

## **CORPORATE GOVERNANCE COMMITTEE**

Minutes of a meeting of the Corporate Governance Committee held in Conference Room 1a, County Hall, Ruthin on Wednesday, 7 February 2018 at 1.00 pm.

### **PRESENT**

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

Lay Member Paul Whitham

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

Councillor Julian Thompson-Hill and Councillor Mark Young, Lead Member for Corporate Standards

### **ALSO PRESENT**

Head of Legal, HR & Democratic Services (GW), Head of Finance (RW), Chief Accountant (SG), Chief Internal Auditor (LL), Internal Auditor (GS), Head of Highways and Environmental Services (TW), Fleet Manager (CB), Business Information Team Manager (CB) and Committee Administrator (SJ).

Wales Audit Office Representative –Gareth Evans

#### **1 APOLOGIES**

Apologies for absence were received from Councillors Tony Flynn

Apologies for absence were received from Wales Audit Office representatives Anthony Veale and Gwilym Bury.

#### **2 DECLARATION OF INTERESTS**

Councillors Martyn Holland, Barry Mellor, Mabon ap Gwynfor, and Julian Thompson-Hill declared personal interests in agenda item 6 as they were school Governors.

#### **3 URGENT MATTERS**

No urgent matters were raised.

#### **4 MINUTES**

The minutes of the Corporate Governance Committee held on the 29 November 2017 were submitted.

**Matters Arising –**

Item 4 Minutes- Lay member Paul Witham requested clarification of the definition of Contingency and this be circulated to members. The Head of Legal, HR and Democratic Services apologised for the delay and confirmed he would research the definition and circulate to 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 CORPORATE FLEET MANAGEMENT UPDATE**

The Chief internal Auditor (CIA) 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 follow up action plan appendix 1 indicated progress had been made with implementing the issues and risks identified by Internal Audit. Of the 13 issues raised in the original audit in 2015, 12 had been successfully resolved, which included developing a new transport policy, monitoring fuel stocks and improvement to Health and Safety driver checks. Work was still underway to resolve the one outstanding issue. The CIA was confident the issue would be resolved.

Head of Highways and Environmental Services (HHES) echoed the opinion of the CIA and confirmed work was on plan to resolve the final issue raised.

The following matters were raised during debate –

- Drivers holding clean driving licences – The Fleet Manager (FM) confirmed fleet vehicle users have their licence checked. Employees complete a declaration to inform management to any changes to driving licences immediately. The FM informed members duty of care and managing risk was priority.
- Members asked when the final issue was proposed to be resolved- The FM stated he anticipated the final issue would be resolved by October 2018.
- The FM confirmed that all Denbighshire Fleet Vehicles are fitted with black boxes. Information is collected and used to implement any changes required.
- Members asked about the effectiveness of fuel – The FM informed members at present no changes had been proposed to change fuel in fleet vehicles. Fleet services team are assessing sources of alternative fuel such as electric vehicles. At present the FM stated the infrastructure does not support the use of electric vehicles. The HHES stated the council is currently participating in a Welsh Government funded project which will help us to develop a roadmap to facilitate a move to using more sustainable fuel within our fleet.

The Chair thanked and praised the Fleet Services and Internal Audit for the hard work that had been involved in the completion of addressing the 12 issues raised.

**RESOLVED** that the Corporate Governance receive the Fleet Management update and note its contents.

## 6 INTERNAL AUDIT UPDATE

The Chief Internal Auditor (CIA), introduced the Internal Audit update report (previously circulated) updating members on the Internal Audit progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

The report provided information on work carried out by Internal Audit since the last committee meeting. The CIA guided members through the reports which provided an update as at January 2018 on:

- Internal Audit reports recently issued
- Follow up of previous Internal Audit reports
- Progress on Internal Audit work to date 2017-18
- A summary of upcoming Internal Audit projects
- Progress with Counter Fraud work
- Internal Audit Performance standards

The following matters were raised during debate –

- Document retention – The CIA confirmed that document retention had been discussed previously. Confirmation was given that arrangements had been put in place to improve housekeeping of document retention.
- Settlement Agreements – January 2018 – Members asked if trends had been found when looking at numerous departments. The CIA confirmed a sample of settlement agreements had been audited. Each agreement had been looked at individually as they were complex cases. Departments with higher volume of staff had more cases. The Monitoring Officer (MO) confirmed a risk base approach had been adopting when looking at settlement agreements.
- Progress with Counter Fraud Work – The Internal Auditor stated the result from fraud referrals investigated was positive. The small number of referrals were thoroughly investigated. Tight controls were in place to reduce the number of fraud cases with all findings recorded and regularly monitored. The MO echoed the positive transparency of the Audit report and stated no statements of concern had been made through the whistleblowing policy.

The Chair was pleased to see Health and Safety in Schools included in the upcoming projects and welcomed the Internal Audit Report.

The CIA explained that exploration had taken place into the use of a new system named VERTO to follow up and record Audit reports. It is envisaged that the new system would aid in reducing the number of audit days spent following up agreed actions, and highlighting any outstanding issues with senior management. Update reports will be produced and presented to the Corporate Governance Committee.

The Chair thanked the officers and Internal Audit for the report.

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

At this junction (14:05 a.m.) there was a 10 minute break.

Meeting reconvened at 14:15 a.m.

