

<b>Report To:</b>	County Council
<b>Date of Meeting:</b>	2 <sup>nd</sup> July 2019
<b>Lead Member / Officer:</b>	Chair Corporate Governance Committee
<b>Report Author:</b>	Gary Williams, Head of Legal, HR and Democratic Services
<b>Title:</b>	<b>Annual Report of the Corporate Governance Committee</b>

## 1. What is the report about?

The report is about the work of the Corporate Governance Committee (the Committee) for the Municipal Year 2018/19

## 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 2017-18, 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 significant data breaches during the reporting period. There had been two minor breaches involving inaccurate address details on correspondence. Both breaches were investigated but not considered sufficiently serious to report to the Information Commissioner.
  - 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 two concerns raised under the policy during the reporting period which emanated from separate areas and were different in nature. There did not appear to be a connection between the two concerns nor any underlying theme that needed to be addressed.
- 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.
- 4.6 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 Scrutiny, Service User Perspective Review relating to Housing and the Estyn Inspection. 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 2018-19 accounts or key financial systems.
- In addition the Committee receives reports on the WAO's programme of work.
- 4.6.3 Overview and Scrutiny – Fit for the Future – the Committee received a report on The Council's Scrutiny arrangements as part of a national study. The report concluded that the Council's overview and scrutiny function is responding well to current challenges, however limited capacity to support scrutiny may hinder future progress, and there is scope for cabinet members to contribute more actively to scrutiny discussions.
  - 4.6.4 Local Government Use of Data – the Committee received a report on the use of data by the Council as part of a national study. The report found that the Council has the foundations in place to make better use of data but needs to improve how data is analysed and presented to decision makers. The report suggested that – developing a more unified and corporate approach to using data would help to extend the benefits of data-led decisions to all service areas. Updating data sharing protocols and communicating them would help to ensure that managers know when and what they can share, helping to avoid disproportionate risk aversion when it comes to data sharing. Mapping staff who have a role in analysing and managing data to build and develop capacity in data usage and developing its data analysis capacity within existing resources will help the Council embed data-driven decision-making and generate greater insights into customer demand for services.

- 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, Health and Safety in schools, Public Conveniences, Project Management of 21<sup>st</sup> Century Schools, Registration Service, and Joint Procurement Unit.
- 4.8 The Committee has also undertaken a self-assessment of its own performance compared to current best practice. This assessment was against a checklist from the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance “Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition.”

There are no significant areas of non-compliance identified in the core functions expected of audit committees or wider functions, however some variances were identified and the terms of reference updated accordingly. Self-assessment responses highlighted training needs which is being arranged with the Welsh Chief Auditors Group for the Chair and internally for all committee members.

**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**

**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.