

CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1a, County Hall, Ruthin on Wednesday, 22 March 2017 at 9.30 am.

PRESENT

Councillors Stuart Davies, Peter Duffy, Martyn Holland and Jason McLellan (Chair)

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

Councillor Anton Sampson attended as an observer

ALSO PRESENT

Head of Legal, HR & Democratic Services (GW), Head of Finance (RW), Head of Internal Audit (IB), Senior Auditor (LL), Chief Accountant (SG) and Committee Administrators (SJ)

Wales Audit Office Representatives – Anthony Veale, Charlotte Owen, Michelle Phoenix and Gwilym Bury.

1 APOLOGIES

Apologies for absence were received from Councillors Alice Jones, Win Mullen-James and Paul Whitham

2 DECLARATIONS OF INTEREST

No declarations of personal or prejudicial interest had been raised.

3 URGENT MATTERS

No urgent matters had been raised.

4 MINUTES

The minutes of Corporate Governance Committee held on 25 January 2017 were submitted.

***RESOLVED** that the minutes of Corporate Governance Committee held on 25 January 2017 be confirmed as a correct record and signed by the Chair.*

5 2017 AUDIT PLAN DENBIGHSHIRE COUNTY COUNCIL

A report by the Chief Accountant (SG) had been circulated previously together with a copy of the report by Wales Audit Office (WAO) entitled '2017 Audit Plan Denbighshire County Council'.

The WAO representative (AV) introduced the report. The report provided an outline of the planned programme of work for both the WAO's financial audit and performance audit programme. The report also detailed the fees for the work, the audit team and the timetable for the work.

A summary of the contents of the 2017 Audit plan – Denbighshire County Council was provided, which included –

- Audit of Accounts
- Certification of grants, claims and returns.
- Other work undertaken
- Performance audit
- Fee, audit team and timetable
- Future developments to the audit work.

The Wales Audit Office (WAO) representative (AV) provided the Committee with an overview of the contents of the report. During discussions the following matters were raised –

- the financial statements audited by the WAO examine a sample of collected data to examine any potential errors found.
- some discussion focused on the fee relating to work done for a joint committee in respect of who was responsible for the charge. It was noted that the host authority was charged the fee with the fee then being apportioned between the joint committee's member authorities.
- the WAO Good Practice Exchange (GPX) which provided scheduled seminar events for public bodies to share practical experience and good practice. Information on these events is posted to the GPX website.
- The draft annual report' had been completed and would be presented to Full Council.

RESOLVED that the Corporate Governance Committee receive the report.

6 WAO: SAVINGS PLANNING LOCAL REPORT FOR DENBIGHSHIRE

The Wales Audit Office (WAO) prepared a report (previously circulated) entitled 'Savings Planning – Denbighshire County Council' updating members on savings achievements 2015-2016, financial planning arrangements and the Savings Plan 2016-2017.

The WAO representative (GB) explained the background to, and content of the report. The title of the report had changed from 'Financial Resilience of Councils in Wales' to 'Savings Planning- Denbighshire County Council'. GB explained that the report primarily looks at savings and forms part of a larger report on financial resilience. The Committee were informed the report provided a positive assessment of the Council's financial arrangements.

It was explained to the Committee the proposals for improvement detailed in the report. Two improvements had been recognized –

- developing an income generation/ charging policy
- formally risk rating savings according to achievability and identify sustainable mitigating actions for those classified as high risk

It was acknowledged that saving money has become more difficult and Councils are faced with difficult decisions.

The following matters were raised during the debate –

- the importance of clear principles in relation to changing charges was highlighted. The Committee was advised that a consistent approach to making decisions has been adopted.
- cuts to funding from European grants would have to be considered and reviewed in line with budget regulations if the situation arises
- the emphasis on efficiency savings has been limiting the impact of cuts on the public. The committee was advised that this would prove increasingly difficult in the future.
- the introduction of the web-based impact assessment tool addressed the council's duties under the Well-Being of Future Generations (Wales) Act 2015.

The Chair, Councillor Jason McLellan expressed thanks to the Wales Audit Office Representatives for the reports and attendance at the meeting.

RESOLVED that, the Corporate Governance Committee receive the report and note the proposals for improvement made by the WAO.

