

Barry Davies LL.B (Hons)
Solicitor/Cyfreithiwr
Head of Legal and Democratic Services
Pennaeth Gwasanaethau Cyfreithiol a
Democrataidd



TO: Councillor: Ian Roberts (Chairman)
Councillors: Haydn Bateman, Quentin Dodd, Alison
Halford, Billy Mullin, Mike Peers, Peter Pemberton

Your Ref /
Eich Cyf

U'r Ref / Ein Cyf ^{ST A}

Date / Dyddiad 29/03/2011

Ask for / Sharon Thomas
Gofynner am

Direct Dial / 01352 702324
Rhif Union

Fax / Ffacs

Dear Sir / Madam,

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD** on **THURSDAY, 24 MARCH 2011** at **10:00** to consider the following items.

Yours faithfully

Democracy and Governance Manager

AGENDA

1. **APOLOGIES**
1. **APOLOGIES**
2. **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
3. **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
3. **MINUTES**
To confirm as a correct record the minutes of the meeting held on 31/01/2011 (copy enclosed).
4. **MANAGEMENT OF INTERNAL AUDIT**
Report of Head of Finance enclosed

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The Council welcomes correspondence in Welsh or English
Mae'r Cyngor yn croesawu gohebiaeth yn y Gymraeg neu'r Saesneg

5. **ANNUAL IMPROVEMENT REPORT BY THE AUDITOR GENERAL FOR WALES**
Report of Chief Executive enclosed
6. **AUDIT OF 2009/2010 HOUSING AND COUNCIL TAX BENEFITS SUBSIDY CLAIM AND 2009/2009 OVERPAYMENT REPORT**
Report of Head of Finance enclosed
7. **FINANCIAL PROCEDURE RULES**
Report of Head of Finance enclosed
8. **THE IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**
Report of Head of Finance enclosed
9. **TREASURY MANAGEMENT UPDATE**
Report of Head of Finance enclosed
10. **CONTROLS AROUND THE USE OF CONSULTANTS**
Report of Head of Finance enclosed
11. **INTERNAL AUDIT STRATEGIC AND OPERATIONAL PLAN**
Report of Head of Finance enclosed
12. **CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT**
Report of Head of Finance enclosed
13. **AUDIT COMMITTEE SELF ASSESSMENT**
Report of Head of Finance enclosed
14. **OPERATIONAL AUDIT PLAN AND RECOMMENDATION TRACKING**
Report of Head of Finance enclosed
15. **FINAL REPORTS AND PERFORMANCE INDICATORS**
Report of Head of Finance enclosed
16. **INVESTIGATIONS PROGRESS REPORT**
Report of Head of Finance enclosed

SPECIAL MEETING OF AUDIT COMMITTEE
31 JANUARY 2011

Minutes of the special meeting of the Audit Committee of Flintshire County Council held in County Hall, Mold on Monday, 31 January 2011.

PRESENT: Councillor I B Roberts (Chairman)

Councillors: G H Bateman, Q R H Dodd, A M Halford, B Mullin, M J Peers and P R Pemberton

ALSO PRESENT: Councillor A Woolley

APOLOGIES: None

IN ATTENDANCE:

Chief Executive, Head of Finance, Head of Legal & Democratic Services, Head of Internal Audit, Clwyd Pension Fund Manager (Minute 52), Risk Manager (Minute 53) and Committee Officer

John Herniman, Wales Audit Office (Minutes 54 & 55)

50. DECLARATIONS OF INTEREST

There were no declarations of interest.

51. MINUTES

The minutes of the meeting of the committee held on 21 December 2010 were submitted.

Matters Arising

Minutes 41 - A D Waste Ltd

Councillor Pemberton stated that he had not yet received details of the valuation costs for A D Waste Ltd. The Head of Finance would discuss further with Councillor Pemberton outside the meeting before providing a response. She would also follow up resolution (b) to provide a more specific figure on the pension deficit, and apologised that this had not yet been done.

Minute 45 - Final Reports and Performance Indicators

The Head of Internal Audit confirmed that he had forwarded to the Human Resources section Councillor Dodd's suggestion that the monthly list of leavers be copied to the Executive Member and relevant Overview & Scrutiny Chair. The Chief Executive would progress this with the Head of Human Resources & Organisational Development and provide an update to the Chair of Audit Committee.

RESOLVED:

- (a) That the minutes be received, approved and signed by the Chairman as a correct record.
- (b) That the Head of Finance provide a response to Councillor Pemberton's request for valuation costs on A D Waste Ltd.
- (c) That the Head of Finance provide a more specific figure on the pension deficit.
- (d) That the Chief Executive discuss with the Head of Human Resources the suggestion made by Councillor Dodd that the monthly list of leavers be made available to the Executive Member and relevant Overview & Scrutiny Chair, and provide an update to the Chair.

52. TREASURY MANAGEMENT POLICY & STRATEGY STATEMENT AND TREASURY MANAGEMENT PRACTICES 2011/12

The Clwyd Pension Fund Manager introduced the report to assist Audit Committee Members in reviewing the Council's Treasury Management Policy & Strategy Statement and Treasury Management Practices with any observations to be made to the Executive meeting on 15 February 2011. The report also included a recent letter received from the Local Government Association providing an update on developments for Landsbanki investments.

The Clwyd Pension Fund Manager referred to the Treasury Management training seminar which had been held that morning provided by Sterling (the Council's Treasury Management Advisers), and discussion on the difficulties in finding counterparties for investment. There was nothing new to report on borrowing than had previously been said, and officers were looking at financial plans to see if any changes were needed. The use of Money Market Funds had also been discussed during the training and it was explained that these provided a good means of investing money, although a better return was likely from investment in the market.

Councillor Bateman referred to discussion on collared investments at the training session. The Clwyd Pension Fund Manager confirmed that the Authority held one such investment with Barclays on a two year deal at a current rate of 1.85% with potential to rise no higher than 3.7%. He advised that consideration would be given to more collared investments for the longer term, along with other available options.

Councillor Peers thanked officers for the training seminar which he felt had been very useful. He referred to paragraph 5.04 of the report on investments with other Local Authorities identified on page 68 and asked what strategy had been put in place to fit in with Flintshire's policy. He referred to information on Money Market Funds (MMF) which suggested low rates and investment management

fees, and asked about the potential for investing at higher interest rates with Building Societies.

The Clwyd Pension Fund Manager explained that the need to invest with other Local Authorities was due to the difficulty of identifying other counterparties. Local Authorities provide a safe option, although interest rates for investments are below base rate at around 0.4%. He went on to explain that Money Market Funds were AAA risk rated which meant that investment was secure and easily accessible at a higher investment return after fees, without additional risk. In addition, the change in the Policy Statement to allow more Building Society counterparties will also assist, as these deposits will be made at a relatively higher interest rate than those that had been made with other Local Authorities.

In response to queries on interest rates, the Clwyd Pension Fund Manager explained that this was difficult to forecast although there was a possibility of an increase.

RESOLVED:

- (a) The Audit Committee noted the quarterly update on investments and borrowing.
- (b) The Audit Committee recommend to the Executive that the Council approves the Council's Treasury Management Policy & Strategy Statement for 2011/12, which includes all Treasury Management Indicators and limits required by CIPFA and WAG.

53. RISK MANAGEMENT UPDATE

The Chief Executive introduced the quarterly report to update Members on a number of issues on Risk Management and Business Continuity.

It was explained that the Strategic Assessment of Risks & Challenges (SARC) document had been republished and was now available in the Members' Library and on the Infonet; hard copies could be provided on request. The SARC document had been reviewed on content and presentation/format and would be continuously reviewed.

The report detailed testing of the Corporate Business Continuity Plan and Mission Critical Plans, including those for service resilience during the severe winter weather. The Chief Executive reported on a managerial review to establish how well services were maintained against the Plans, referring also to a report recently considered by the Environment Overview & Scrutiny Committee on assisting vulnerable people during severe weather.

The Risk Manager had attended Audit Committee in September to report on the revision of the Risk Management Strategy following testing of the Corporate Business Continuity Plan. She highlighted paragraph 3.11 of the report indicating key issues arising from the testing of the Plan. Referring to the actions emerging

from service disruption, the Chief Executive stressed the importance of good communication such as providing key points of contact.

Councillor Halford referred to the indemnity policy currently used by the Council and asked who incurred the expense when a Member requested indemnity to cover legal costs. The Head of Legal & Democratic Services referred to the previous County Council meeting and discussion on arrangements for insurance cover on Code of Conduct issues as part of the indemnity. He explained that the potential impact of claims recently made on insurance premiums would not be known until the end of the week and that based on this information, he would be submitting a report back to County Council on 15 February.

Councillor Peers felt it would be useful for future Risk Management reports to include a summary on the current position together with any significant issues that the Risk team wished to highlight. The Chief Executive pointed out the challenge of summarising some extensive information in reports and said that officers were able to provide further explanation if Members wished. He referred to paragraph 3.04 explaining that where risks had been deleted, these were believed to be fully mitigated. The report also included the creation of new risks and mergers where some previously separated issues had been brought together. Amended risks were those where amendments had been made to the text.

The Chief Executive drew Members' attention to those areas representing the most high profile new risks. These were CG21 Government Spending Review, CD34 Impact of Severe Winter Weather and CD35 Grant Funding. He confirmed that future Risk Management reports would include a section on the most significant areas of concern, as suggested by Councillor Peers.

In response to Councillor Halford's query for clarification on some of the amended risks, the Chief Executive advised Members to seek a response from officers if the amendment was not evident from the updated SARC document.

Councillor Halford referred to a review of gypsies and travellers. The Chief Executive advised that a report on a regional protocol for managing unauthorised encampments had recently been received by the Executive. Councillor Pemberton raised further concerns on costs incurred by the Authority for gypsies and travellers. The Chief Executive advised that the Welsh Assembly Government offered capital funding to assist with partnership working on permanent authorised sites. The risk rating for gypsies and travellers remained as red, representing the Authority's responsibility to manage these complex issues.

The Head of Legal & Democratic Services commented that the risk had changed over the past few years, partly due to the encampment at Dollar Park. He went on to advise that an appeal against the planning application at Dollar Park had been heard and a decision was awaited.

In response to a query from Councillor Bateman, the Chief Executive confirmed that revenue was received from permanent encampments.

RESOLVED:

- (a) That the report be noted.
- (b) That a summary be included in future quarterly Risk Management reports to indicate any significant areas of concern.

54. UPDATE FROM WALES AUDIT OFFICE

Mr John Herniman of Wales Audit Office provided a verbal update following his report at the September meeting when the 2009/10 Statement of Accounts had been signed off and various high level issues had been reported. A number of procedural issues had been brought to the Council's attention and a report with 28 recommendations had been agreed with management.

Mr Herniman reported on the retirement of Mr Kevin Emmitt who had previously managed the audit for Flintshire. Although an interim manager, Mr Derwyn Owen, had since been appointed, a permanent replacement would be sought over the next few months. However, the interim arrangements were working well, with Mr Ron Parker overseeing the process as Team Leader.

