

# Public Document Pack

## GOVERNANCE AND AUDIT COMMITTEE

Minutes of a meeting of the Governance and Audit Committee held by video conference on Wednesday, 9 June 2021 at 9.30 am.

### PRESENT

Councillors Ellie Chard, Tony Flynn, Martyn Holland (Vice-Chair), Barry Mellor (Chair), Rhys Thomas and Joe Welch.

Lay Member – Paul Whitham

**Cabinet Member** – Councillor Huw Hilditch- Roberts Lead Member for Education, Children's Services and Public Engagement.

### ALSO PRESENT

Head of Legal, HR and Democratic Services – Monitoring Officer (GW), Head of Finance and Property Services (Section 151 Officer) (SG), Legal Services Manager (LJ), Chief Internal Auditor (LL), Senior Auditor (LH), Service Manager - Looked After Children (M), Strategic Planning Team Manager (NK), Strategic Planning & Performance Team Leader (IMG) and Committee administrators (SJ, KJ and RTJ).

Audit Wales representatives Matthew Edwards and David Wilson had also been in attendance.

### 1 APOLOGIES

Councillor Barry Mellor informed members he had received notification that Councillor Joe Welch and Councillor Tony Flynn would be slightly late attending the meeting.

### 2 APPOINTMENT OF CHAIR

Nominations were sought for a Member to serve as the Committee's Chair for the ensuing year. Councillor Ellie Chard nominated Councillor Barry Mellor, seconded by Councillor Martyn Holland. No other nominations were received and it was therefore;

**RESOLVED** that Councillor Barry Mellor be appointed as the Governance and Audit Committee's Chair for the ensuing year.

### 3 APPOINTMENT OF VICE CHAIR

Nominations were sought for a Member to serve as the Committee's Vice Chair for the ensuing year. Lay Member Paul Whitham nominated Councillor Martyn Holland, seconded by Councillor Ellie Chard. No other nominations were received and it was therefore;

**RESOLVED** that Councillor Martyn Holland be appointed as the Governance and Audit Committee's Vice Chair for the ensuing year.

The Chair welcomed Councillor Ellie Chard and Councillor Rhys Thomas as new members to the Governance and Audit Committee.

#### **4 DECLARATION OF INTERESTS**

No declarations of interest were raised.

#### **5 URGENT MATTERS**

No urgent matters were raised.

#### **6 MINUTES**

The minutes of the Governance and Audit Committee meeting held on the 28 April 2021 were submitted.

Matters of accuracy- None

Matters arising - None

**RESOLVED** that subject to the above, the minutes of the Governance and Audit Committee be received and approved as a correct record.

#### **7 RIPA INSPECTION 2021**

The Legal Service Manager (LSM) presented to members the RIPA inspection 2021 report (previously circulated).

It was confirmed the Council was remotely inspected by the Investigatory Powers Commissioner's Office (IPCO) approximately once every three years in relation to activities carried out under the Regulation of Investigatory Powers Act 2000.

Members were informed the inspection had been carried out by one of the Commissioner's Inspectors, Graham Wright in February and March 2021. It was explained that a practical, pragmatic approach to the inspection took place. The protocol seemed to follow a desktop exercise with a remote inspection then if required a physical inspection. The findings confirmed that no physical inspection was required.

The inspection was a useful exercise for officers, as the inspection scrutinised the covert surveillance policy, training materials and central record of authorisations and demonstrated compliance by the authority.

Members heard the action plan from the previous inspection had been completed fully.

It was confirmed that no RIPA applications had been received over the last three-year period. The LSM stated this was not uncommon as local authorities had alternative methods of gathering evidence. The authority was obliged to use the alternative methods of evidence gathering prior to submitting a RIPA application.

Awareness of the policy and procedure document was essential. Training was vital to educate staff, it was highlighted as part of the inspection. The inspector had seen the training materials and was pleased with his findings and offered slight

amendments to improve the training material ready for the scheduled training in the autumn. It was confirmed an event had been arranged to take place in September for investigating officers and authorising officers.

Within the report members reference was made to Social Services paying particular reference to children's services. It was stressed the importance of maintaining knowledge of the procedures within Denbighshire. Reference to data was noted in the report. In particular, to the retention of data, beyond its use following an investigation. A RIPA working group consisting of middle managers, operational managers, the monitoring officer and the LSM, had been established to working with ICT to establish a central record of information to apply the statutory time frames. It was confirmed that a recent merge with Planning and Public Service department in relation to the CCTV aspect had been established.

