

Annual Governance Statement

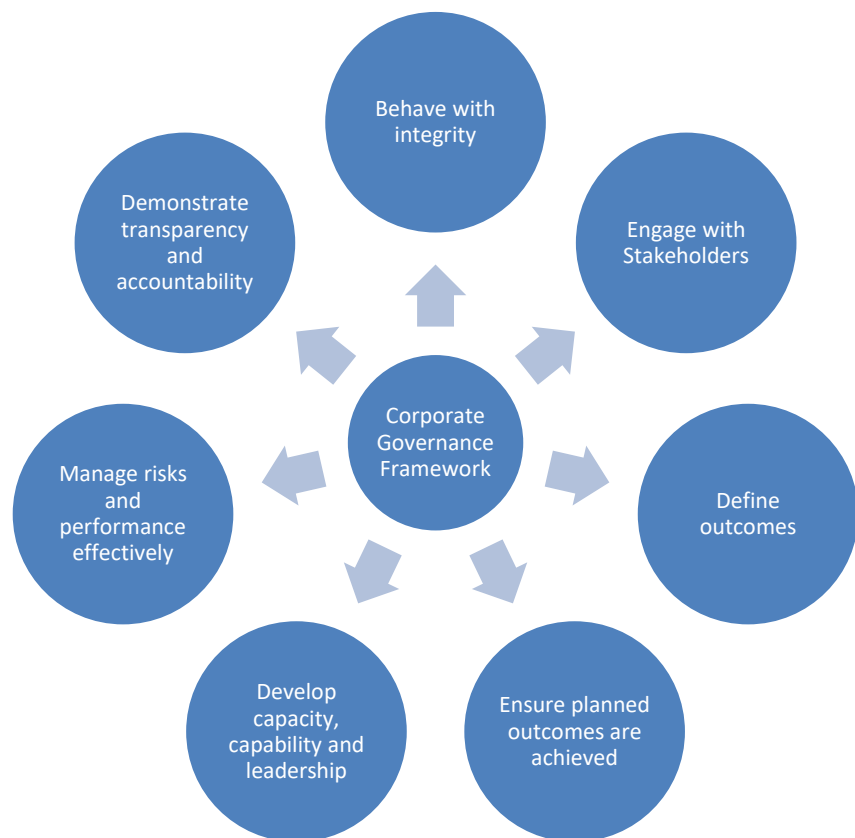
2018-19

Introduction

The CIPFA/Solace Delivering Good Governance in Local Government framework (2016) requires local authorities to publish an Annual Governance Statement. This is to show that Denbighshire County Council (the Council):

- Conducts its business in accordance with relevant laws and regulations;
- Properly accounts for and safeguards public money;
- Uses its resources economically, efficiently and effectively to achieve agreed priorities that benefit local people.

The Council has adopted the 'Core Principles' which underpin the CIPFA/Solace framework to form its Corporate Governance Framework. The seven core principles are set out below along with an overview of the Council's governance framework:



Key Elements Of The Council's Governance Framework		
Evidence Sources <ul style="list-style-type: none"> • Constitution • Corporate Plan • Leadership Strategy • Core Values • Equalities arrangements • FOI arrangements • Codes of conduct • Anti-fraud & Corruption Policy • Whistleblowing Policy • Expert advice & guidance • Risk management • Project management • Internal controls • Internal Audit service • Information management • Elected member & staff training • Customer feedback & • Complaints process 		Assurance Sources <ul style="list-style-type: none"> • Performance reports • Financial reports • Democratic arrangements • External regulator reports • Internal Audit reports • Service challenges • Self-assessments • Peer reviews • Partnership boards • Staff surveys • Resident surveys • Customer feedback • Consultations
Members <ul style="list-style-type: none"> • Corporate Governance Committee • Scrutiny Committees • Standards Committee 	Council Meetings <ul style="list-style-type: none"> • All meetings are held in public • Decisions are recorded on the Council's website 	Executive <ul style="list-style-type: none"> • Corporate Executive Team <ul style="list-style-type: none"> ◦ Head of Paid Service (CEO) ◦ Treasurer (Section 151 Officer) ◦ Monitoring Officer • Senior Leadership Team

Review of Effectiveness

The effectiveness of governance arrangements is measured in several ways. One key report is the Chief Internal Auditor's Annual Report which provides an independent opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework and the extent that the Council can rely on it. The Annual Internal Audit Report will be presented to the Corporate Governance Committee in June 2019, which will summarise the key findings of the audit work undertaken in 2018/19, including any areas of significant weaknesses in the internal control environment.

It is of the opinion of the Chief Internal Auditor, taking into account all available evidence, that medium assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2018/19. This is the same as last year. Improvements in the following areas were highlighted however:

Issues identified by Internal Audit in 2018/19	Agreed action
Review and update the Money Laundering Policy and raise awareness with relevant officers.	Update Money Laundering Policy and communicate to officers that collect cash on behalf of the Council.
Define risk appetite and risk management training for members and officers (staff).	Agree risk appetite and arrange training for members and senior and middle managers on risk management.

Last year's self-assessment and Annual Governance Statement highlighted nine areas for improvement relating to: committee reports; awareness of the code of conduct; budget deficit; changes affecting senior management; partnerships; contract management; benefit realisation; and GDPR implementation. Follow up work by Internal Audit confirms that all areas are being addressed.