Councillor Halford referred to the negative publicity surrounding certain officers at the Wales Audit Office. Mr Herniman acknowledged the unfortunate press following the departure of the former Auditor General for Wales, as a result of which a due diligence review had been undertaken. Further allegations made against the Wales Audit Office (WAO) had been reported back to the Public Accounts Committee, however, a National Audit Office review and a WAO internal audit review had found no evidence of points raised in these anonymised allegations. Reports were available on the National Assembly's website. The new Auditor General, Mr Huw Vaughan Thomas was taking a firm stance on current arrangements to ensure there were no further incidents.

The Chief Executive said that core audit work had continued uninterrupted during these difficult times for WAO and that more transparency was needed in performance work fee charging.

Mr Herniman gave an assurance that Flintshire had received the service paid for and would be consulted on the fee rate, however he agreed to take back the comments made by the Chief Executive.

RESOLVED:

That the verbal report be noted.

55. WALES AUDIT OFFICE REPORT ON INTERNAL AUDIT

Mr John Herniman introduced the report to advise of the results of the Wales Audit Office Assessment of Internal Audit.

It was explained that part of the role of Wales Audit Office was to undertake an annual assessment of Internal Audit services against CIPFA standards. Out of the 11 standards, the Authority was fully compliant with seven and partially compliant with four. There were no major concerns, and all eight recommendations, shown on page 84, could be rectified.

The Head of Finance confirmed that she and the Head of Internal Audit were content with the report and suggested that it would be helpful to include an action sheet with the next report to show an acknowledgement of the recommendations and indicate timescales for actions.

The Head of Internal Audit pointed out the change in method by Wales Audit Office to that used previously by PricewaterhouseCoopers, and that the review had taken place in May/June 2010. Some of the recommendations related to the Audit Plan which would be considered at the next Audit Committee meeting in March, with further actions on the annual report to be brought to the June meeting.

Councillor Dodd suggested that the recommendation for Members to accept the report be replaced to reflect that Members accept the report including all recommendations and to receive a further full report on implementation of all recommendations at the June meeting. The Head of Finance concurred, hence her previous suggestion on the introduction of an action sheet.

The Chief Executive pointed out that if a further report was to be made then the Head of Finance would need to report personally on this to avoid a conflict of interest for the Internal Audit Manager.

Councillor Peers agreed with Councillor Dodd's proposal, suggesting that the recommendation be changed to "That the committee is requested to consider the report and accept the recommendations". Actions would be recorded on the action sheet, with any recommendations staying as such.

Councillor Halford sought clarification on some of the issues identified on page 83. The Head of Internal Audit explained that some were housekeeping issues where signatures had been omitted, however Wales Audit Office was satisfied with the standard of work and this was confirmed by Mr Herniman.

The Chief Executive asked that recommendations be kept in perspective. He explained that Recommendations 1, 4 and 7 were fairly routine processes, whereas 2, 3, 5 and 6 required more work and work on 8 was already in progress.

Some issues within the recommendations had already been raised as part of the Audit Plan, such as making better use of Audit resources, however more rigour and checks were required.

Councillor Bateman asked about resources in Internal Audit which had previously been discussed at Audit Committee. The Head of Finance said that a report had been considered at the November meeting on the review of the Internal Audit section. The report had since been forwarded to the Executive where the

new structure had been approved. The Head of Finance and the Head of Internal Audit were now overseeing the implementation stage of the restructure. The Head of Finance advised that both were satisfied that there were sufficient staff resources within the section to complete the Audit Plan and there were no risks. Training and development plans would be an integral part of implementing the new structure. She also reported that an Internal Audit officer had undertaken training on IT auditing, an area where services had previously been bought in. It was hoped that the section would become more self-sufficient over time.

The Chief Executive said that resources for Internal Audit were sufficient and that capacity had not been compromised in the recent reviews. There was a need to find efficiencies internally and the new structure was a natural culmination of that. On IT auditing services, he said that an increased use of expertise within the region was expected and that collaborative working would be explored.

The Chair asked if the committee wished to accept Councillor Dodd's proposal and this was agreed.

The Head of Finance reported that the management of Internal Audit was currently out to tender, with the closing date on 1 February. An evaluation of the tenders would be carried out over the coming weeks and a formal report on the outcome at Audit Committee on 24 March. In response to a query from Councillor Halford, the Head of Finance advised that the Chair and Vice-Chair would be included in the final selection panel.

RESOLVED:

- (a) That the report be noted.
- (b) That Members accept the report including the recommendations and receive a full report on the implementation of all recommendations at the June meeting.

56. DURATION OF MEETING

The meeting commenced at 2.00pm and finished at 3.10pm.

57. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

There was one member of the press present.

.....
Chairman

SUMMARY OF DECLARATIONS MADE BY MEMBERS
IN ACCORDANCE WITH FLINTSHIRE COUNTY COUNCIL'S
CODE OF CONDUCT

AUDIT COMMITTEE	DATE: 31 JANUARY 2011
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MEMBER	ITEM	MIN. NO. REFERS
NO DECLARATIONS WERE MADE		

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 4

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **MANAGEMENT OF INTERNAL AUDIT**

1.00 PURPOSE OF REPORT

1.01 To advise Members of the appointment of RSM Tenon to manage the Internal Audit Service from 1st April 2011.

2.00 BACKGROUND

2.01 At the Audit Committee on 29th September 2010, Members agreed to undertake a competitive tender process to select a suitable provider to undertake the management of the Internal Audit Service. Details of the specification and procurement timetable were reported on 3rd November 2010.

2.02 The contract will commence on 1st April 2011 and run for two years with the option for an extension of a further year.

2.03 During the contract the Internal Audit Manager will lead the Council's contribution to the pursuit of collaborative opportunities within North Wales for the delivery of internal audit and its management and making recommendations in conjunction with the Head of Finance for the most suitable arrangements for Flintshire County Council beyond the contract period.

3.00 CONSIDERATIONS

3.01 The tender process was conducted in accordance with the Council's procurement processes and overseen by officers from the Procurement Team.

3.02 The tender for the service to be provided was advertised on 17th December 2010 in accordance with the OJEU Regulations.

3.03 A number of companies expressed initial interest and accessed the tender document.

3.04 By the closing date of 1st February 2011, bids had been received from two companies:-

Date: 29/03/2011

- PricewaterhouseCoopers
- RSM Tenon

3.05 The tender evaluation process included:-

- (i) Consideration of the bids against the scoring matrix set out in the tender document by the Chief Executive, Monitoring Officer and Head of Finance.
- (ii) A presentation to a panel comprising the Chair and Vice Chair of the Audit Committee and the Head of Finance on 16th February 2011.

3.06 The decision of the Panel was to award the contract to RSM Tenon. The outcome has been communicated to both companies.

3.07 Arrangements are in place to effect the new contract from 1st April 2011 and to establish ongoing monitoring and management arrangements for the contract period.

3.08 The role of the Internal Audit Manager during the contract can be summarised as follows:

- (i) Day to day management of the Internal Audit Section, reporting directly to the Head of Finance.
- (ii) Implementation of revised Service Model and Staff Structure agreed by Members in November 2010.
- (iii) Leading the Council's work in relation to collaborative opportunities for the delivery of internal audit and its management.

4.00 RECOMMENDATIONS

4.01 Members are asked to note the report.

5.00 FINANCIAL IMPLICATIONS

5.01 The cost of the contract is met from the Finance Division base budget.

6.00 ANTI POVERTY IMPACT

6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

8.01 The tender was undertaken in accordance with the Council's procurement arrangements and OJEU Regulations.

9.00 PERSONNEL IMPLICATIONS

9.01 None - The Internal Audit Manager is employed by the contractor and is not a Flintshire employee.

10.00 CONSULTATION REQUIRED

10.01 Chair and Vice Chair of Audit Committee, Chief Executive and Monitoring Officer.

11.00 CONSULTATION UNDERTAKEN

11.01 Chair and Vice Chair of Audit Committee, Chief Executive and Monitoring Officer.

12.00 APPENDICES

12.01 None.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None

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FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 5

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **CHIEF EXECUTIVE**
SUBJECT : **ANNUAL IMPROVEMENT REPORT BY THE AUDITOR**
 GENERAL FOR WALES

1.00 PURPOSE OF REPORT

1.01 To advise Members of the Council's first new style Annual Improvement Report published by the Auditor General for Wales.

1.02 Members to note the report and receive and agree the Council's response.

2.00 BACKGROUND

2.01 The Auditor General is required by the Local Government (Wales) Measure to undertake an Annual Improvement Assessment and to publish an Annual Improvement Report for each authority in Wales. This covers local councils, national parks and fire and rescue authorities.

2.02 This is the first Annual Improvement Report for Flintshire and it also contains the Appointed Auditor's Annual Audit Letter.

2.03 The report and the Council's response was noted by the Council's Executive on 15 February 2011 and the Corporate Resources Overview and Scrutiny Committee on 17 March.

3.00 CONSIDERATIONS

3.01 The Annual Improvement report is publicised by the Wales Audit Office (WAO) on behalf of the Auditor General for Wales. It brings together, with the co-ordination of other inspectorates such as Estyn and the Care and Social Services Inspectorate for Wales (CSSIW) a picture of what the Council is trying to achieve and how it is going about it.

3.02 The full report is attached at Appendix 1.

3.03 The report builds on the findings of the Preliminary Corporate Assessment report of WAO which was reported to Executive in September 2010. The overall finding is "The Council is actively promoting improvement whilst some arrangements are not fully developed."

Other key statements made within the report are as follows:

Date: 29/03/2011

- "The Council has set out a statement of its priorities which cover its internal arrangements as well as its objectives for improving services for residents in Flintshire. Its priorities and planning arrangements meet the legal requirements.

- The Council has made progress in improving its services and this has been reflected in above average performance against targets for many services. However, there are also many services that do not currently perform to high standards."

3.04 The Auditor General recommends that the council considers the following proposals:

"The Council should:

- review arrangements to ensure that appropriate behaviour standards of councillors are maintained;

- complete work on the Council (Governance) Plan Framework;

- develop the process to enable the allocation of resources to priorities;

- complete the People Strategy 2009-2012 and action plan;

- complete the review of the Priorities of the Administration, formally adopt these as the priorities of the Council, and publish them widely; and

- establish that there are clear leadership and accountability arrangements, success measures, and reporting processes for progress against all of its priorities."

3.05 The report has been developed and improved with significant input from senior officers at the Council to ensure accuracy, fairness and validity. Broad agreement has been reached on the contents and it should be noted that the areas for improvement and action which have been identified by senior officers are already being responded to.

3.06 A presentation will be made on the Council's response at the meeting. This presentation will also be made to the Audit Committee. Other Overview and Scrutiny Committees may refer and respond to the more relevant service specific parts of the report.

4.00 RECOMMENDATIONS

4.01 To advise Members of the Council's first new style Annual Improvement Report published by the Auditor General for Wales.

