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GOVERNANCE AND AUDIT COMMITTEE

Minutes of a meeting of the Governance and Audit Committee held in Council Chamber, County Hall, Ruthin and by video conference on Wednesday, 25 September 2024 at 9.30 am.

PRESENT

Lay Members – David Stewart (Chair) and Nigel Rudd

Councillors Ellie Chard, James Elson, Bobby Feeley, Carol Holliday, Arwel Roberts and Mark Young (Vice-Chair)

ALSO PRESENT

Gary Williams- Corporate Director: Governance and Business/ Monitoring Officer, Liz Thomas- Head of Finance and Audit (Section 151 Officer), Bob Chowdhury- Chief Internal Auditor, Nicola Stubbins- Corporate Director: Social Services and Education , David Roberts- Senior Corporate Health and Safety Advisor, Kristal Butler- Asbestos Project Manager and Committee Administrators- Nicola Hughes and Sharon Walker (Zoom host)

Councillor Gwyneth Ellis - Lead Member for Finance, Performance and Strategic Assets.

Audit Wales representatives – Charles Rigby, Mike Whiteley, Fflur Jones and Carwyn Rees.

1 APOLOGIES

Apologies for absence were received from Lay Member Paul Whitham.

The Chair offered his Congratulations to Councillor Arwel Roberts on his appointment as Vice- Chair of Denbighshire County Council.

2 DECLARATION OF INTERESTS

The Chair, Lay Member David Stewart, declared a personal interest as he was a recipient of a Clwyd Pension Fund pension.

Councillor Ellie Chard declared a personal interest as she was a recipient of a Clwyd Pension Fund pension.

Councillor Arwel Roberts declared a personal interest as he was a recipient of a Clwyd Pension Fund pension.

Lay Member Nigel Rudd declared a personal interest as he was a member of the Conwy County Borough Council Governance and Audit Committee.

3 URGENT MATTERS

No items of an urgent nature had been raised with the Chair prior to the commencement of the meeting.

At this juncture in the meeting the Chair agreed to a change in the running order of the agenda previously published to accommodate a request from Audit Wales to have their agenda items together.

4 MINUTES

The minutes of the Governance and Audit Committee meeting held on the 24 July 2024 were presented for consideration.

Matters of accuracy –

The Chair stated that the name of the Committee on the agenda and in many reports was incorrect. The Committees name of the Governance and Audit Committee (GAC) to be corrected from the Corporate Governance Committee as stated in the minutes.

Page 8 – Investigations Terms of Reference should read; the GAC should see and be able to comment on the terms of reference before they were agreed upon and not the GAC should have seen and been able to comment on the terms of reference before they were agreed upon as stated in the minutes.

Page 13 – Conwy and Denbighshire Youth Justice Services should read, that the concerns were about the health board and the probation team and not that the concerns were from the health board and the probation team as stated in the minutes.

Page 14 – Draft Governance and Audit Committee Annual Report – the incorrect introductory paragraph had been included in the minutes.

Page 17 – Annual Governance Statement 2023-2024 – Lay member Nigel Rudd queried the inclusion of the Cost-of-Living Crisis in the Annual Governance Statement (AGS). Officers clarified that this would be removed from the AGS.

Page 17 – Annual Governance Statement 2023-2024 the resolve should read; as well as the Committee endorse the creation of a Corporate Governance Group and not a Governance and Audit Board as stated in the minutes.

Matters arising –

Page 8 – Urgent Matters – The Chair informed the Committee that he had attended a meeting of the Scrutiny Chairs and Vice-Chairs (SCVC) which considered the five points raised by the Committee at the previous meeting. The Monitoring Officer stated that the SCVC had held a meeting to consider a draft terms of reference. Amendments had been made to the terms of reference to include the feedback from the SCVC and a final draft of the terms of reference was being prepared to be

presented to members at a Members Workshop. An additional Cabinet meeting had been scheduled in the coming week on the roll out of the new Recycling Service.