The Chair thanked the LSM for the detailed account of the inspection. During the discussion the following points were raised:

- The criminal offence of cuckooing was a police matter. The authority would assist if needed.
- Previously RIPA activity had been carried out to investigate single occupancy. Over recent years it has not been used. Information sharing protocols were in place to investigate any data matching. The RIPA process would only be used as a last resort to investigate any potential fraud.
- The LSM confirmed any concerns of welfare of children would be investigated accordingly by the police. The authority would assist in any investigations if needed.

The Chair thanked the LSM for the responses to member's questions. It was,

***RESOLVED*** that members note the contents of the report and the inspection report attached as appendix 1.

## **8 ANNUAL PERFORMANCE REVIEW 2020 TO 2021**

The Strategic Planning Team Manager (SPTM) and the Strategic Planning and Performance Team Leader (SPPTM) guided members through the annual performance review (previously circulated). Members were reminded the purpose of the review had been to provide an overview of the progress on the key statutory functions. The report also included the intentions and priorities for the forthcoming year as per the requirement by Local Government Measure. Members were informed the Local Government Measure was soon to be repealed due to the Local Government and Elections Act. It was confirmed that the usual process for Annual Performance reviews had been to present a report to Performance Scrutiny, Cabinet and ratified by Full Council. Within the new Act a mandatory provision of a self-assessment of performance had been included. The Governance and Audit committee had the responsibility to monitor and oversee the self-assessment. The SPTM confirmed the self-assessment was not a requirement until next year. As a trial run, officers offered a draft version of a self-assessment this year. The purpose of the draft assessment had been to discuss the contents, its focus, its statutory obligations and asked for member views and comments.

Members were reminded that the SPPTM had previously attended a Governance and Audit meeting to discuss the requirements of the Self-Assessment under the Act. The self-assessment required officers to review a number of pieces of evidence including the annual performance review, any external regulatory reports and the annual Governance statement. The SPTM informed members once the governance areas had been reviewed an action plan for corporate improvement would be formulated. This would form the basis of the self-assessment. It was confirmed that monitoring of performance would continue to be tabled at Performance Scrutiny and Cabinet. The role of Governance and Audit Committee would be to receive the report annually for discussion and ratification.

The SPPTM provided members with confirmation that independent advice had been sought on how to best report to members. It was agreed to include the seven governance areas within the Annual Performance report under the title of Corporate Health to form one report.

Members thanked both the SPTM and SPPTM for the detailed report and clear explanation of the self-assessment. It was highlighted a lot of work had been involved in formulating the draft self-assessment. Following the discussion, the officers expanded upon the following:

- The assurance stated within the report had been provided by the independent auditor, commissioned by the WLGA.
- Involvement would be involved in the development of the new Corporate Plan. An inclusive approach from members and Lay Members would be adopted. The SPTM confirmed the research phase had begun with the engagement phase launched. Sessions had been arranging for the public with engagement sessions scheduled for members and staff. The process was reported to SLT and Cabinet for monitoring.

Members thanked the officers for the report and

**RESOLVED** *it had reviewed and approved the draft report, and it had considered any changes required to conclusions or actions that the council intended.*

## **9 ANNUAL GOVERNANCE STATEMENT 2020-21**

The Chief Internal Auditor guided members through the report and appendix 1 (previously circulated). Members were reminded the report collated information on internal audit activity, external regulator reports and an internal self-assessment by the Corporate Governance working group, which reviewed the governance arrangements in the council.

The Council had a statutory duty to publish an Annual Governance Statement (AGS). It was explained that the AGS formed part of the Statement of Accounts. It was presented to members separately to allow members to discuss and review the AGS on its own merit.

The AGS assessment noted the impact of the pandemic. One key impact noted had been the inability to hold committee meetings at the start of the year, due to the social distancing regulations. The impact of leaving the European Union was also included within the AGS.

The CIA informed members the new requirement for the inclusion of a statement of compliance with the financial management code had been included.

It was stressed the Covid 19 pandemic had had a significant impact on the Council and residents, requiring an adaptation to the way we deliver services to residents.

Members were reminded of a significant governance issue had been raised at last years AGS committee meetings concluding committee meetings could not be conducted. An update had been included in this AGS as meetings were able to come back online. All Council and Governance and Audit meetings were now webcast. The Monitoring Officer confirmed zoom meetings using the translation service commenced in October 2020.

The review of effectiveness was a key section of the AGS. This AGS incorporated the governance arrangements for Denbighshire Leisure Limited.

The CIA stressed the importance of the Improvement actions arising from 2020-21 AGS it demonstrated transparency and demonstrates room for improvement to be addressed this year.

Matthew Edwards, Audit Wales confirmed to members Audit Wales would review the AGS as part of the financial statements. The findings of the review will form the basis of the Audit Wales report of the accounts. Findings would be reported back to the committee in September 2021.