4.02 Members to note the report and receive and agree the Council's response.

5.00 FINANCIAL IMPLICATIONS

5.01 This report refers to the financial resourcing of the council's priorities.

6.00 ANTI POVERTY IMPACT

6.01 This report refers to how the council is helping to reduce poverty.

7.00 ENVIRONMENTAL IMPACT

7.01 This report refers to how the council is improving the environment.

8.00 EQUALITIES IMPACT

8.01 Safe and supportive communities are referred to within the report.

9.00 PERSONNEL IMPLICATIONS

9.01 The People Strategy is referred to in the report.

10.00 CONSULTATION REQUIRED

10.01 None required at this stage.

11.00 CONSULTATION UNDERTAKEN

11.01 Senior officers have had input into this report. The Annual Audit Letter was presented to the council's Audit Committee in December 2010.

12.00 APPENDICES

12.01 Appendix 1: The Auditor General's Annual Improvement Report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None

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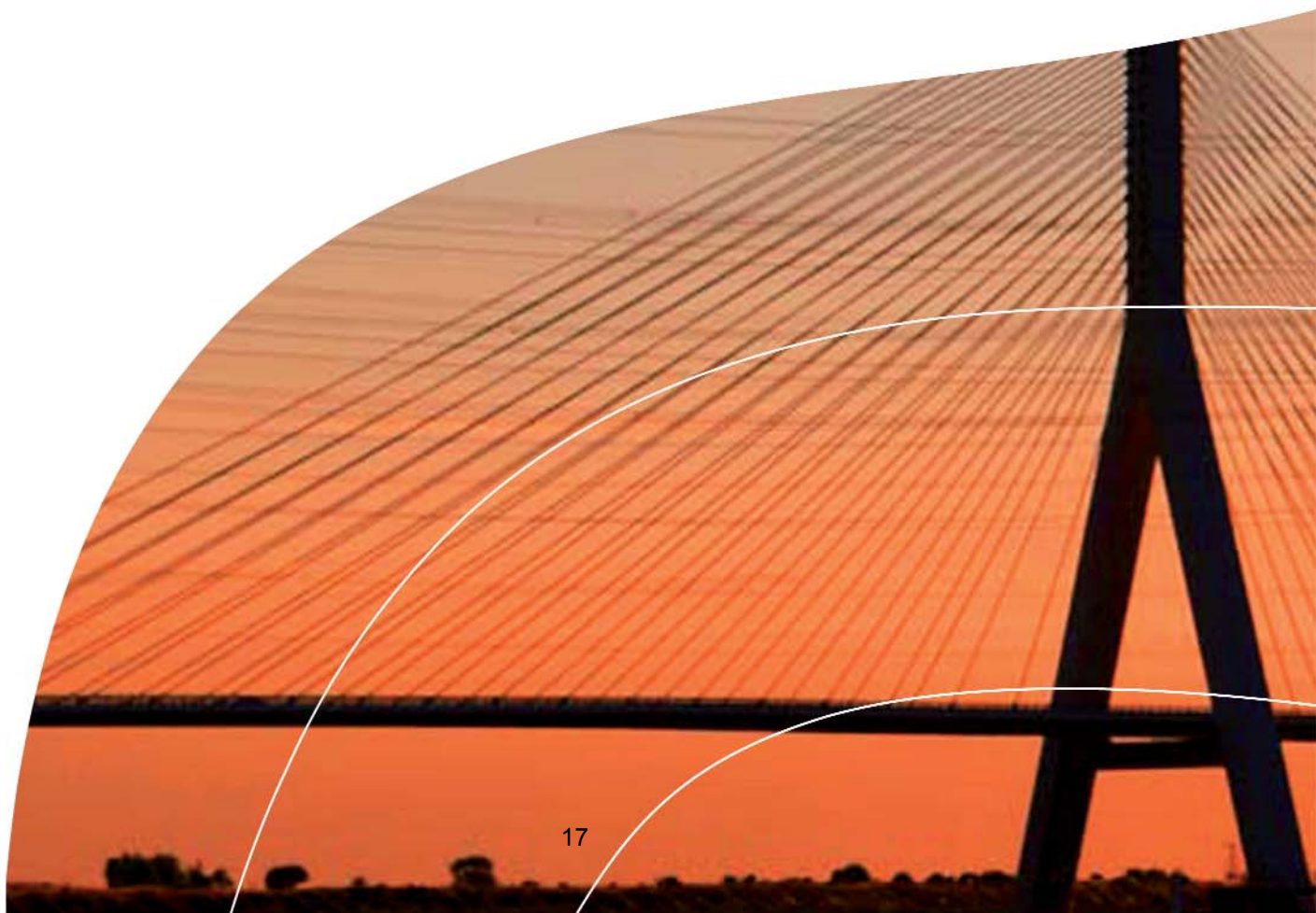


WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Annual Improvement Report

Flintshire County Council

January 2011



Annual Improvement Report by the Auditor General for Wales

This report is written by the Wales Audit Office on behalf of the Auditor General for Wales. (An explanation of what the Auditor General does is at Appendix 1). It is a new report that he is required to publish about how well Welsh councils are improving their services. With help from other inspectors like Estyn (for education) and the Care and Social Services Inspectorate for Wales, we have brought together a picture of what the council is trying to achieve; how it is going about it; and what it needs to do to improve its approach to improving services.

This Annual Improvement Report sets out that picture and each year we will produce a report to let you know what progress Flintshire County Council (the Council) has made. We have not covered all the services the Council provides. We have focused on a small number of things, especially those things that the Council has said are its priorities for improvement. The report reflects the position at the end of October 2010 (unless otherwise stated).

We want to find out what you think of the services the Council is providing in your area and will be giving you an opportunity to comment in the future. In the meantime we would like to know whether this report gives you the information you need, and whether it is easy to understand. You can let us know your views by emailing us at info@wao.gov.uk or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.

The Wales Audit Office study team that assisted in preparing this report comprised Stephen Martin and Karen Lees under the direction of Alan Morris.

This report has been prepared by the Wales Audit Office on behalf of the Auditor General for Wales as required by the Local Government (Wales) Measure 2009. The Auditor General for Wales assesses the compliance of Welsh improvement authorities (county councils, county borough councils, national park authorities and fire and rescue authorities) with the improvement requirements of Part 1 of the Local Government (Wales) Measure 2009.

The Auditor General for Wales and his staff together comprise the Wales Audit Office. For further information about the Wales Audit Office please write to the Auditor General at 24 Cathedral Road, Cardiff, CF11 9LJ. Telephone 029 2032 0500, email: info@wao.gov.uk, or see website www.wao.gov.uk.

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What kind of area is Flintshire?

Background information

- 1 Flintshire has a population of about 148,900. There are around 25,800 people aged 65 and over and 28,200 children. The population of the county is projected to increase to 152,120 by 2033.
- 2 Flintshire has a mixed landscape of coastal towns such as Flint and Mostyn, the old market town of Mold and the hills around Hope Mountain in the south of the county. Parts of Flintshire have major manufacturing industries and the area is known for its internet companies.
- 3 In 2008, the employment rate in Flintshire was 78.8 per cent; this was the highest amongst the 22 Welsh local authorities. In 2008, Flintshire had the second lowest rate of children living in workless households amongst Welsh local authorities. As well as employment levels being good, the average weekly earnings of £538 were one of the highest in Wales.
- 4 Life expectancy in Flintshire is slightly higher than the average for Wales and some other aspects of health are also a little better than average. These include mental health and well-being and Flintshire has a lower-than-average rate of teenage pregnancy.
- 5 You can find out more about Flintshire and Flintshire County Council (the Council) in [Appendix 2](#).

population

148,900

//////////

28,200 aged 0-16

25,800 aged >65

//////////

employment rate

78.8%

//////////

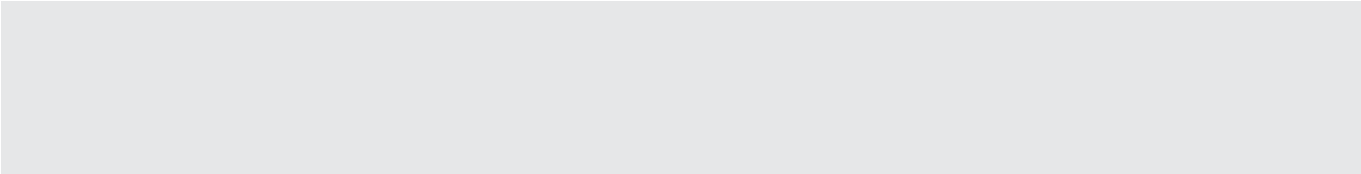
Is Flintshire County Council well managed?

- 6 **The Council is actively promoting improvement whilst some arrangements are not fully developed.** This was the overall conclusion of a report the Wales Audit Office produced in August 2010 called the Preliminary Corporate Assessment which gives some detail on how the Council is organised and managed. Our findings are set out in [Appendix 3](#). If you want to read the whole Corporate Assessment Report you can find it on the Council's website or on the Wales Audit Office's website at www.wao.gov.uk.
- 7 The report said that in the last couple of years the Council has started to tackle some issues that it had failed to address. There have been many good improvements in the way the Council is run but the political position is fragile and arrangements to manage its money and staff are not yet fully developed.
- 8 We found that councillors and senior officers were trying to make improvements but the many political groups and difficult relationships amongst some councillors were sometimes a problem. The priorities and policies of the Council are becoming clearer and there is a good approach to working in partnership with other organisations.
- 9 The Council has usually managed its money well but there have been some overspends in the last two years. Plans are being made to address the likely cuts in government funding through the 'Flintshire Futures Programme'. Planning what the Council needs to do and monitoring progress has greatly improved but could still improve further. Despite some improvement, there is still a need for arrangements for the management and support of staff to be better.
- 10 Since then, the political composition of the Council has altered with the creation of a new group of nine councillors called the 'New Independents'. The Council continues to be led by a multi-party coalition.
- 11 The way the Council tracks progress is being improved as a result of changes to the Strategic Assessment of Risks and Challenges (SARC). This is a working document which sets out approximately 60 issues where there is a need for a big improvement or a major change is taking place, needed or is planned. The changes will give more attention to checking whether the original risk issue is still valid as well as following whether actions have been carried out.
- 12 Almost all public services face reductions in funding. Revenue funding is the money that councils spend running and managing their services. Flintshire County Council will see a reduction of around £3.2 million (1.7 per cent) in the revenue funding it gets from the Assembly Government for 2011-12. Once inflation is factored in, that means a real terms cut of around £6.7 million (3.6 per cent). Indicative Assembly Government figures show further real terms reductions in the Council's revenue funding for 2012-13 and 2013-14.