Page 10 – Service Challenge: Planning Fees – The Monitoring Officer stated that the Council participated through the Planning Officers Group Wales, and they had been lobbying Welsh Government in respect of an increase in statutory planning fees. It was understood that a relatively routine increase would be expected in the coming months and work was ongoing by Welsh Government to review fundamentally how fees were set. The Council would provide the Government with information and feedback as part of the process through the Planning Officers Group.

Page 13 – Conwy and Denbighshire Youth Justice Services – The Monitoring Officer informed members that officers were liaising with their counterparts in Conwy Council to determine if an informal joint meeting could be arranged.

Page 18 – Update to Medium Term Financial Strategy – The Chair stated that the next report was due at the GAC November meeting and questioned if there was an update that could be given. The Head of Finance and Audit stated that work was ongoing on an updated Medium Term Plan and this was being presented to Cabinet in October. Following this, the Plan was being taken to Full Council in November for comments.

Page 21 – Governance and Audit Forward Work Programme – The Chair stated that the Statement of Accounts for 2022-2023 was scheduled to be brought to the meeting. However, the report was unavailable, and an explanation had been circulated to members of the Committee from the Section 151 Officer. Members commented that the subject specific language used in the explanatory briefing note provided was difficult to understand. The Chair stated that he would circulate a link to a training module to help members understand the language used following the meeting.

RESOLVED: *that subject to the above, the minutes of the meeting held on the 24 July 2024 be received and approved as a true and correct record of the proceedings.*

5 INTERNAL AUDIT UPDATE

The Chief Internal Auditor, Bob Chowdhury introduced the report (previously circulated).

The report provided an update for the Governance and Audit Committee (GAC) on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

Appendix 1 provided an update on Internal Audit work carried out since the last update report to the Committee in March 2024.

Since the last GAC update in March, 10 internal audit reports had been completed with 6 being awarded a high assurance rating and 4 receiving a medium assurance rating.

On June 3, the Council's waste service rolled out a new waste collection and recycling service across the whole of the county. The new service moved away from comingled recycling waste to kerbside collections via a trollibocs system. The roll out encountered several issues which had resulted in the service requiring support from services across the Council. As a result, three members of the Internal Audit team were seconded over to support the waste service initially on a part time basis, two members of staff then went over on a full-time basis for a short period. This had resulted in the Audit Plan falling behind schedule. The Internal Audit team were now fully staffed and were working towards completing the plan again.

Since April this year (2024) there had been two special investigations that had been very challenging and demanding on Internal Audit resources. Neither investigation had been completed. The first investigation related to a whistleblowing complaint and the second investigation related to a service request.

The Chief Internal Auditor was pleased to inform the GAC that the two Career Pathway Senior Auditors had passed the level 2 qualification with the Association of Account Technicians (AAT) and had enrolled onto the level 3 qualification which was due to start on the 11 September 2024. The Principal Auditor continued to be on target to complete and pass her level 4 qualification with the Institute of Leadership and Management (ILM) and the third Career Pathway Senior Auditor was due to commence study for the Institute of Internal Auditors qualification at the end of the year.

Internal Audit monitors performance to address actions arising from audit reviews. It was management's responsibility to address these actions and record progress on the performance management system (Verto). Internal Audit continued to perform a 'follow up' and reports on progress with implementing action plans arising from low assurance audits to ensure that necessary improvements were being made.

Members noted there was only one Town Council that had been audited and concerns were raised as to whether Denbighshire County Council (DCC) were receiving information from audits completed within other Town Councils. The Chief Internal Auditor explained that any Town Council could be audited by an independent body, the Town Council audit referred to in the report had opted to be audited by the Denbighshire County Council Audit team and the piece of work was carried out on an annual basis. If other Town Councils requested this service from Denbighshire, it would need to be considered around issues of availability and resources.

