

Appendix 2

Governance and Audit Committee Annual Report 2021/2022

During the period of the municipal year 2021/22 the Governance and Audit Committee met on six occasions.

The Committee received regular update reports from Internal Audit in respect of the work of the audit service, progress against the Audit plan and the outcome of individual audits that had taken place.

The Committee also received the Internal Audit Strategy and the Internal Audit Annual Report which contains the Head of Internal Audit's opinion as to the assurance to be given by the Council's framework of governance, risk management and control. The Internal Audit Opinion concluded that reasonable assurance could be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.

During this period the Committee also reviewed a number of follow up reports produced by Internal Audit in respect of previous audits. These follow up reports enabled the Committee to track progress against action plans in respect of audits that had previously found issues that the Committee had considered required further consideration.

These included follow up reports in respect of audits relating to Contract Management, Parking income, Project Management of the Queens Building project and Support Budgets and Direct Payments.

The Committee received a number of internal annual reports during this period which included:

Annual Governance Statement - The Council has a statutory duty to publish an Annual Governance Statement (AGS) in compliance with the Accounts and Audit (Wales) Regulations 2014, as amended. The report provides the Committee with the opportunity to comment on the annual governance statement separately to the Statement of accounts so that it may be given due consideration.

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

This AGS incorporated the governance arrangements for Denbighshire Leisure Limited.

Annual Corporate Health and Safety report – this report provides an assessment of the Council's health and safety systems. During the period covered by this report the assessment was that of

medium assurance in respect of the implementation of health and safety systems and employee involvement in health and safety.

Annual Fire Safety Report– this report provided an overview of fire safety activity in the Council. The report detailed the different types of fire risk assessment and information on some of the key performance indicators. There had been an increase in the number of assessments conducted over the past year and details were given of the resumption of physical visits to premises following the removal of some Covid restrictions.

Annual Senior Information Risk Owner report - this report provides information on the Council's information governance. This includes information about data breaches of the Data Protection Act that have been subject to investigation by the DCC Senior Information Risk Officer. The report also covers data about Freedom of Information, Environmental Information and Data Protection requests received by the Council, including those that have been referred to the Information Commissioner's Office (ICO). The report also includes information about Denbighshire's schools.

During the period of the report there had been an increase in the number of data incidents where information had been sent to the wrong recipient. None of these incidents had been considered reportable to the ICO in accordance with the relevant guidance, however, the report described measures to be explored for remote checking of address details to reduce this number in future.

There had been a decrease in Freedom of Information and data protection requests but an increase in Environmental Information Requests.

The Committee was informed of the roll out of amended data protection training to deal with issues related to homeworking.

Annual Complaints Report – the report provided assurance in respect of the robustness of the Council's complaints handling process, including the role of the Performance Scrutiny Committee. The majority of complaints received are investigated and resolved at stage 1. Members heard very few complaints progressed to stage 2 investigations. Members felt it was vital for the authority to learn from complaints and make improvements and changes where possible. They heard that a breakdown of complaints was provided to services in order that any trends in complaints could be identified.

In addition, the Committee receives finance related reports to include the

Statement of Accounts – The Committee received several reports as to the progress of the statement of accounts for 2020/21. This was the first year that the authority had to complete group accounts, with the accounts from DLL incorporated in the overall accounts. The timetable for completion of accounts had been delayed due to the Covid pandemic. The accounts were approved at the Committee's November meeting.

Treasury Management – the Committee receives two reports each year on Treasury Management. The Council's Treasury Management Strategy Statement sets out how the Council will manage its investments and borrowing. The Committee is required to review this document prior to its approval by Council each year. The Committee received the report and noted the performance of the

Council's Treasury Management function during 2020/21 and its compliance with required prudential indicators as reported in the Annual Treasury Management report 2020/21

The Committee also received a number of reports on other important governance matters.

Corporate Risk Register - the Corporate Risk Register is developed and owned by SLT and Cabinet. It is reviewed twice every year by Cabinet at Cabinet Briefing. Following each review, the revised register is presented to Performance Scrutiny Committee, and is shared with the Governance and Audit Committee. The Committee noted that changes that had been made to the risk register in the previous period which included the merger of some risks and the addition of two new risks related to the creation of the North Wales Corporate Joint Committee and Recruitment and Retention issues respectively.

Cyber Security Update - the Committee received a report on the measures being taken to provide assurance as to the cyber security of the Council.

Constitution update and Constitution Guide – the Committee received a report about the changes required to be made to the Council's Constitution as a result of the provisions of the Local Government and Elections (Wales) Act 2021 for consideration and recommendation to Council.

