data, target setting and tracking procedures more effectively to challenge and support schools in order to improve performance of all learners across schools and Local Authorities, particularly at key stage 4.

Recommendation 2 – Improve the quality of evaluation in the delivery of school improvement services.

Recommendation 3 – Improve the rigour of the arrangements for identifying and managing risk.

Recommendation 4 – Ensure that business and operational plans contain clear success criteria and that progress against these are monitored effectively.

Recommendation 5 – Clarify that strategic role of the regional networks and their accountability to the Joint Committee.

Recommendation 6 – Develop an appropriate framework to assess value for money; ensure that the business plan is accompanied by a medium-term financial plan and that work-streams are fully costed.

The Head of Education informed the Committee that the Chief Executives of all six North Wales Local Authorities were in discussion as to the most appropriate course of action to take with GwE to address the concerns.

The Committee Members agreed the report had been unsatisfactory and following discussion it was agreed that a report from the Head of Education be submitted to the Scrutiny Chairs & Vice Chairs Group to update progress on the recommendations in the Estyn report.

RESOLVED that:

- *Members receive and note the Estyn Report on GwE Regional Consortium*
- *Head of Education submit a report to Scrutiny Chairs & Vice-Chairs on progress regarding the Estyn report recommendations.*

9 CORPORATE SAFEGUARDING - UPDATE REPORT

The Head of Internal Audit introduced the Corporate Safeguarding Update Report (previously circulated) to provide information on how the council was implementing improvements in corporate safeguarding since the issue of the Internal Audit report in 2015. The original audit report gave “Low Assurance”, which had been upgraded to “Medium Assurance” at the conclusion of the follow-up review in March 2016.

The Corporate Governance Committee had requested a progress report to ensure issues were being addressed.

The report showed good progress continued to be made with implementing the action plan and the assurance rating remained as “Medium”.

Improvements had been made in service risk management, measures to improve controls for the assessments of Deprivation of Liberty Safeguards (DoLS) referrals, and in the Corporate Safeguarding Panel.

There were still some areas in progress, e.g. relating to staff training and ensuring that employees and elected Members were aware of the existence of the Corporate Safeguarding Policy. Work was progressing to improve the skills and knowledge of the Designated Safeguarding Managers (DSMs) by developing a competencies framework and training programme.

The issue of low attendance of elected members at the mandatory training sessions on safeguarding was raised. The Committee were informed that e-learning modules were hoped to be introduced in the future to improve access to training for elected Members.

It was confirmed that work was still to be undertaken regarding the licence but a written report by the Corporate Director: Communities would be submitted to the Committee when the training module was in place.

As part of the recruitment process, qualifications and references were important to be checked to enable a level of assurance of the staff being taken on by the Local Authority. HR department sent out regular updates containing the information e.g. number of staff recruited, were they reference compliant, qualifications compliant and DBS compliant.

RESOLVED that the Corporate Governance Committee receives the report and notes a progress report be submitted following the launch of the training module.

10 YSGOL MAIR RHYL - INTERNAL AUDIT UPDATE REPORT

The Head of Internal Audit introduced the Ysgol Mair, Rhyl update report (previously circulated).

An Internal Audit report in August 2015, had included an action plan for several improvement areas at Ysgol Mair. It had highlighted a financial deficit at the school and that it would be required to develop a robust recovery plan.

The Corporate Governance Committee had discussed the Internal Audit report at two previous meetings but requested a further progress report be brought before the September 2016 meeting.

The Head of Internal Audit confirmed that all the actions within the improvement plan, apart from one, had been dealt with.

The Headteacher, Stuart Blunkett, attended the meeting to explain the actions which had taken place.

The only area outstanding in the action plan was the completion of financial procedure documents to assist in staff training and continuity. Work had started on the documents but due to staff sickness they were yet to be completed but work was now continuing on the documents as the member of staff concerned had returned to work.