The Audit Manager explained that Town Councils were audited and the findings following those audits were reported back to the Town Council. The findings would not ordinarily be reported back to DCC.

The Monitoring Officer explained that members of the Standards Committee regularly attend meetings held by Town and Community Councils and are sent feedback of good practice or any training that could be offered if there were any concerns.

Members referred to the closure of the Caledfryn building noted within the report and questioned the future of the building. The Chief Internal Auditor stated that an opening meeting had been held to discuss a review of the closure of Caledfryn and work on this had already commenced. It was hoped that feedback on this piece of work would be available at the GAC November meeting.

Members questioned the impact the three members of staff being deployed to help with the roll out of the new Waste Service had on the Internal Audit Team. The Chief Internal Auditor explained that a meeting was held to discuss members of the Internal Audit Team being deployed to help with the waste service. The members of the team deployed were there for a set period of time on the basis that Audit Work could continue, and they could be called back if they were needed. In total due to the deployment of the team, 40-50 days of audit work were lost.

The Monitoring Officer clarified that the numbers of volunteers deployed to help with the waste service was relatively low with the average being less than three volunteers per day.

Members requested if saving trackers could be included in the report in the future. The Chief Internal Auditor stated that there was a review of the saving trackers process currently ongoing, with the anticipated outcome that there were saving trackers in place and that they were working correctly. If any concerns were raised regarding the results of the saving trackers, a report would be taken to the relevant Committee. The Chief Internal Auditor stated that he would try and bring this piece of work forward to enable a report to be brought to the GAC meeting in November.

Members asked for an update on Christ the Word Catholic School in Rhyl which was currently under Special Measures. The Chief Internal Auditor stated that the Council was involved, and that action was been taken at an appropriate level.

The Chair referred to the Special Investigations noted in the report and requested an update. The Chief Internal Auditor explained that the Special Investigations were ongoing and a training session for members of the GAC would be scheduled to give details of the Special Investigations, and the process followed.

Members expressed concerns regarding the time a Special Investigation took to complete, and the extra resources needed. The Chief Internal Auditor explained that his team did not take on all the investigations that were requested. Discussions were undertaken with the Monitoring Officer, Section 151 Officer and the HR Manager to determine if an investigation was conducted internally or externally taking into consideration factors such as the familiarity of the systems used.

Members were also informed that the planned audit of Project Management would consider the findings of the investigation into the Waste Collection roll out if necessary.

The Chair thanked the Chief Internal Auditor and his team for all their work and was pleased that members of the team had achieved numerous qualifications.

RESOLVED: *that –*

- *The Committee notes the pressures on the Internal Audit Team and the need to prioritise audit work in the future and -*
- *the Committee considered the content of the report and did not need further assurances on any of the audited areas to follow up progress on implementing the improvement action plans.*

At this juncture in the meeting there was a break 11.05am – 11.15am

6 FINANCIAL SUSTAINABILITY THEMATIC REVIEW

The Audit Wales representative introduced the report to the Committee and gave a brief outline of the report.

Thanks were given to the Officers and Members who were interviewed as part of the work.

The Council's financial sustainability was critically important in terms of the challenging financial context the Council was currently facing. The report provided assurance that Council's had proper arrangements to support their financial sustainability including explaining Council's financial position and the key budget pressures and risks to their financial sustainability.

Audit Wales reviewed the Council's strategic approach to support its financial sustainability, its understanding of its current financial position, and its arrangements for reporting and oversight of its financial sustainability. The audit was limited to a consideration of the arrangements that the Council had put in place to support its financial sustainability. It was not a review of the Council's wider financial management, or of individual financial decisions that the Council had made or intended to make.

Audit Wales recognised that some factors which would impact on the Council's financial sustainability would be beyond the scope of the audit, as the audit focussed on the arrangements that the Council were putting in place. However, where common issues through fieldwork carried out were identified went beyond the arrangements the Council had in place, would be reported on in Audit Wales' planned National Summary Report.

