

Report To: County Council

Date of Meeting: 11th September 2018

Lead Member / Officer: Barry Mellor, 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 2017/18

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 2016-17, 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 serious breaches during the reporting period.
- 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 no concerns raised under the policy during the reporting period.
- 4.4.5 Regulation of Investigatory Powers Act (RIPA) Annual Report – the Council's RIPA policy deals with the conduct of surveillance activity by the Council and requires an annual report on the number of authorisations issued for directed surveillance activity covered by the relevant legislation in order that the Committee can be assured that the Council is operating within the parameters set by legislation. No authorisations had been issued for directed surveillance activity during the reporting period.

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.

4.5.3 Schools in Financial Difficulty – the Committee received a report to explain the Council's policy and approach to working with schools in financial difficulty. The policy follows a number of escalation steps, one of which is for individual schools and governors to report to the Committee.

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 Governance, Information management and the use of resources. 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 2016-17 accounts or key financial systems.

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

4.6.3 Domiciliary Care Services Actions update – the Committee received an update on the response to the Denbighshire County Council report following the CSSIW National Review of Domiciliary Care in Wales, an external regulatory report that had been presented in the previous municipal year.

4.6.4 Homelessness Prevention Action Plan Update – The Committee received an information report on the progress of the Homelessness Prevention Action Plan, incorporating actions required by the Denbighshire Homelessness Strategy 2017-21; the Denbighshire Supporting People /

Homelessness Prevention Annual (Commissioning) Plan, and the recommendations of the Welsh Audit Office report: 'How Local Government Manages Demand – Homelessness' (January 2018) to provide assurance that the service had responded to recommendations received from the WAO.

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, Corporate Safeguarding, Information Management and IT Management in Schools, Corporate Fleet Management and Public Conveniences.

4.8 The Committee has also received reports reviewing other corporate issues including the Strategic Risk Management Framework and the Council's preparations for the introduction of the General Data Protection Regulation (GDPR)

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

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

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

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