It was,

**RESOLVED** *members reviewed and approved the draft AGS for 2020-21 (appendix 1) and it monitors the progress made on the action plan from the AGS 2019-20.*

## **10 INTERNAL AUDIT REPORT 2020-21**

The Chief Internal Auditor (CIA), introduced the Internal Audit Annual report (previously circulated). The report provided the CIA's overall opinion of the adequacy and effectiveness of the Council's framework of governance, risk and control during the year which informed the 'Annual Governance Statement'.

Sufficient work had been completed during the year including draft stage audits to allow an assurance be provided. It was stated he coronavirus pandemic had disrupted the delivery of the Internal Audit Plan for 2020-21. It had prompted a refocus of the plan on areas of greatest priority to the council which could be delivered within the resources available to Internal Audit.

It was confirmed that other than the restrictions imposed from the pandemic, no restrictions or impairment on the work of internal audit had been noted. Adjustment to home working had taken place smoothly and efficiently.

In response to concerns and questions raised by members the CIA confirmed that agile auditing consisted of an agreed plan of what was to be audited and progress reviewed at intervals. It was hoped that it would reduce the amount of time for auditing to allow priority on key areas for auditing.

Members were informed that the deferred or cancelled audits would be incorporated into the audit needs analysis spreadsheet. Input from a number of sources such as the authorities Corporate Priorities and Corporate Risk Register and Service Risk Registers. It was updated regularly throughout the year to assess a priority of work to be completed.

The CIA informed members, that the National Fraud Initiative (NFI) on data matching was based on information the Council uploaded. This information was collated from elections and council tax. Prior to 2018/19 Civico had co-ordinated a different system for collecting data. The use of NFI had not been heavily used. A greater effort had been made to focus on data matching. An amendment to the Council Tax bills to those properties had been made to recover some of the funds.

The CIA confirmed that the indication on the project registration for empty homes was showing as green. Any concerns would be addressed when project management assessment work was completed.

The Chair thanked the CIA for the report and the detailed response to member's concerns.

It was,

**RESOLVED** that the Chief Internal Audit's Annual Report and overall 'opinion' be received and its contents noted.

## **11 DIRECT PAYMENTS FOR CHILDREN - INTERNAL AUDIT FOLLOW UP REPORT**

The Chief Internal Auditor alongside the Senior Auditor introduced the report (previously circulated). It was explained to the committee, that a low assurance report had been presented to the committee in November 2020, and members requested a progress report be presented. Confirmation that the assurance rating had been reassessed based on the completed actions highlighted in the action plan. The assurance rating had been reassessed with a medium rating. A further follow up scheduled for September 2021 to assess any outstanding actions.

The senior auditor provided members with background information on the direct payments being a key principal of the Social Services and Wellbeing Act to ensure individuals had an input on outcomes and receive support needed. Out of the 14 actions originally raised all but 4 had been completed.

In response to members questions the officers and Lead member expanded upon the following:

- Confirmation that further information had been sought from the All Wales Direct Payment Forum to gain a better understanding of other Welsh Authority's monitoring process. Unfortunately, not a lot of further information was supplied.
- the funding can be required for a range of needs including, personal assistance, rest bite and nursery provision. Each child or family was assessed to evaluate the level of funding and support required.
- The audit conducted had been specific to direct payments for children. Direct payments as a whole was vulnerable for fraud. Local authority had a responsibility to support individuals who are in receipt of direct payments, to ensure they can adequately engage PA's and that individuals are aware of responsibilities to manage risks. The Audit addressed the need to manage risks involved.

The Chair thanked the officers and Lead Member for the detailed report. Members agreed for Internal Audit to manage the outstanding actions and did not require a further update to the committee.

**RESOLVED** that members note the contents of the report.

## **12 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME**

The Governance and Audit Committee's Forward Work Programme (FWP) was presented for consideration (previously circulated).

It was agreed to amend the FWP as following:

- Follow up Internal Audit report on Queens Building be included on the July agenda.

The Chair informed members he had correspondence from Audit Wales to include a quarterly report from Audit Wales. The intention of the report was to provide the committee with national reports and update members of progress on the delivery of the annual plan. The Monitoring Officer suggested it would be beneficial for the committee to receive a quarterly report.

Members agree to include a quarterly update report from Audit Wales on the FWP. It was decided to include the first update on the meeting to be held in September 2021.

**RESOLVED** that, subject to the inclusion of the above additions the Governance and Audit Committee's forward work programme be noted.

**The meeting concluded at 11.22 a.m.**

This page is intentionally left blank