- 13 Capital funding is the money that councils spend on capital projects and infrastructure works, for example new buildings, road improvements, etc. The capital funding available to the Council is set to reduce considerably. Councils are allocated a general sum for capital expenditure, and make bids for additional capital grants for specific capital projects. The total sum of capital available to councils will fall by 14 per cent in 2011-12 (a real terms cut of 18.5 per cent). There are no official figures for local government capital spending beyond 2011-12 but it is likely to be in line with a general reduction in the Assembly Government's capital spending, which will be cut by around 34 per cent (around 40 per cent in real terms) between 2010-11 and 2014-15.
- 14 The Council has been aware for some time that it needs to make sure it uses the resources it has as effectively as possible and in some cases to scale back on what it is doing. The Council has carried out further work to develop its 'Flintshire Futures Programme' to plan how it can adjust to a period of significantly reduced funding through changes to make the Council more efficient and choices over which services might be provided in different ways or reduced. A Programme Manager, jointly appointed with Wrexham County Borough Council, is now in post and a project team of people on secondment from their departments has been established. A programme of efficiencies and changes has been informally discussed with councillors prior to formal consideration in December 2010. Taking into account the expected changes in funding by the Assembly Government and pressures on expenditure, this identifies the need for £12 million savings for 2011-12 and a further £14 million in each of the following two years.
- 15 An important first step for the Council is to collect the council tax it is due. In 2009-10, the Council had an above average rate of council tax collection and had the lowest rate of arrears in Wales. However, the existing pressure on funding has been shown by continued difficulty in managing the budget for placements for children in the care of the Council (known as looked after children). Overspending in this demand-led area has contributed to a forecast in November 2010, that the Council will overspend by £0.6 million by the end of March 2011, although efforts will be made to make changes to reduce this level.
- 16 The auditor appointed by the Auditor General has given his opinion on the Council's and the Pension Fund's accounts. His Annual Audit Letter, which provides information regarding the accounts, use of resources and the Council's Improvement Plan is included in this report as **Appendix 4**. The Appointed Auditor found that the Council complied with financial and performance improvement reporting requirements but there is scope to improve financial controls in a few areas and the Council needs to further develop its future financial planning to help it meet the significant financial challenges ahead.
- 17 There is more information about people's rights in relation to council accounts in the Wales Audit Office leaflet, *Council Accounts: Your Rights*, which you can find on our website at www.wao.gov.uk.

Does Flintshire County Council know what it needs to do to improve?

- 18 **The Council has set out a statement of its priorities which cover its internal arrangements as well as its objectives for improving services for residents in Flintshire. Its priorities and planning arrangements meet the legal requirements.**
- 19 The Assembly Government requires all councils to publish their plans for improving what they do and how they do it. They must also publish a list of the priorities that they are aiming to improve each year – their improvement objectives. Councils do not have to use the titles ‘improvement objectives’ and ‘improvement plan’ as long as they make clear that they are discharging their statutory duty.
- 20 In May 2010, the Council Executive agreed a statement of the ‘Priorities of the Administration’ for the period 2010 to 2012. It did so to clarify expectation, make sure that the political and officer leadership work to a consistent set of priorities, and to meet comments from the Wales Audit Office that the Council’s key ambitions should be clearer. We have taken these priorities to be the ‘improvement objectives’ the Council is required to publish.
- 21 The Priorities of the Administration statement has 10 priorities about its internal arrangements and 30 concerned with public services. These priorities are listed in [Appendix 5](#) and summarised under the main headings in the next section. The public services priorities fit under the ‘County Vision’ in the Flintshire Community Strategy which aims for Flintshire to be a county where there is:
- economic prosperity;
 - health improvement through everything we do;
 - learning and skills for life;
 - living sustainably; and
 - safe and supporting communities.
- 22 The Council must publish its improvement objectives as soon as practical after the beginning of April each year. The Priorities of the Administration were published with the papers for the Executive meeting in May 2010 but were not presented to the full Council, have not been placed on the Council website or published in the Council newsletter *Your Community, Your Council*. We think that the Council could have done more to share its priorities with the public and partners. The priorities are listed in the *Annual Performance Report 2009-10* presented to the full Council in October 2010. This notes that the statement of the Priorities of the Administration will be reviewed by the Executive and published following the review.
- 23 Most of the priorities are existing concerns and already included in the SARC, strategies and plans. However, some of the directorate and service plans list the relevant priorities but it is not clear what place they have alongside many other existing priorities.
- 24 All of the priorities cover one or more of the seven criteria expected by the Assembly Government – that they should be concerned with strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency or innovation. We found that the priorities are written in a way that is generally reasonably clear.
- 25 If the Council has chosen to make something a priority, it will be able to measure how this will affect the local people. For most, but not all of its priorities, the Council should be able to measure the actions they are taking to achieve them. It is not clear how the Council will report on the progress of its work on some of the priorities.

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- 26 The Assembly Government guidance says that councils should develop an ongoing dialogue with the communities it serves and consult widely on its priorities. We examined how well the Council involved local people and those that work with and for it, in deciding what it should make a priority. Most of the priorities are drawn from existing plans over which there was some form of consultation or are statutory requirements. However, a small number are new priorities. There was consultation amongst councillors about the priorities but it is not clear that staff, other than very senior officers, partners or the wider community were involved. This is important because staff and partners who deal directly with providing services often have good ideas about how to change things for the better and in the absence of consultation how can they be sure of public support what they want to do.
- 27 Finally we examined how well the Council's plans support its efforts to improve and if it could afford to pay for these improvements. There has not been any specific work to clarify the overall cost of delivering the programme of priorities. However, some priorities have been costed as part of other plans and some priorities are about attracting income or taking steps that will reduce council costs. The report to the Executive with the Priorities of the Administration said there were no direct financial implications but noted that the Council faces an extremely challenging financial future. A review of the priorities will follow further consideration of the initial Flintshire Futures work.
- 28 The Council has not yet developed a process to monitor and report progress against the set of Priorities of the Administration although, as they have only recently been adopted, it is to be expected that this should be developed over the coming months.
- 29 Through its various documents, the Council meets the statutory requirements for its improvement objectives and plans. However, it could do more to improve consultation, make them easier to understand and ensure that success measures are clear, robust and drive policies and service planning.

Is Flintshire County Council serving people well?

30 **The Council has made progress in improving its services and this has been reflected in above-average performance against targets for many services. However, there are also many services that do not currently perform to high standards.**

31 Through the Auditor General's Improvement Assessment, we hope to gradually build a picture of how well the Council is serving local people. In order to do that, each year we will examine the Council's services and some of their objectives for improvement as they relate to three important aspects of life in Flintshire County. We think that together, these aspects cover most of the services that councils provide for citizens. They are:

- helping to support people in need;
- helping people develop; and
- helping to create a safe, prosperous and pleasant place to live.

32 In this year's assessment, we have looked at how the Council is doing so far on Flintshire's priorities. We have chosen to look at all the priorities but not in any great detail as we will look at some of them in more detail in our report next year. Apart from its priorities for services, the Council also has corporate priorities to improve its internal arrangements and these are considered below.

Is the Council improving its internal arrangements?

33 The Council has adopted 10 priorities for improving its internal governance and performance arrangements. These are (summarised):

- to promote and maintain a positive and confident reputation for the Council and the county locally, regionally and nationally;
- to continue to make progressive change in the culture, efficiency, effectiveness, adaptability and performance of the organisation;
- to develop and follow a resilient medium and longer term financial strategy whilst maintaining an affordable level of council tax for local taxpayers;
- to cope and prosper in the coming years of reductions in revenue and capital for public services;
- to attain high and consistent levels of customer service;
- to achieve the aims and objectives of The People Strategy with an emphasis on people management practice, management performance, attendance management and agile working;
- to achieve a legal, acceptable and affordable Single Status Agreement¹;
- to implement effective business continuity plans to protect key services;
- to modernise and improve council procedures and performance in procurement practice; and
- to maximise the use of the Council's land and asset base for the achievement of council priorities and to maximise capital receipts or income.

¹ Single Status is the title given to a national agreement reached in 1997 aiming to harmonise terms and conditions of service for employees, removing any unfairness in the pay and reward arrangements.

- 34 These are all appropriate priorities for the Council and cover issues where there are changes to respond to, where there have been identified weaknesses, or continuing important matters. Improving in these areas will help the Council to deliver more efficient and effective services. None are new priorities for the Council.
- 35 The Council does many things to promote the reputation of the Council and the county, for example by entering and achieving many national awards. It has also sought to develop positive relationships with local newspapers and media. However, there is more that senior managers and Executive members could do to prepare the communications approach to be taken over difficult issues.
- 36 Some of the priorities (such as improving the efficiency of the organisation, medium-term financial planning, coping in years of funding reductions, procurement, and use of land and buildings) are linked to the work of the Flintshire Futures Programme. This will be developed over the coming year and set out the programme of change that the Council will make in response to the financial challenges.
- 37 The Council has plans to improve the ways in which it can be contacted and people can use services. These include improving the website and telephone arrangements. A project has started that will be identifying ways to improve the customer experience when dealing with the Council face to face. As the Council enters a period of reduced funding it will be important that people find that contacting the Council is straightforward and that the Council hears and listens to concerns.
- 38 The Council has developed emergency planning with Denbighshire County Council to assist the response in the event of a critical event outside the Council.
- 39 The completion of the process of achieving an appropriate Single Status Agreement during 2011 will be important for enabling the Council to move forward in many areas as well as releasing the time and effort currently going into the process. The Council is reviewing its position on how it would meet any equal pay claims should this arise.
- 40 The Welsh Language Board (WLB) works with councils to help them develop Welsh language schemes that guide the way in which a council provides services to promote and facilitate the use of the Welsh language. The WLB and the Council have identified eight priority areas that require action to enable the Council to address fundamental weaknesses and risks in implementing its Welsh Language Scheme. However some priority targets have not been achieved within the set timescales, and the actions required for addressing other priority areas are not clear. The Council continues to support a large number of staff to learn Welsh and this year saw an increase in numbers on previous years. The WLB has found that the Council's website, electoral documentation and statutory and recruitment adverts comply with the Welsh Language Scheme. The Council was also praised for piloting a Welsh language impact assessment tool to mainstream the Welsh language into the process of developing new policies, plans and initiatives.

Is Flintshire County Council supporting people in need?

- 41 The role of the Care and Social Services Inspectorate in Wales (CSSIW) is to make professional assessments and judgments about social care, early years and social services and so encourage improvement by the service providers. It works on behalf of Welsh Ministers, but there are a number of safeguards in place to ensure its independence. Under new legislation there is a new framework in place for local authority social services inspection, evaluation and review.
- 42 Directors of social services are required to produce an annual self-assessment report on how well services are being delivered. The CSSIW will then undertake a review and analysis of evidence underpinning the report, including evidence from other regulators and inspectors. This analysis will result in an individual inspection and review plan for each council. The CSSIW's analysis, and the inspection and review plan, are set out annually in a published letter. 2009-10 is the first full year of the new framework with the purpose being to establish a baseline of current performance. The key messages of the letter issued in December 2010 are summarised below.
- 43 For adults, the Council and its partners provide effective and timely discharge from hospital. There is a growing range of services to support independence and timely provision of aids and equipment and home and day care services. The effectiveness of re-ablement services was illustrated by 82 per cent of the older people who used the service requiring less or no ongoing support. The Shotton Extra Care Housing Scheme won an award from the Association of Public Service Excellence. Access to direct payment options have increased and are providing people with improved opportunities to exercise personal choice and control.
- 44 The Council needs to do more to complete care plans promptly and to give quicker access to mental health, substance misuse and occupational therapy support. There is also a need to strengthen the commissioning of services for older people and for learning disability services.
- 45 For children, the Council provides timely assessments and previously high re-referral rates have been significantly improved. The indicators for care management arrangements are amongst the best in Wales. The Council provides good quality foster care services and has been successful in promoting the achievements of looked after children and care leavers.
- 46 However, the Council needs to improve the allocation of social workers to looked after children and children in need and to reduce waiting times for assessment of children with disabilities by paediatric occupational therapy. The Council and its partners are working to strengthen the Local Safeguarding Children Board and progress in this will be subject to ongoing monitoring by CSSIW.
- 47 The Council is using analysis of unmet needs to drive strategic planning for future services and has developed award-winning service initiatives for children, young people and adults. Operational plans for children have clear links to the *Children and Young People's Partnership Plan* but the links between operational plans for adults and the *Health, Social Care and Well-being Strategy* are less consistent. A culture of co-operation with partner councils is being achieved through various North Wales partnership bodies. There are also a number of jointly provided services including advocacy and independent visitor services and the regional adoption consortia.