7 INTERNAL AUDIT UPDATE

The Head of Internal Audit (HIA) submitted a report (previously circulated) updating members on Internal Audit's progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

The report provided information on work carried out by Internal Audit since the last Committee meeting. It allowed the Committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports so that the Committee could receive assurance on other Council services and corporate areas.

The HIA guided members through the reports which provided an update as at the end of February 2017 on –

- Internal Audit reports recently issued
- Follow up of previous Internal Audit reports
- Progress in delivering the Internal Audit Operational Plan 2016/17
- Internal Audit performance standards

The following matters were raised during debate –

- it was agreed the format of the reports was easily read and easy to follow and understand. The report covers all services that received an audit but does not refer to services that had not.
- the HIA explained the hard work that the Audit department had undertaken and the variety of reports that had been created as a result. with regard to Housing rent debts being paid off, the HIA informed the Committee that if individuals remained in County or return to County with outstanding debts, these had to be paid back to the authority prior to new tenancy agreements. Practices are in place to implement this policy.

The HIA added that he was very pleased with the performance of Internal Audit with the majority of targets being exceeded. He wanted to acknowledge the continued hard work from the Internal Audit department completing work to deadlines.

The Chair Councillor Jason McLellan, expressed thanks to the Head of Internal Audit and the Audit team for all the hard work they had carried out.

RESOLVED that the report be received and noted.

8 INTERNAL AUDIT STRATEGY 2017-18

The Head of Internal Audit (HIA) submitted a report (previously circulated) to provide to the Committee the Internal Audit Strategy for 2017-2018.

The HIA explained to the Committee the internal audit team are undergoing changes with the updated structure of the internal audit team presented to the Committee within the report. The HIA introduced Lisa Lovegrove as the new Head of Internal Audit from June and confirmed the Audit team going forward would consist of 6 team members.

It was conveyed to the Committee that by March 2018 an external audit conducted by Gwynedd will be performed on Denbighshire's internal audit department. Prior to the external audit a self-assessment will take place and the findings and recommendations will be brought to the Corporate Governance Committee for deliberation.

The HIA guided members through the report which provided information, the HIA elaborated on –

- development of a Corporate Assurance map that included all the councils activities. Audit risk assessments carried out by Heads of Service to compile data quarterly to risk assess has been supported by Service departments.
- the tradition of estimating how many days would be spent on each project had been amended. Communication between internal audit and the Service teams to establish an agreed timescale of work would be adopted.
- the Internal plan had a higher element of flexibility allowing work to be completed and prioritised accordingly.

The members of the Committee debated the level of staffing on the internal audit team to establish if the change of staff numbers would affect the high level of work

completed. The HIA confirmed that following all the changes, the team will consist of 6 members which was sufficient for the work the internal audit are responsible for. It was explained that all aspects had been considered in determining the staffing numbers and continues to monitor this level would take place. The HIA reassured the Committee that 6 members of staff was a similar number to other Local Authorities. It was noted that 6 team memebtrs would be the minimum to run the department.

The Chair, Jason McLellan thanked the HIA for his hard work and commitment to the Committee and took the opportunity to welcome Lisa Lovegrove as the appointed Head of Internal Audit.

RESOLVED that, the Corporate Governance Committee receive the report and note its contents.

At this junction, the Chair wished to thank Ivan Butler Head of Internal Audit for his hard work and valued participation on the Corporate Governance Committee and wished him well in his retirement.

Members gave their appreciation for all the hard work, time and energy spent producing easy to understand and read reports and showed appreciation for the great leadership qualities Ivan had demonstrated to the Committee. Well wishes for the future were given and for an enjoyable retirement.

9 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

The Corporate Governance Committee Forward Work Programme was presented for consideration and members noted the following additions –

- 21 June 2017 -Corporate Governance Annual Report
- 19 July 2017 – Draft Statement of accounts
- 27 September – Approval of the Statements of Accounts
- 27 September – Internal Audit Charter
- 29 November – Annual Ripa (Regulation of Investigatory Powers Act 2000)

RESOLVED that, subject to the above additions, the Corporate Governance Committee's forward work programme be approved.

The meeting concluded at 11.10 a.m.