At the time of the Internal Audit report, the School had been predicting a deficit for 2015/16 of £40,000, rising to over £300,000 by 2017/18 if no action were taken. Due to the recovery plan being implemented this meant a small surplus in 2015/16 and projected surpluses each year to 2018/19 based on current budget allocations. This had been achieved mainly through staffing changes.

The Chair, on behalf of the Committee, offered congratulations to the Headteacher and extended thanks to the staff for their hard work.

RESOLVED that the Corporate Governance Committee receive the report, note the progress made and to write a letter to the school from the Committee extending congratulations and gratitude for everyone's hard work.

At this juncture (11.40 a.m.) there was a break

Meeting reconvened at 11.55 a.m.

At this juncture it was agreed to vary the order of the remaining items on the Agenda and it was proposed and seconded the following items be moved to PART II – Confidential Items.

RESOLVED that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following item of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraphs 14 of Part 4 of Schedule 12A of the Act.

11 INTERNAL AUDIT REPORT - PARKING SERVICES

The Head of Internal Audit introduced the confidential Parking Services report (previously circulated) to inform members of progress made in respect of the improvement action plan.

The Audit opinion had been given in two parts. The Wales Penalty Processing Partnership (WPPP) had been operating well and received a “High” Assurance rating. However, there were some significant weaknesses within Parking Services that had resulted in a “Low” assurance rating.

The key points raised within the report were there were weaknesses in financial management around reconciliation of income collected, monitoring of income collected by “pay by phone” methods and administration of parking permits that could have led to loss of income. Overall, it had been agreed the processes within the service needed to be modernised as they were inefficient and increased duplication.

RESOLVED that an update report be presented at the Corporate Governance Committee by the Traffic, Parking & Road Safety Manager, on 23 November 2016.

12 INTERNAL AUDIT OF INFORMATION MANAGEMENT AND IT MANAGEMENT IN SCHOOLS

The Head of Internal Audit introduced the confidential Information Management & IT Management in Schools report (previously circulated) to inform members of progress made in respect of the improvement action plan.

The audit review had been conducted primarily by undertaking an information management survey of schools, to which a good response had been received. Visits to a sample seven schools were undertaken to verify arrangements in place.

Overall, the review found that there were several areas of weakness within schools relating to compliance with legislation, e.g. Data Protection Act, IT Security, and general awareness of requirements. Internal Audit had already attended a Cluster Forum meeting of business and finance managers to highlight the weaknesses and would be sending out a guidance note to all head teachers to raise awareness of the weaknesses found.

RESOLVED that a progress report be presented at the Corporate Governance Committee at the meeting to be held on 25 January 2017.

At this juncture, the meeting reverted back to PART 1

13 FLEET MANAGEMENT - UPDATE REPORT

The Head of Internal Audit introduced the Corporate Fleet Management Update report (previously circulated) to provide information on the progress of the Action Plan which had accompanied the Internal Audit report on Corporate Fleet management in October 2015. The Internal Audit report had given “Low Assurance”, so, therefore, the Corporate Governance Committee requested a progress report to ensure that the issues were being addressed.

This was the second progress report, the previous one being in March 2016.

Good progress had been made implementing the issues and risks which Internal Audit had identified.

There were still some actions outstanding, but the key issues had been addressed, such as:-

- developing a new Transport Policy, improvements
- improvements to health & safety, and
- driver checks.

The implementation of addressing issues meant the assurance rating could be improved to "Medium Assurance".

During discussion it was agreed that a further update report be presented to Corporate Governance Committee in April 2017.

***RESOLVED** that the Corporate Governance Committee received and noted the Corporate Fleet Management Update report and a further Update report be presented at the meeting to be held in April 2017.*

14 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

The Monitoring Officer introduced the Corporate Governance Committee Forward Work Programme (previously circulated) for consideration.

The Committee confirmed the Corporate Governance Committee Forward Work Programme subject to the inclusion of the following reports:-

23 November 2016

Internal Audit Report – Parking Services

25 January 2017

Internal Audit of Information Management and IT Management in Schools
Rhyl High School – Lessons learnt

26 April 2017

Fleet Management – Update report

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

The meeting concluded at 1.05 p.m.