- 48 Social work recruitment has increasingly been successful and action is being taken to tackle high levels of staff absence. A 'People Plan' has been developed for the directorate to drive progress on a range of staff issues and to help align systems, people and skills to enable improved services. This will include ensuring that robust supervision and appraisal systems are in place and followed.
- 49 The Chief Executive is providing strong leadership while the Director post is vacant. The social care agenda benefits from good corporate and political support and councillors are active participants in a programme of visits to front-line services. Feedback from the visits is used to inform quality assurance information and service planning.

Are youth justice arrangements supporting young people and the community?

- 50 Her Majesty's Inspectorate of Prisons (HMIP) undertook an inspection of youth justice arrangements in Flintshire and reported in May 2010. The Chief Inspector of Probation commented that: 'Overall, HMIP consider this a very creditable set of findings. Management oversight of Risk of Harm being the main area to need some attention to detail, otherwise this inspection identified much good work being delivered.'
- 51 Safeguarding aspects of the work were done well enough 82 per cent of the time; public protection and management of risk of harm to others was done well enough 77 per cent of the time; and work to reduce the likelihood of reoffending was done well enough 87 per cent of the time. These scores were excellent when compared with the rest of Wales, and well above the all-Wales averages.

- 52 As part of a regional and sub-regional consolidation of partnerships, it is planned that the Youth Offending Team will be provided as a shared service across Flintshire and Wrexham.

Is the Council improving health, social care and well-being?

- 53 The priorities the Council has agreed to help improve health and social care are (summarised):
- to safeguard vulnerable adults, older people and children in partnership with statutory agencies and other partners;
 - to promote independent and supported living in the community through sustainable and affordable domiciliary care, flexible care support packages, integration of services with other partners;
 - to provide flexible supported living choices including extended extra care housing provision;
 - to plan to meet the diverse and complex care needs of society including extended provision of dementia services;
 - to develop a sustainable and affordable policy for out-of-county places; and
 - to work in partnership with the health board to extend and improve access to primary health care, to invest in preventative services and to improve the integration of health and social care.
- 54 These are appropriate improvement objectives for Flintshire because they link well to its priorities for improving its services and the needs of residents. None of the objectives are new and all are covered in the SARC. They are consistent with the County Vision aim of 'health improvement through everything we do' and 'promoting and protecting

health and well-being'. They are also reflected in the plans the Council has agreed with its partners – the *Flintshire Children and Young People's Plan 2008-11* and the *Flintshire Health Social Care and Well-being Strategy*.

55 The key messages from CSSIW (above) provide some information about progress for some of these priorities. In addition, we have also noted the following points:

- The Council and Wrexham County Borough Council have agreed to develop a joint Local Children's Safeguarding Board (LCSB). This is one of a number of measures to improve the operation of the LCSB.
- The implementation of the new client information and workflow system (PARIS) has had a significant impact upon the day-to-day working of practitioners and has also meant the Council has not been able to produce accurate performance information for some parts of the service.
- The Council, like many other councils, has been affected by a rising need to take children into care and it has not yet been able to identify sufficient placements that it can afford to use and stay within the allocated budget. The financial monitoring report for the period to the end of September 2010 said the budget for such placements was projected to be overspent by £1.3 million. A consultancy firm has been commissioned to provide expertise to ensure the Council gets the best value from its use of independent providers. Addressing the need for stable and cost-effective placements is also the top priority of the North West Regional Partnership Social Care Programme Board.

- The Council has helped support the independence of people with disabilities by improving the time taken to make adaptations to properties where these are required. The time taken to deliver an adaptation funded through a Disabled Facilities Grant has reduced from over 600 days in 2007-08 to 347 days last year. This is now slightly better than the average for Wales although this still represents a long delay.

Is the Council improving housing in the county?

56 The improvement objectives the Council has set itself to improve its housing are:

- to deliver an affordable housing supply through an 'Affordable Housing Strategy';
- to make a marked and rapid improvement in the quality, flexibility and performance of housing management and repairs and maintenance services;
- to determine the future of the Council housing stock through a tenant ballot and a strategy to achieve the Welsh Housing Quality Standard (WHQS); and
- to declare the Council's first Neighbourhood Renewal Area (NRA).

57 These improvement objectives are appropriate for Flintshire because these are all matters where progress had been slow. There is a need for clear and concerted leadership from councillors to ensure that some of the long-standing issues are addressed.

58 In the last two years, fewer units of affordable housing have been provided in Flintshire than in most council areas. Provision of affordable housing has not been included in the main set of targets for the Council and was not addressed in the Local Housing Strategy. The Council is right to increase focus in this area and it has now developed plans to improve the supply of affordable housing. It anticipates exceeding the 180 units forecast to be delivered in 2009-2011 in its Affordable Housing Delivery Statement submitted to the Assembly Government in September 2009.

59 There has been long-running low performance in the housing management and repairs and maintenance services. The Head of Housing, appointed in 2009, is re-structuring several areas of the department and radically changing the repairs service. Many aspects of performance are still poor. Further work remains to tackle delays when properties are empty, the speed of repairs and some maintenance services including gaining access to carry out gas safety checks.

60 Much of the Council housing stock is not in good condition and does not meet the WHQS. All local authorities and housing associations are expected to adopt the WHQS and devise realistic programmes for bringing their homes up to this standard by the end of 2012. The Council is unable to bring its housing up to the standard with its current funding.

61 In 2008, the Council adopted a plan to ballot residents on the Large Scale Voluntary Transfer of its housing stock. The stock transfer would provide a possible means by which the major investment to improve homes to the WHQS could be secured. The ballot is due to take place in the autumn of 2011 and progress to date, when compared with the stock transfer process in other council areas,

has been slow. The Council will remain neutral on the question of recommending a 'yes' vote in the ballot. The 'Choices' document that will be provided for tenants will show the plans in the event of a 'yes' vote and a 'no' vote. Ensuring that local authority housing units in Flintshire are of good quality remains a challenging objective.

62 In February 2010, the Council declared its first NRA for an area of Deeside. This has received £0.9 million from the Assembly Government and the Council and other funding to improve local housing and the environment. It is part of a programme by the Assembly Government to support and finance the improvement of private housing by encouraging councils to work with local communities and partners. Flintshire has been relatively late in establishing an NRA. By September 2009, there were 57 completed or active NRAs in other areas of Wales.

Is the Council helping to reduce poverty?

63 The priority the Council has agreed to help reduce poverty is (summarised):

- To reduce extreme poverty, and make the best use of local resources to provide advice and extend benefits take-up, in partnership with others.

64 The Community Strategy acknowledges that around 25 per cent of children in Flintshire live below the official poverty level and this objective links closely with the County Vision aims. The Local Service Board (LSB)² has set up a group to focus on tackling poverty and disadvantage reduction and this has identified 'maximising income' as a key project area. It is an appropriate objective for the Council and its

² LSBs are public and voluntary sector leaders within each county who will work collectively to improve the county and its services for the benefit of its residents, visitors and businesses. An LSB for Flintshire was set up in 2008.

partners but not enough has been done to bring together the many ways in which the Council can contribute. This objective is referred to in some directorate and service plans; every council report has a statement about its 'anti-poverty impact', but it has no SARC risk entry and there is no reporting of progress.

- 65 There are many ways in which the Council can contribute to reducing poverty ranging from its charging policies for care services to the ways in which it supports employment opportunities and its support for vulnerable children and their families. Another element is how it deals with people entitled to claim housing and council tax benefit – here the Council's performance is not good with the Council taking the second longest of all councils in Wales to deal with new claims and changes of circumstances. There is a lack of clarity about what is expected, insufficient co-ordination of activity, and no overall reporting or accountability for the priority of reducing poverty.

Is the Council encouraging healthy living?

- 66 The priorities the Council has agreed to encourage healthy living are (summarised):
- to achieve the aims and objectives of its 'Actif Leisure Strategy'; and
 - to agree and fund a scheme to remodel Deeside Leisure Centre.
- 67 The objectives are appropriate ones for the Council which faces rising costs of providing leisure facilities with the quality of the buildings for the nine centres getting worse. Deeside Leisure Centre is the largest and most used centre but there is an urgent need to improve the buildings and facilities.
- 68 In 2009, the Council agreed its leisure services

strategy *An Actif Future 2008-2013*. This set out the vision that in 2013, Flintshire is to be a great place for people to live, work, visit and enjoy. This vision will be realised by using leisure to develop physical education and sport, thereby promoting health and well-being. It set three objectives:

- increasing participation in physical activity and enabling the Flintshire community to develop its potential in sport;
 - quality management of facilities; and
 - regeneration of the county's leisure portfolio.
- 69 There is a five-year work programme to deliver the strategy and the Council has made progress in some of the actions – for example, it has replaced the pool roof at Flint Pavilion. However, the quality of the buildings is such that there remains a risk that some may be closed at short notice and may not be repairable. So far it has only been able to address some of the very highest priorities at the centres. The Council has also been unable to afford to fully maintain the 176 play sites in the county. The updated Play Strategy notes that the annual repair and maintenance budget for play areas is insufficient in terms of long-term sustainability of the sites.
- 70 An agreement has been reached with a company who will work with the Council to re-develop Deeside Leisure Centre. So far, outdoors facilities have been much improved and re-opened in November 2010. Further work will be carried out to develop and agree plans for the main buildings and site.
- 71 In the current financial situation, these objectives remain a significant challenge for the Council.

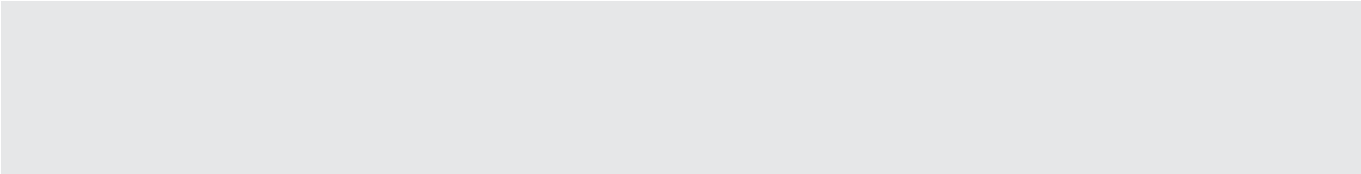
Is Flintshire County Council helping people to develop?