It was also recognised the unprecedented financial challenges that Councils had faced for many years and were likely to continue to face for at least the medium term. This included the public sector funding pressures that followed the financial

crisis in 2008 and the impact of the pandemic both at the time and its continued aftereffects. More recently Councils had also faced significant real-terms reductions in spending power as a consequence of the fasted increase in inflation for decades. Alongside all of the above events there had also been a significant increase in demand for some services including for example the impact of an ageing population and the resulting increased demand for some services. These factors were largely outside the control of any individual Council.

The report set out Audit Wales' view on the Council's financial arrangements, and where appropriate, where these arrangements could be strengthened to help improve the Council's financial sustainability over the medium term.

Overall the audit found that the Council engaged well with members and officers when setting its budget but, it currently lacked an approach to find sufficient savings or an implemented transformation plan to bridge its funding gap.

Members were referred to the recommendations of the report given to the Council following the completion of the report (previously circulated).

The Chair thanked the Audit Wales representative for the report.

The Section 151 Officer gave a summary to the Committee of the Council's response to the Audit. The report was welcomed by the Council and reiterated the financial pressures the Council was facing. It was important to note the national context of the report which highlighted common challenges across all Councils and the speed in which inflation had increased and the demand for services would have an impact on Councils across the country. The Council was developing a Transformation Programme which had been shared with all members over the past couple of months.

A Management Response had been compiled and this was being reviewed by Cabinet and the Corporate Executive Team (CET). Many of the recommendations had already been identified by the Council. The response was a live document, and the Council would continue to respond to the recommendations from the Audit Wales report.

The Committee discussed the following further –

The Chair questioned when the National report would be published. The Audit Wales representative stated that it was hoped that the report would be available in mid-November 2024.

Members questioned if the Council could have made financial preparations and decisions sooner in anticipation of the decreasing budget. The Section 151 officer explained that forecasting what could potentially happen in the future was very difficult as financially everything was changing on a daily basis. Primarily what the

Council were trying to do was focus on the statutory services that needed to be delivered by the Council.

Members referred to the use of reserves within the report and questioned if the use of them was sustainable. The Section 151 Officer explained that the report was referring to the use of reserves in setting the 2023/24 budget. The budget was set however, the Council was spending more due to the forecast for the demand of services and the cost of services increasing at a faster rate than they were when the budget was set.

Members stated that the report should assist in trying to identify and promote examples of good practice and be shared with all 22 local authorities facing the same financial challenges.

Members stated that the concept of stress testing was fundamental in sustaining the sustainability of revenue and capital spend across Wales and questioned why the work conducted by Denbighshire Council based on the Chartered Institute of Public Finance and Accountancy (CIPFA) report from 2022 was not mentioned within the report. The CIPFA report raised six observations following a review of Local Authorities –

- Over ambitious savings
- Lack of Medium-Term Plan
- Leadership
- Adequate Governance
- Weak Financial Management
- Lack of reserves

It was stated that if the use of the six observations above had been used within the report, it would help with the understanding of the reality of the situation that Councils were facing.

The Audit Wales representative reassured members that the CIPFA observations would be stress tested and would be included within the National Report when it was published.

Members asked if there was a ranking table of Councils' financial sustainability so that DCC could understand how it was performing against other Councils. The Audit Wales representative explained that it would be problematic to compare Councils to one another. There was a process followed relating to 'what was expected' according to best practice and 'what could be' given better conditions.

The Chair thanked the Audit Wales representative and the Head of Finance and Audit for the report.

RESOLVED: that the Committee noted the Financial Sustainability Review and wished to endorse the process of stress testing and recommend that it should be completed on a regular basis and be shared as good practice with all 22 authorities.

7 FOR INFORMATION: URGENT AND EMERGENCY CARE: FLOW OUT OF HOSPITAL - NORTH WALES REGION

The Chair informed the Committee that the item was for information only and briefly opened the meeting up to questions.