The Corporate Governance Officer's Group consisting the Monitoring Officer, Head of Finance, Head of Business Improvement & Modernisation (SIRO) reviewed the Council's arrangements against the CIPFA/Solace Framework. This confirmed that governance arrangements such as the Code of Conduct, Financial Regulations, and other corporate processes have operated as intended during the year. The Code of Corporate Governance was updated to reflect the current arrangements. Looking ahead, the following areas for improvement have been identified for 2018/19:

Improvement actions 2018/19	Agreed action
Review, update and promote the Strategy for the Prevention of Fraud, Corruption & Bribery	Periodic review of the Strategy and raise awareness as relevant.
Review the Council's Ethical Culture as required by the Public Sector Internal Audit Standards	Internal Audit review planned for 2019/20.
Finalise and promote the Partnership Framework	Partnership framework to be presented to Corporate Governance Committee and requirements communicated to relevant persons
Ongoing work to promote the officer's code of conduct, declaration of interest, gifts and hospitality and whistleblowing.	E-learning module due to be released and Monitoring Officer to brief senior and middle managers.
Ongoing work to implement the requirements of the General Data Protection Regulations.	Internal Audit review of GDPR.

The Governance Framework

Principle 1 - Behaving with integrity, with commitment to ethical values, and respect for the rule of law

Denbighshire CC's Constitution includes the Codes of Conduct for members and officers and demand a high standard of behaviour. These are supported by more detailed guidance such as the Strategy for the Prevention and Detection of Fraud, Corruption and Bribery, Whistleblowing Policy, Financial Regulations and Contract Procedure Rules. The Monitoring Officer and Head of Finance / Section 151 Officer both have responsibilities to ensure that Council decisions meet legal requirements.

Principle 2 - Ensuring openness and comprehensive stakeholder engagement

The Council engages with stakeholders and partners through joint working arrangements, partnership boards and representation on external bodies' governing boards. The annual resident survey informs community engagement strategies as well as service. The Council publishes information on the website including webinars of Council meetings. Communication channels involve press releases and online such as social media (facebook and twitter).

Principle 3 - Defining outcomes in terms of sustainable economic, social, and environmental benefits

The strategic vision for Denbighshire is set out in its Corporate Plan. Within it, Council defines specific priorities and outcomes to be achieved and this is managed by two programme boards. A separate programme board is focused on ensuring the Council's finances and services are sustainable. A Wellbeing Impact Assessment is completed to inform significant decisions.

Principle 4 - Determining the intervention necessary to achieve intended outcomes

A Quarterly Performance report tracks the performance of all Council activities in terms of key performance indicators and delivery of key outcomes. The report also highlights remedial actions being taken where slippage does occur. Senior Management and Members (via Scrutiny committees and the Corporate Governance Committee), ensure the Council remains focussed on achieving its objectives and priorities.

Principle 5 - Developing capacity, including the capability of leadership and individuals within the Council

Development is directed by the leadership strategy, apprenticeship schemes and an e-learning portal is used to develop staff at all levels. The Council also works across a broad set of partnerships and collaborative arrangements, and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way.

Principle 6 - Managing risks and performance through strong internal control and financial management

Corporate risk registers are updated twice yearly, with significant risks brought to the attention of senior management and members. Internal Audit assess the overall quality of risk management, governance and internal control and agree actions for improvement as necessary. The Council has a strong track record in financial management, delivering services within budget and timely production of the 2017/18 accounts in response to the early closure requirements.

Principle 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Council provides clear and accurate information, and has developed both its website and the format of Council reports to improve transparency and accessibility. Minutes of meetings and key decisions are published on the Council's website. The external assessment of Internal Audit confirms it conforms to the Public Sector Internal Audit Standards.

Key contributors to developing and maintaining the Governance Framework

Council	<ul style="list-style-type: none">– Approves the Corporate Plan– Endorses the Constitution– Approves the policy and financial frameworks
Cabinet	<ul style="list-style-type: none">– Primary decision making body of the Council– Comprises of the Leader of the Council and Cabinet members who have responsibility for specific portfolios
Corporate Governance Committee	<ul style="list-style-type: none">– Help raise the profile of internal control, risk management and financial reporting issues within the Council, as well as providing a forum for the discussion of issues raised by internal and external auditors
Standards Committee	<ul style="list-style-type: none">– Standards Committee promotes high standards of conduct by elected and co-opted members and monitors the operation of the Members' Code of conduct.
Programme Boards	<ul style="list-style-type: none">– Track efficiencies, highlighting risk and mitigating actions to achievement– Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery– Plan communication and engagement activity
Scrutiny Committees	<ul style="list-style-type: none">– Review and scrutinise the decisions and performance of Council, Cabinet, and Committees– Review and scrutinise the decisions and performance of other public bodies including partnerships
Senior Leadership Team & Managers	<ul style="list-style-type: none">– Responsible for developing, maintaining and implementing the Council's governance, risk and control framework– Contribute to the effective corporate management and governance of the Council
Internal Audit	<ul style="list-style-type: none">– Provide an independent opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements– Delivers a programme of risk based audits, including counter fraud and investigation– Identifies areas for improvement in the management of risk–
External Audit	<ul style="list-style-type: none">– Audit and report on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources

Significant governance issues

This Annual Governance Statement concludes that the Council has effective arrangements in place. While we recognise that there are areas for improvement (see improvement actions), it is important to note that the Corporate Governance Officers Group determined that there were no significant issues in 2018/19.

The areas for improvement that we have identified in our self-assessment will be monitored by the Corporate Governance Committee. This plan also includes any issues raised in last year's action plan that have not yet been fully addressed.

Certification

We propose over the coming year to take steps to address the issues identified in our Governance Improvement Action Plan to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: _____
Cllr Hugh Evans
Leader of the Council

Date: _____ 2019

Signed: _____
Judith Greenhalgh
Chief Executive

Date: _____ 2019