Background information

- 72 Flintshire currently has approximately 24,000 school pupils. There are 74 primary schools and one nursery school. Five of the primary schools provide education through the Welsh language. One is a Foundation school. There are 12 secondary schools one of which is a Welsh medium school.
- 73 In July 2009 the three existing special schools closed and two new, purpose-built specialist schools opened in September 2009. There is one Pupil Referral Unit located on eight separate sites.
- 74 Flintshire receives lower funding per pupil for education from the Assembly Government than most councils where the funding may be higher in recognition of greater rurality or deprivation. Over the last five years, Flintshire has increased its total education budget to £105.3 million and the amount per pupil has risen at a faster rate than the average. The Council provides a greater level of support and services for pupils than most authorities and the proportion of funding delegated to schools is lower than for most councils.
- 75 Education attainment is often closely linked to how well-off pupils' families are – children from poorer families often get below-average results. The proportion of pupils entitled to free school meals in Flintshire in January 2010 was the fourth lowest in Wales at 12.8 per cent compared with the Wales figure of 18.9 per cent. This would suggest that attainment for children in Flintshire should be above the average for Wales.
- 76 Results for pupils in Flintshire and across Wales have risen in recent years. At the end of primary education, the overall results for children in Flintshire are close to the Welsh average. Results for secondary school pupils were below the expected levels but this gap has been narrowed. By 14, the results are now well above average. The overall results for young people at 16 and 18 getting GCSEs and 'A' levels, or equivalents, show Flintshire as amongst the top group of councils in Wales. For some measures, the results for Flintshire children are the best.
- 77 Estyn, the inspectorate of education and training in Wales, looks at how well councils are helping children and young people develop knowledge and skills. They carry out inspections of schools, further education colleges and training organisations as well as making judgements on how well councils support these education providers. Estyn, through its regional teams, analyses performance information, visits schools and has regular meetings with directors of education to come to a view about the role of the Council and about education performance in the area. Estyn will be undertaking an area inspection on the quality and standard of provision for 14-19 year olds in Flintshire in January 2011.

Is the Council improving learning and skills for life?

- 78 The priorities the Council has agreed to help learning are (summarised):
- to develop and implement the School Modernisation Strategy whilst securing the highest possible level of 'spend per pupil';
 - to achieve the aims and objectives of the School Effectiveness Framework (SEF);
 - to achieve the aims and objectives of the 14-19 Transformation Strategy and to be an effective educational and economic partner with higher and further education sectors;
 - to further develop the Foundation Phase for pre-school age; and
 - to achieve the objectives of the action plan adopted after the last Estyn inspection.
- 79 These are all appropriate priorities for the Council which address areas of change and improvement. They are partly reflected in the SARC which includes School Modernisation, and Learning and Development. The priorities were adopted after the Lifelong Learning Directorate Plan for 2010 was drafted and whilst the priorities are included, the Directorate Plan includes a range of other priorities as well.
- 80 The Council has agreed a School Modernisation Strategy and is making some progress, particularly with the organisation of primary schools. However, uncertainty with funding for secondary and post-16 modernisation has delayed the development of detailed plans.
- 81 Whilst the number of unfilled school places in Flintshire is lower than in many councils, approximately one in five primary schools and four of the 12 secondary schools have a significant proportion of surplus places. The Council has assessed that it needs to spend approximately £40 million to repair problems with the condition of its schools.
- 82 Agreement has been reached on amalgamation of some primary schools with other proposals going through formal consultation processes. A 'School Buildings Improvement Grant' of £4.5 million from the Assembly Government and £1.9 million of Council capital spending is supporting plans for the re-organisation of primary schools at Shotton. Work is also due to start on a new school to replace separate infants and junior schools in Connah's Quay in January 2011.
- 83 Flintshire is one of only a few councils who have considered the future of their special schools as part of their overall strategic planning for school improvement. In September 2009, the Council closed its three all-age special schools for pupils with moderate, severe and profound/complex learning needs, and replaced them with two new special schools, one primary and one secondary, located close to each other in Flint. This development has already brought about improved special educational provision and better value for money.
- 84 The modernisation of secondary schools and post-16 provision has made less progress. A 'Strategic Outline Case' setting out the principles and options for secondary school and college arrangements for young people aged 14-19 has been submitted to the Assembly Government but uncertainty over future capital funding is a barrier to rapid progress. It will not be possible to decide on specific proposals for change until the funding available is clearer.

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- 85 The SEF is an ambitious Assembly Government programme that aims to improve schools so they can improve results. The Council successfully piloted the Professional Learning Community element of the SEF in all its schools and the SEF will guide its school improvement arrangements. It is working closely with other North Wales councils to develop a regional school improvement service which will be closely aligned to the development of the SEF across the region.
- 86 There are four schools in the county that Estyn has reported as causing concern and needing special measures, significant improvement or are subject to follow-up. The effectiveness of the SEF approach to school improvement will be seen in the way the Council identifies, challenges and supports schools and helps achieve better education for children and young people.
- 87 The Council and its partners have accepted that to meet new national targets it needs to transform education for young people aged 14-19. It has made good progress in helping schools and Deeside College to work together to offer a better range of courses. It has also established a 14-19 Programme Board to develop proposals to organise schools more efficiently and effectively, raise standards and improve buildings for pupils.
- 88 Work in this area also contributes to the Council's priority of developing the local economy through transport, communications, land and asset use, and education. The Estyn inspection in January 2011 will provide further information on progress.
- 89 The Foundation Phase of education for children aged three to seven involves children learning through activities and play, and has been fully introduced in Wales from September 2010. The Council has supported this development and has put particular energy and resources into training adults who work with children in the Foundation Phase.
- 90 When we next report, we hope to be able to comment in more detail on how the Council is helping children and young people develop skills.

Is Flintshire County Council helping to create a safe, prosperous and pleasant place to live?

Background information

- 91 Flintshire has a lower crime rate than the average for Wales at 59.17 crimes per 1,000 population. The highest proportion of these crimes is accounted for by criminal damage (26 per cent) and violence against the person (21 per cent). The reported crime rate has fallen to 70 per cent of the figure of seven years ago.
- 92 In 2009-10, in Flintshire, the proportion of roads in poor condition was amongst the lowest in Wales.
- 93 In 2008, the proportion of the population in employment in Flintshire was one of the highest amongst the 22 Welsh local authorities. In July 2010, 3.3 per cent or 3,100 residents of the working age population declared they were out of work by claiming the Jobseekers Allowance and National Insurance credits. The Welsh average was 3.6 per cent.
- 94 In 2009, the average weekly earnings in Flintshire stood at £538, which was the third highest amongst the 22 Welsh local authorities.

Is the Council helping economic prosperity?

- 95 The improvement objectives the Council has set itself to promote economic prosperity are:
- to protect, promote and develop the local economy through the transport and communications infrastructure, land and asset use, and the educational system;
 - to agree a strategy with the Assembly Government to reduce traffic congestion on the A494/A55 interchange and the connecting county road network; and
 - to agree a scheme to remodel Clwyd Theatre Cymru and campaign for national capital funding support.
- 96 The Council can have a significant role in supporting and developing the local economy and this is an appropriate objective. There are SARC risk entries for economic regeneration, town regeneration, transport infrastructure and the skills of employers.
- 97 Whilst some progress has been made on the development of a Regeneration Strategy and support for local business, the clarity of what it is intended to achieve, the responsibilities and the monitoring of progress could be improved. The Flintshire Regeneration Strategy 2009-2020 was agreed by the Council in October 2009 and also agreed by the Flintshire Regeneration Partnership (the Partnership). The roles for the Partnership include discussing and agreeing the prioritisation of bids for funding to support the strategy and the monitoring and reviewing of progress. Although established in 2005, the Partnership was not a strong body and the Council has led work to review and strengthen it. This is continuing.

98 The Regeneration Strategy includes a number of targets but progress on these has not yet been reported to the Council. The Council's performance monitoring focuses on a small set of objectives for attendance at Flintshire Business Week and local business satisfaction. It has been intended that the strategy would be reviewed annually. We think that this should be done in the next six months, clearer outcome measures agreed and the reporting of progress to the Council improved. The Council has said that the strategy will be reviewed in February 2011.

99 Traffic congestion on the A494/A55 interchange has been a long-standing issue and the Council and its partner councils in 'Taith', the regional transport group for North Wales, has pursued the issue with the Assembly Government. The next step will follow the completion of a consultant's report on transport issues in the area early in 2011.

100 Clwyd Theatr Cymru is a Council-owned theatre partly funded through the Arts Council of Wales. It is run by its own board on which the majority of members are councillors from Flintshire County Council. The theatre has not had a SARC risk entry and there are currently no regular reporting arrangements to ensure that councillors and the public are aware of the cost and risks associated with the theatre. It is expected that a report will be presented setting out some of the issues and proposals for a feasibility study in the near future.

Is the Council helping improve the environment?

101 The improvement objectives the Council has set itself to improve the environment and sustainable living are:

- to achieve our waste minimisation and recycling targets with high levels of public support and participation;
- to adopt the Unitary Development Plan (UDP) and progress the replacement Local Development Plan with urgency;
- to reshape and improve the street scene services;
- to further improve the quality, flexibility and performance of planning development control services; and
- to reduce the Council's energy use and carbon emissions.

102 These are all important and mainly long-term issues for the Council which have been included in the SARC.

103 The Council is making good progress in addressing the medium and long-term issues in waste management. They have led the North Wales Residual Waste Treatment procurement project with four other North Wales councils. The Assembly Government has announced a grant of £142 million to support this project.

104 A partnership to develop an anaerobic digester plant to treat food waste in North East Wales is underway with Denbighshire and Conwy. This facility is expected to open in April 2012 and will treat the food waste collected by all three councils.