Members questioned if there had been a database issue in relation to collaborative working and if Betsi Cadwaladr Health Board (BCUHB) would be able to provide context to the work that had been undertaken.

The Audit Wales representative explained that the scope of the work related to how partners were using the existing resources and the challenges that were being faced. This was an area of work that was being carried out in other areas of Wales and there would be a National Summary report published following the completion of the work. Referring to the sharing of information between professionals, this was being investigated within fieldwork that was taking place and delays in information being shared had been noted.

Members quired that there was no reference in the report to outstanding concerns from the 2017 report. The Audit Wales representative clarified that alongside this report there was a report with recommendations to follow up specifically for the Health Board which had been sent to them.

Members discussed and agreed that the item be taken to the Scrutiny Chairs and Vice Chairs Group (SCVC) to determine how the report should be further scrutinised.

RESOLVED: that the Committee acknowledged and noted the report and recommends that the Scrutiny Chairs and Vic-Chairs Group considered placing the item on the agenda of the Partnership Scrutiny Committee to scrutinise the report further.

8 APPOINTMENT OF MEMBERS TO THE GOVERNANCE AND AUDIT COMMITTEE OF THE CORPORATE JOINT COMMITTEE

The Monitoring Officer introduced the report (previously circulated).

The report related to the establishment of a Governance and Audit Committee for the North Wales Corporate Joint Committee (CJC) and the nomination of members to serve on it.

The North Wales Corporate Joint Committee Regulations 2021 (the Regulations) provided for the creation of the CJC in accordance with the provisions of the Local Government and Elections (Wales) Act 2021 (the 2021 Act).

The Local Government (Wales) Measure 2011 provided that every principal Council in Wales should have an Audit Committee. These Committees were later renamed by the 2021 Act as Governance and Audit Committees.

The Regulations provided that the CJC must have its own GAC. The GAC must have one third of its membership made up of Lay Members.

The CJC had resolved to create a GAC. There were to be nine members of the GAC. The membership was to consist of six Councillors, one from each of the constituent Councils and three lay members. The quorum for the GAC would be seven.

The CJC wished to appoint members from the existing Governance and Audit Committees of the constituent Councils. Each of the constituent Councils had been asked to nominate a Councillor from its own GAC as its principal nominee plus a second Councillor to act as a substitute.

The CJC had also asked each of the constituent Councils if they wished to nominate a lay member to serve on the GAC. The CJC had resolved to pay lay members the hourly rate prescribed by the Independent Remuneration Panel for Wales for the work that may be undertaken.

Appendix 1 (previous circulated) contained a role description for lay members together with a terms of reference for the GAC.

The Chair sought nominations from the Committee. Councillor Bobby Feeley and Councillor Carol Holliday both expressed interest in being nominated.

It was agreed that Councillor Carol Holliday stand as the Committee's representative and Councillor Bobby Feeley stand as the substitute Committee representative.

Lay Member Nigel Rudd was nominated as the Lay Member representative but stated that he was a member of Conwy County Council's Governance and Audit Committee and therefore he may be nominated to be on the CJC GAC and represent them. He would consult with Conwy County Council and feedback to the Committee at the next meeting.

Members queried if there should be a Lay Member substitute nominated The Monitoring Officer stated that he would feed back the suggestion to the CJC to consider substitutes when making appointments.

RESOLVED: that Councillor Carol Holliday be appointed as the GAC CJC GAC representative, Councillor Bobby Feeley be appointed as the substitute representative and Nigel Rudd be appointed as the Lay Member representative for the Committee.

9 FOR INFORMATION: ANNUAL HEALTH AND SAFETY

The Chair introduced the report (previously circulated) and informed the Committee that the report was for information only.

The Chair had previously requested that the following information was included within the report –

- Significant incidents or near misses.
- Significant trends.
- Significant areas of non-compliance.
- Assurance that all incidents, near misses and non-compliances were properly reported.
- Assurance that everyone (Mbrs, Mgrs, Emps and CHS) were aware of their responsibilities.
- The training that had been provided, how was training determined and what was attendance like.