Annual Performance Review – the report informed the Committee that the previous method by which performance was reported was due to change following the Local Government and Elections (Wales) Act 2021. 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. Following the new Act, a self-assessment of performance was required to be conducted and the comments of the Committee sought before it was approved by Council. Although the self-assessment was not a statutory requirement for this reporting period, one had been prepared as a 'trial run' in advance of the new provisions coming into force. Members reviewed and approved the draft report for consideration by Council.

Prevention and Detection of Fraud Strategy - The Chief Internal Auditor informed members that the Strategy for the Prevention & Detection of Fraud, Corruption and Bribery (SPDFCB) was an existing strategy that had been reviewed and updated. The updated report had considered the Local Government Strategy – Fighting Fraud and Corruption Locally 2020.

Confirmation was provided that the Strategy was not only concerned with operational activity to detect and investigate fraud and corruption, but also set out objectives for pro-active actions to deter and prevent fraud and corruption.

Members approved the changes and recommended the strategy top Cabinet for approval.

Lay Member recruitment – the Committee received a report relating to the new legislative provisions coming into force requiring the Committee to have one third of its membership comprised of lay members, and the proposed process for recruiting new lay members.

The Committee also receives reports from external regulators. During this period the Committee received the following reports from Audit Wales:

Review of Commissioning Older People's Care Home Placements - Audit Wales presented a report relating to regional work that had been carried out to assess how the six North Wales local authorities and the Health Board worked together and separately in the commissioning of care home placements for older people. Members heard from officers as to the management response to the recommendations contained in the report.

Denbighshire County Council: Delivering Environmental Ambition – this report related to a review of Denbighshire County Council's ability to deliver on its environmental ambitions, including how the Council planned to integrate, embed, measure, and communicate its environmental ambitions. The final report was issued in October 2021 and reached the conclusion that the Council was making excellent progress in embedding its environmental ambitions. Audit Wales had made ten recommendations for future action to which there had been a management response which was considered by the Committee.

Progress review of North Wales Growth Deal - Included in the review was an examination of the progress made by partners to prepare for delivery of the growth deal including the portfolio or management office, the support from Gwynedd Council provided to the process and the various groups and boards that had been set up to support the deal. Positive comments on the progress that had been made were included in the report but recognition of further work required was made. No concerns regarding the operation of the growth deal were raised. The portfolio management office had provided a detailed management response that had been included for members' reference.

Financial Sustainability Assessment – Audit Wales had conducted an assessment of the Council's financial sustainability. The overall conclusion was positive and stated that the Council was well placed to maintain its financial sustainability over the medium term, it had a good track record of managing its budget and continued to work to further improve its financial position. There was one recommendation that the Council ensure better alignment of budgets and operational activity to maintain ongoing financial sustainability. The management response to this was that the medium term budget strategy would help identify, challenge and, if necessary, include both strategic and non-strategic pressures within the medium term financial plan.

In addition, the Committee received reports from Audit Wales relating to their work programme both in Denbighshire and in respect of national reviews.

The Committee also received reports from other external regulators as follows:

Care Inspectorate Wales (CIW) Assurance Check 2021 - The report summarised the findings of the CIW assurance check of Denbighshire County Council undertaken 28 June to 2 July 2021. The purpose of the assurance check had been to review how well local authority social services continued to help and support adults and children with a focus on safety and well-being. Due to the pandemic it was stressed that normal arrangements for oversight and scrutiny had been altered to reflect the restrictions. It was important to note that many of the CIW colleagues had returned to frontline work and supported health and social care delivery in the pandemic.

The report highlighted a number of positives. A recognition of the positive culture and improvements within safe guarding was given particular importance. The report also acknowledged areas of improvement for the service and the challenges in recruitment throughout the service. It was stressed that staff in Denbighshire were a credit to themselves and to the authority. The

Committee received assurance that there would be continued scrutiny of the service through the work of Internal Audit and follow up work by CIW.

Regulation of Investigatory Powers Act (RIPA) Inspection 2021 – the Committee received a report on the inspection conducted by the Investigatory Powers Commissioner’s Office (ICPO) in 2021. The ICPO inspected authorities approximately once every three years. This consisted of a remote, desktop inspection of policies, procedures and training materials to be followed by a physical onsite inspection if that was deemed necessary. The ICPO determined that there was no requirement for a physical onsite inspection of Denbighshire. There had been no RIPA authorisations in the previous three-year period since the last inspection which was not unusual given the requirement to use less intrusive evidence gathering techniques before considering directed surveillance. The inspection was positive with some suggestions for minor amendments to some of the training materials.