- 105 The Council has also produced a revised waste strategy which sets out how it will achieve future waste targets. However, the strategy relies on assumptions about the collection rates, costs and Assembly Government grant funding. There are inevitably some risks associated with these assumptions.
- 106 Current performance against the national performance indicators for waste treatment is mostly close to the averages for Wales. Significant changes are planned in collection arrangements in the coming year which are intended to improve performance.
- 107 There have been many delays in the adoption of a UDP for Flintshire to update existing local plans for Delyn (from 1993) and Alyn and Deeside (2003). Development plans provide a basis for making decisions on planning applications. Councils should reach decisions in line with their development plan unless there are other significant considerations. Councils have been expected to adopt a new UDP and most have done so. Councillors agreed in principle to adopt a plan subject to some elements being reviewed. However, at November 2010, the Council had not completed the process of adopting its UDP.
- 108 The Council has identified the need to improve its street scene and environmental enforcement services and programmes of action are taking place. Street scene services aim to provide clean, safe, accessible and attractive streets and work closely with enforcement services which tackle litter, dog fouling, graffiti and other problems. The performance of enforcement services had been affected by reduced staffing in the enforcement team. This has improved and a backlog of cases is being addressed. The Council has agreed with North Wales Police that police community support officers would support enforcement action on dog fouling and littering, and a new programme of enforcement started in July 2010.
- 109 The Council has continued to make progress in improving its planning development control services which deal with all aspects of planning applications. The Council had a poorly performing service that was criticised in an auditor's report in 2007. A further review in 2009 noted there had been substantial improvement. Progress has continued following a review of processes in the department although there are still delays in dealing with some major planning applications and some other aspects of the service.
- 110 The Council shows good understanding and commitment to managing its carbon emissions now and in the future although some further improvements could be made in carbon and energy management across all departments. The Council has made progress in tackling carbon reduction and most areas of performance are improving. The LSB has made a commitment that carbon management is one of its priorities although it is not clear how this is proceeding. A Wales Audit Office review in 2010 was positive about progress in this area but also noted that many Council departments were not yet showing their own contribution to energy use and carbon reduction in their own plans.

Is the Council helping to build safe and supportive communities?

- 111 The improvement objectives the Council has set itself to build safe and supportive communities are:
- to improve council enforcement particularly in environmental services, the cleanliness of the 'public realm' and in planning development control;
 - to extend the impact of public protection services to safeguard communities and public health;
 - to achieve a higher level of public confidence in the safety of communities in partnership with North Wales Police and other partners; and
 - to promote citizen responsibility to support the work of the public services, for example crime prevention, enforcement, community participation and community action.
- 112 This group of priorities include important concerns of residents such as the way public spaces are kept pleasant and how wrongdoing is prevented or addressed. They are appropriate priorities but it is not always clear what it is intended to achieve. There are no SARC risk entries for the main public protection services or for the community safety and citizen participation priorities.
- 113 Some weaknesses in the public protection service are being tackled and improvements made to support the wider public health agenda and to be more responsive to its users. The public protection service is responsible for inspecting places where food is prepared and sold, and enforcing animal health, health and safety and trading standards laws and regulations. It plays a part in minimising and dealing with any outbreaks of infections such as E.coli and contributes to wider issues such as reducing smoking and alcohol abuse by young people.
- 114 A key part of ensuring a good service is how the different elements work together. The public protection service is being re-organised to improve these arrangements. A consultation process (known as SERVQUAL) has been introduced to find out how far residents and businesses felt the service meets their expectations. This found an overall satisfaction rate of 78 per cent but it also gave useful information about expectations of the service which can be used to help it improve.
- 115 The Council achieved the requirements to inspect all high-risk food and animal health premises in 2009-10 although performance dropped for trading standards and health and safety work.
- 116 The priorities for confidence in community safety and for promoting citizen responsibility have not previously been shown as key priorities. The Council and its partners will need to develop clear plans for these and arrangements for monitoring progress.

What should Flintshire County Council do?

117 Given the wide range of services provided and the challenges facing the Council it would be unusual if we did not find things that can be improved. The Auditor General is able to:

- recommend to Ministers of the Assembly Government that they intervene in some way;
- conduct a special inspection and publish the report with detailed recommendations;

- make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
- make proposals for improvement – if we make proposals to the Council, we would expect them to do something about them and we will follow up what happens.

118 In the light of our work the Auditor General recommends that the Council should consider our proposals to help it improve:

Proposals we made in the Preliminary Corporate Assessment

The Council should:

- review arrangements to ensure that appropriate behaviour standards of councillors are maintained;
- complete work on the Council (Governance) Plan Framework;
- develop the process to enable the allocation of resources to priorities; and
- complete the People Strategy 2009-2012 and action plan.

Additional proposals

The Council should:

- complete the review of the Priorities of the Administration, formally adopt these as the priorities of the Council, and publish them widely; and
- establish that there are clear leadership and accountability arrangements, success measures, and reporting processes for progress against all of its priorities.

Appendix 1

About the Auditor General for Wales and this report

The Auditor General

The Auditor General is independent of government and is appointed by Her Majesty the Queen. He leads the Wales Audit Office and is held accountable by the Public Accounts Committee of the National Assembly for the Wales Audit Office's work.

The Wales Audit Office helps the Auditor General by examining various aspects of how Welsh public bodies work. It was created in 2005 when the National Audit Office in Wales and the Audit Commission in Wales merged.

The Auditor General is the external auditor of the Assembly Government and its sponsored and related public bodies; the National Assembly for Wales Commission and National Health Service (NHS) bodies in Wales. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The law which created the Wales Audit Office also expanded the powers of the Auditor General to follow the 'public pound' wherever it goes.

This report

The Local Government Measure (Wales) Measure 2009 (the Measure) introduced new responsibilities for the Auditor General, including a responsibility to publish his assessment of each council/authority's arrangements to secure continuous improvement.

This report has been produced by the Auditor General for Wales to discharge his duties under section 24 of the Measure. The report also discharges duties under section 19, namely; to issue a report certifying that he has carried out an audit under section 17 and an improvement assessment under section 18.

Improvement authorities are under a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. Improvement authorities are defined as local authorities, national parks, and fire and rescue authorities.

The main piece of work for the Wales Audit Office, to enable the Auditor General to fulfil his duties, is an annual Improvement Assessment.³

³ This assessment will be conducted for each improvement authority, under section 18 of the Measure. For each authority, it will determine whether the authority is likely to comply with the requirements of Part 1 of the Measure. The Wales Audit Office will also undertake improvement information and planning audit, as required under section 17 of the Measure, in order to ascertain whether the authority has discharged its duties under section 15(1) to (7).



This will be informed by a:

- Corporate Assessment – a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement; and
- Performance Assessment – a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement.

The output(s) from these assessments will be issued by the Auditor General as Audit and Assessment Report(s), under section 19 of the Measure. In publishing this report under section 19, the Auditor General for Wales is certifying that we have undertaken a section 17 audit and a section 18 improvement assessment.

The Auditor General may also in some circumstances carry out Special Inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22).

The Auditor General will summarise Audit and Assessment Reports in this published Annual Improvement Report (under section 24). This will also summarise any reports of Special Inspections.

An important ancillary activity for the Wales Audit Office is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General will also take account of information shared by relevant regulators (under section 33) in his assessments and this report will summarise any work undertaken by them.

The Auditor General sets out the fee for his performance audit work undertaken to discharge his duties under the Measure at each local authority in a Regulatory Programme agreed each year with the authority. The fee for November 2009 until March 2011 is currently expected to be in line with that set out in the Regulatory Programme.

Appendix 2

Useful information about Flintshire and Flintshire County Council

In 2008-09 the Council spent £288 million, equating to £1,909 per resident. In that year it also spent £37 million on capital items.

The average band D council tax in 2009-10 for Flintshire was £1,080 per year, which will increase by 3.25 per cent to £1,115 per year for 2010-11. Sixty-nine per cent of Flintshire's housing is in council tax bands A to D.

There are 70 councillors for Flintshire who represent the community and make decisions about priorities and use of resources. The Council is made up of Members from the following political groups:

- 22 Labour
- 18 Independent Non-Aligned
- 10 Liberal Democrats
- 9 Conservatives
- 9 New Independents
- 1 Plaid Cymru
- 1 other Independent

The Leader is Councillor Arnold Woolley.

The Chief Executive is Colin Everett, and the Directors are:

- Director of Environment – Carl Longland
- Director of Lifelong Learning – Ian Budd
- Director of Community Services – vacant (Chief Executive covering)

The Assembly Members for Flintshire are:

- Sandy Mewies, Delyn, Labour
- Carl Sargeant, Alyn and Deeside, Labour

The Members of Parliament for Flintshire are:

- David Hanson, Delyn, Labour
- Mark Tami, Alyn Deeside, Labour

For more information see the Council's own website at www.flintshire.gov.uk or contact the Council at Flintshire County Council, County Hall, Mold, Flintshire CH7 6NB (Tel: 01352 752121).

Appendix 3

The Auditor General's Corporate Assessment

The main conclusions of the Auditor General's Corporate Assessment which was issued to the Council in August 2010 are set out below:

Overall conclusion

Flintshire County Council is actively promoting improvement whilst some arrangements are not fully developed.

How the Council has approached improvement over time

The Council has taken initiatives to improve after a period of inconsistent progress but whilst there has been progress, some corporate arrangements are not yet fully developed.

- before 2007, there was clearer political control but corporate management was inconsistent and the Council failed to address some key challenges;
- since 2007, more effective and professional leadership has improved corporate management and helped to promote improvement despite a fragile political position; and
- the Council is beginning to establish its priorities and arrangements to address the financial future but the political position and the capacity for change present continuing risks.

Analysis of the Council's arrangements to help it improve

Council leadership has positively promoted change and there have been many improvements in arrangements whilst some risk areas have not yet been fully addressed.

- elected member and senior officer leadership is actively supporting improvement but the political position remains fragile;
- governance arrangements are generally effective but some issues remain to be addressed;
- a constructive approach to working in partnership will support future improvement;
- a clearer strategic policy framework is emerging although some aspects are still developing;
- the Council has benefited from sound financial control but there have been significant service pressures and some overspends in 2008-2010; the Council is beginning to develop the framework to address financial challenges and develop financial planning linked to priority objectives;
- business processes have improved considerably in the last three years but there is room for further development to support improvement more effectively; and
- despite some improvements in the human resources service, arrangements for people management include continuing risks that may hinder securing improvement.

For the full report see our website at www.wao.gov.uk.

Appendix 4

Appointed Auditor's Annual Audit Letter to the Members of Flintshire County Council

The Measure has provided the Wales Audit Office with an opportunity to re think how to report the findings from both the financial audit and the performance audit work to local government bodies. As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority over the next few months and many of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore I have taken the opportunity to summarise the key messages arising from the Appointed Auditor's statutory responsibilities (the accounts, the value for money conclusion and the audit of the improvement plan) into this short letter which forms the Annual Audit Letter. The letter is designed to be a stand-alone document, but will be presented to the Council and the public as part of the AIR and therefore discharges my reporting responsibilities under the Code of Audit Practice (the Code).

Flintshire County Council complied with financial and performance improvement reporting requirements but there is scope to improve financial controls in a few areas and the Council needs to further develop its future financial planning to help it meet the significant financial challenges ahead

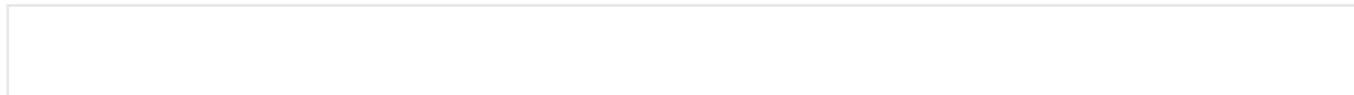
It is the Council's responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a Statement of Accounts in accordance with relevant requirements;
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- publish its Improvement Plan by 31 October.