The Senior Corporate Health and Safety Advisor welcomed the comments.

The Monitoring Officer stated that the report was very comprehensive and a cover report which provided an executive summary covering the points the Chair had raised could be presented with the next report. For reassurance, the Monitoring Officer also informed the Committee that the report was shared with the Joint Consultative Committee (JCC) where members of that Committee were a combination of union representatives and Councillors. The report was shared with CET which provided a corporate overview on Health and Safety within the organisation. The information requested by the Chair was in the report, however the Chair was asking for a summary of that information due to the report being very broad.

The Chair thanked the Senior Corporate Health and Safety Advisor and his team for their work on the report

RESOLVED: *that the Committee reviewed and received the contents of the report.*

10 FOR INFORMATION: ANNUAL PROPERTY COMPLIANCE REPORT

The Chair introduced the report for information to members.

The report provided information regarding how Property Compliance was being proactively managed within the Council's corporate property stock.

The Chair had sent questions prior to the meeting to the Head of Service, and he had received a response from them. The Monitoring Officer stated that he would circulate the response to the Chair's questions to the Committee following the meeting.

RESOLVED: *that the Annual Property Compliance Report be received and noted.*

11 ANNUAL WHISTLEBLOWING POLICY/REPORT

The Monitoring Officer introduced the report (previously circulated).

In April 2016 Council approved an updated and amended Whistleblowing Policy. As with the previous policy there was the requirement for the Monitoring Officer to report once each year to the GAC on the operation of the policy. The Policy was last reviewed in October 2023. A copy of the Policy was attached to the report in Appendix 1.

The last report to the Committee was made in September 2023. That report covered the period 1 January 2021 to 30 April 2023. During that reporting period there had been six new concerns raised.

This report covered the period from the 1 May 2023 to 20 April 2024. During the period there had been five new concerns raised, two of which were related.

The attached confidential Appendix 2 (previously circulated) contained an anonymised summary of the concerns raised during the period as well as the outcome of the concern that was referred to in the previous annual report, but which had not, at that time be resolved.

Members commented that the report was welcomed however, questioned if new employees and officers were aware of the Policy. The Monitoring Officer explained that when new employees joined the Council there was an induction module on whistleblowing which was mandatory prior to starting. Officers were aware of the policy, and it was easily accessible on the Denbighshire County Council website.

RESOLVED: *that the Committee receives and notes the Whistleblowing Policy/Report.*

12 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

The Governance and Audit Committee Forward Work Programme was presented for consideration.

The Chair reported that the Chief Internal Auditor and the team had examined the work programme and had, where necessary, proposed changes to try to ensure that the programme was synchronised with other Council meetings and that, as far as possible, there was an even distribution of more significant items between different meetings. As a result, the programme runs up to and includes November 2025. The Chair pointed out that this would require the programme to be regularly reviewed and extended beyond the end of 2025.

The Monitoring Officer stated two agenda items were to be added to the Forward Work Programme –

- Peer Panel Assessments (November 2024 meeting)
- Complaints Annual Report (November 2024 meeting)

Due to the substantial agenda for the November GAC meeting, it was agreed that the Monitoring Officer and the Chief Internal Auditor would need to review the agenda for the November meeting.

Members commented on the length of the meeting, referring to the item on the minutes from the previous meeting. Members suggested that an action list be circulated containing matters arising from the previous minutes prior to the meeting. The Monitoring Officer stated that the Governance Group had discussed generating an actions list which would be circulated between the Section 151 Officer, the Chief Internal auditor and Monitoring Officer prior to the meeting and updates would be circulated to the Committee prior to the meeting.

Training dates and topics would be circulated to the Committee by the Chief Internal Auditor following the meeting.

RESOLVED: *that subject to the above the Forward Work Programme be noted.*

Meeting concluded at 13.20

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