## **7 GENERAL DATA PROTECTION REGULATION (GDPR)**

A presentation on General Data Protection Regulations (GDPR) was provided by the Business Information Team Manager (BITM). Via the PowerPoint presentation the BITM gave members outlined the work that had been undertaken prior to the introduction of GDPR in May 2018.

Members were informed of the basics changes that included-

- Wider definition of personal data
- Larger fines
- Mandatory notification of serious breaches within 72 hours
- Mandatory Data Protection Officer
- Mandatory Data Protection Impact Assessments for high risk activities
- Greater focus on evidencing compliance
- Legally binding contracts with data protection.

The BITM informed the committee that a Denbighshire County Council Information Governance Group had been established to support and monitor compliance and ensure all changes are managed effectively. Numerous policies would be reviewed and updated to reflect the changes and staff would receive training.

During discussion the following points were raised –

- Subject Access Requests- the BITM confirmed that if a deadline for information was exceeded the Information Commission Officer would consult as to the reason for the delay and could issue a fine.
- Member IPAD- holding data- The Monitoring Officer explained that Councillors were data controllers, training was provided to data controllers if required to update knowledge on storing data.
- Templates are being sought to adopt in Denbighshire to provide assurance and confidence.

***RESOLVED***, that the Corporate Governance Committee receive the update report on the General Data Protection Regulation.

## **8 ANNUAL TREASURY MANAGEMENT STRATEGY**

The Head of Finance (HOF) introduced the Treasury Management Strategy Statement (TMSS) Report (Appendix 1 - previously circulated) which showed how the Council would manage its investments and its borrowing for the coming year and sets out the Policies within which the Treasury Management function operate. The report also outlined the likely impact of the Capital Plan on this strategy and on the Prudential Indicators. The Treasury Management Update Report (appendix 2) provided details of the Council's Treasury Management activities during 2017/18.

The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") required the Council to approve the

TMSS and Prudential Indicators annually. The Corporate Governance Committee were required to review the report prior to its approval at Council in February 2018.

During discussion the following points were raised –

- Regulators had 2 categories of Clients- Retail Client and Professional Client. The nature of the advice given was subject to the level of investment balance.
- The Council set aside money each year to repay debt – Minimum Revenue Payment (MRP). The MRP Policy received an annual review.
- The Capital fund ration had reduced due to the low rates of borrowing. The HOF informed members this would change in line with rate increases.
- A final Audit review was awaited. Publication was due later in the year.
- It was confirmed that the Treasury Management Report would be presented at full Council in February 2018.

**RESOLVED**, that the Committee note the Treasury Management Strategy Statement for 2018/19, the Prudential Indicators 2019/20 to 2020/21. The Committee note the Treasury Management Update Report 2016/17 and confirm it has read, understood and taken account of the Well-being Impact Assessment as part of its consideration.

## **9 CLOSURE OF STATEMENT OF ACCOUNTS**

The Chief Accountant (CA) introduced the report (previously circulated) providing a summary of the work involved in the financial year- end closedown process and to update members on the progress made towards the statutory early closedown of accounts. The report highlighted an agreed change to the way the Council deals with non-material errors that are identified during the audit that will affect the final Welsh Audit Office (WAO) report to Corporate Governance Committee.

The CA guided members through the report, highlighting the Welsh Governments proposal to bring forward the publishing dates of the Statement of Accounts. An earlier publication date would enhance the accountability of authorities and the usefulness of accounts to local residents as the statement of accounts report would be available on a more timely basis. The CA assured members the Council was making positive progress working towards earlier deadlines.

It had been agreed by Denbighshire County Council and WAO that the draft Statement of Accounts will not be amended to correct non- material misstatements. The CA highlighted the following points-

- The overall opinion of the Audit was not affected
- WAO would still report uncorrected misstatements to Corporate Governance Committee.

The WAO representative echoed the update from the CA, adding that communication with the Finance team would still remain transparent. Completing clean set of accounts would remain the priority of the Council and WAO.

During discussion the following points were raised –

- The wording used in the accounts report was of high importance.
- Asset register would still be included in the report.

**RESOLVED** that the Corporate Governance Committee receive the report and note,

- I. *the progress made towards achieving the early closedown dates as stipulated by Welsh Government,*
- II. *the change in approach in the way the Council deal with non-material errors identified during the audit and the effect on the final WAO report.*

## **10 ANNUAL AUDIT LETTER**

The Wales Audit Office (WAO) provided Members with an information letter (previously circulated) detailing the Annual Audit letter for Denbighshire County Council 2016-2017.

**RESOLVED**, *that the committee receive and note the content of the WAO letter.*

## **11 WALES AUDIT OFFICE'S PROGRAMME OF WORK**

The Wales Audit Office (WAO) provided Members with an information report (previously circulated) detailing the proposed programme of work. The report highlighted proposed Wales Audit Office reports on both financial and performance related audit work.

**RESOLVED**, *that the committee receive and note the content of the WAO report.*

## **12 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME**

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

The Committee confirmed the Corporate Governance FWP subject to the following amendments:-

07 March 2018 –

- CIPFA (Audit Committee Practical Guidelines) / Terms of reference.

25 April 2018 –

- Compliance with Denbighshire's Risk Management policy

11 July 2018 –

- Treasury Management
- Update Constitution report

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

**The meeting concluded at 15:40 p.m.**