The Code issued by the Auditor General requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources;
- consider whether the Improvement Plan is prepared and published in accordance with statutory requirements; and
- issue a certificate confirming that I have completed the audit of the accounts.

On 30 September 2010 I issued an unqualified audit opinion on the accounting statements, confirming that they present a true and fair view of the Council's and the Pension Fund's financial transactions. My report included an emphasis of matter on the Clwyd Pension Fund. My report is contained within the Statement of Accounts.



The following issues were identified:

- we did not identify any material weaknesses in your internal controls although a number of control weaknesses have been reported in relation to payroll, housing benefit, asset verification, pensions reconciliation and cash management procedures;
- the accounting statements were prepared by the deadline and were generally well supported, although some delays were experienced and improvements were identified which have been reported separately; and
- the emphasis of matter in the pension fund accounts was required to refer to the inherent uncertainty of valuing unquoted investments carried in the balance sheet at £139 million and we referred to the need for the Council to develop arrangements to obtain assurance of the valuations of these assets.

My review of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Measure. The main findings from this latter work will be set out in the AIR. In addition I also bring the following issues to your attention:

- Budgetary control arrangements are sufficiently robust to provide us with material assurance on the financial statements but there is scope for further improvements to be made.
- Future financial planning is developing and will need to progress rapidly to support the Flintshire Futures programme and support the Council in meeting the significant financial challenges ahead. This is referred to further in the AIR.
- Our assessment of Internal Audit against the CIPFA standards indicated that the function fully complied with seven of the 11 standards and partially complied with the remaining four.

The Council's Improvement Plan 2010-2011 meets statutory requirements and the Improvement Assessment Report will include suggested further improvements.

I issued a certificate confirming that the audit of the accounts had been completed on 30 September 2010. The financial audit fee for 2009-10 is currently expected to be in line with those set out in the Financial Audit Strategy.

John Herniman
Partner
For and on behalf of the Appointed Auditor
29 November 2010

Appendix 5

Flintshire County Council's improvement objectives

From the Statement of the Priorities of the Administration 2010-2012 report, Flintshire Council Executive Board, 12th May 2010.

The Council aims to protect and improve the quality of life of its communities. With our local partners we have committed to a Vision for the County under five themes. What follows is a set of priorities for 2010-12 as our contribution to achieving that Vision.

Corporate Governance and Performance

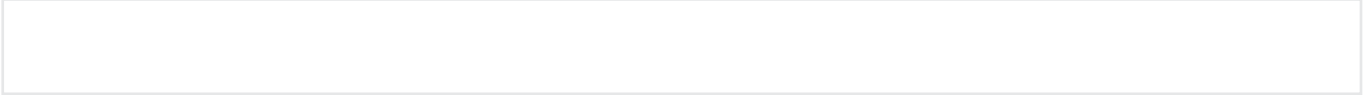
- 1 To promote and maintain a positive and confident reputation for the Council and the county locally, regionally and nationally.
- 2 To continue to make progressive change in the culture, efficiency, effectiveness, adaptability and performance of the organisation both corporately and in service planning and delivery.
- 3 To develop and follow a resilient medium and longer term financial strategy whilst maintaining an affordable level of Council Tax for local taxpayers.
- 4 To cope and prosper in the coming years of reductions in revenue and capital for public services and continue to improve and perform as a public services organisation.
- 5 To attain high and consistent levels of customer service, and to develop more flexible personal and remote customer contact services through an ambitious Customer Services Strategy.
- 6 To achieve the aims and objectives of The People Strategy with an emphasis on people management practice, management performance, attendance management and agile working.
- 7 To achieve a legal, acceptable and affordable Single Status Agreement.
- 8 To implement effective business continuity plans to protect key services.
- 9 To modernise and improve Council procedures and performance in procurement practice, to meet the aims of the Opening Doors Policy of the Assembly Government for small and medium sized businesses and to achieve cashable and non-cashable efficiency targets.
- 10 To maximise the use of the Council's land and asset base for the achievement of Council priorities and to maximise capital receipts or income.

Local Public Services

- 1 To protect, promote and develop the local economy through the transport and communications infrastructure, land and asset use, and the educational system.
- 2 To reshape and improve the Street Scene Services.
- 3 To improve Council enforcement particularly in environmental services, the cleanliness of the 'public realm' and in planning development control.



- 4 To extend the impact of Public Protection Services to safeguard communities and public health.
- 5 To achieve our waste minimisation and recycling targets through the local and regional strategies, thereby avoiding infraction penalties, with high levels of public support and participation.
- 6 To adopt the Unitary Development Plan (UPD) and progress the replacement Local Development Plan (LDP) with urgency.
- 7 To further improve the quality, flexibility and performance of planning development control services.
- 8 To reduce the Council's energy use and carbon emissions.
- 9 To agree a strategy with the Welsh Assembly Government to reduce traffic congestion on the A494/A55 interchange and the connecting County road network as a key part of the national and regional transport plans.
- 10 To deliver an affordable housing supply through the Affordable Housing Strategy.
- 11 To make a marked and rapid improvement in the quality, flexibility and performance of housing management and repairs and maintenance services and to improve the financial performance of the Housing Revenue Account.
- 12 To determine the future of the Council Housing Stock through a tenant ballot and a strategy to achieve the Welsh Housing Quality Standard.
- 13 To declare the Council's first Neighbourhood Renewal Area (NRA).
- 14 To achieve a higher level of public confidence in the safety of communities in partnership with North Wales Police and others partners.
- 15 To safeguard vulnerable adults, older people and children in partnership with statutory agencies and other partners.
- 16 To promote independent and supported living in the community through sustainable and affordable domiciliary care, flexible care support packages, integration of services with other partners.
- 17 To provide flexible supported living choices including extended extra care housing provision.
- 18 To plan to meet the diverse and complex care needs of society including extended provision of dementia services.
- 19 To reduce extreme poverty, and make the best use of local resources to provide advice and extend benefits take-up, in partnership with others.
- 20 To develop a sustainable and affordable policy for Out of County Places.



- 21 To work in partnership with the new Betsi Cadwaladr University Health Board to extend and improve access to primary health care, to invest in preventative services and to improve further the integration of health and social care.
- 22 To develop the School Modernisation Strategy and to achieve, in phases, its aims and objectives whilst securing the highest possible level of 'spend per pupil'.
- 23 To achieve the aims and objectives of the School Effectiveness Framework.
- 24 To achieve the aims and objectives of the 14-19 Transformation Strategy and to be effective educational and economic partners with the higher and further education sectors and notably Deeside College and Glyndwr University.
- 25 To further develop the Foundation Phase for pre-school age.
- 26 To achieve the objectives of the action plan adopted by the Council in response to the Estyn Inspection of Local Education Services.
- 27 To achieve the aims and objectives of the Actif Leisure Strategy.
- 28 To agree and fund a scheme to remodel Deeside Leisure Centre.
- 29 To agree a scheme to remodel Clwyd Theatre Clwyd and campaign for national capital funding support.
- 30 To promote citizen responsibility to support the work of the public services e.g. crime prevention, enforcement, community participation and community action.

Appendix 6

References

All the data referred to within the report is drawn from one of the following sources:

- Welsh Assembly Government, StatsWales
- Welsh Assembly Government, local area summary statistics
- The Authority's own website and improvement plans
- The Wales Yearbook
- The Home Office
- Members' Research Service
- Office for National Statistics

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 6

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **AUDIT OF 2009/2010 HOUSING AND COUNCIL TAX**
 BENEFITS SUBSIDY CLAIM AND 2009/2009 OVERPAYMENT
 REPORT

1.00 PURPOSE OF REPORT

- 1.01 To inform Committee of matters arising from the 2009/10 audit of the benefits subsidy claim, management actions taken to respond to these matters and to table the Wales Audit Office (WAO) report detailing all conclusions from the Audit and of matters included in their report to Department of Work and Pensions (DWP). This can be found at Appendix A.
- 1.02 To inform Committee of matters arising from a review of 2008/2009 of Flintshire's County Councils Housing and Council Tax Benefit Overpayments function, management action taken to respond to these matters and to table the Wales Audit Offices (WAO) report detailing all conclusions from the review. This can be found at Appendix B.

2.00 BACKGROUND

- 2.01 Housing Benefit (HB) and Council Tax Benefit (CTB) are administered by the Council on behalf of the DWP. All costs associated with both the administration and payment of HB and CTB are included in the Council's Revenue Budget. DWP reimburses the Council via two distinct funding streams.
- 2.02 The first is a formula based administration grant for all local authorities in the UK. It is allocated by the DWP annually and is based on the number and type of cases administered by the Council.
- 2.03 Payments of Housing and Council Tax Benefit are made to approximately 14,000 customers in the county. Flintshire County Council is reimbursed for this expenditure by means of a complex formula subsidy claim. This is prepared and submitted by the Council on the 31st of May each year. The subsidy claim for 2009/10 ran from 1st April 2009 to 31st March 2010 and was submitted by 31st May 2010.
- 2.04 Each year the claim is then audited and following the audit a certified claim is submitted to the DWP. During the audit the Council and the auditor will agree any necessary amendments that either party have identified since the original claim was submitted. The deadline for submission of the certified

Date: 29/03/2011

claim and any reports of the External Auditor Wales Audit Office (WAO) for areas of concern, known as a Qualification Letter (QL) is the 30th November. The conclusion of this process for 2009/10 was a certified claim for £40,811,559. Any amendments made to the claim do not affect individual customers' entitlement or payment of benefit.

- 2.05 The DWP will consider the QL and can seek reimbursement through future year's subsidy payments or can direct the auditor to conduct further testing.
- 2.06 Given both the time to certification and any ongoing negotiation about previous years subsidy, the DWP make payments to the Council "on account" based on two estimates submitted by the Local Authority (LA) during the year. As an incentive for authorities to submit certified claims on time, the DWP can withhold a percentage of these payments, which increases each month if the claim is late. Once the claim is submitted the payments are fully restored.
- 2.07 The externally audited and certified claim provides assurances to the DWP that Housing and Council Tax subsidy claimed by the Council is fairly and accurately stated. The role of our external auditors (WAO) is to scrutinise how the rules and regulations have been applied to form a view on the accuracy of the processing of claims. It is also to confirm the accuracy of the subsidy claimed and attributed to different claim types and circumstances. This includes all expenditure and the treatment of overpayments. From this the external auditor will then take a full view on the accuracy of the subsidy claimed and any adjustments needed to the original claim for subsidy.
- 2.08 Audit views are formed from testing, typically on a sample basis. Some testing can be undertaken by council officers or appointed specialists. Where testing is undertaken by the council's officers or appointed specialists the WAO will re-test to give assurance to the DWP to ensure the quality of the testing.
- 2.09 Where any errors are detected there are two options prior to the certified claims submission;
- the first is for more testing to be undertaken by either the Council or WAO. Ideally this testing would be completed before the certified submission deadline of the 30th November.
 - Where this is not possible or an agreement reached that the issues are of less significance, the WAO will note in the QL that limited testing has been undertaken but will "extrapolate" an assumed level of error in that part of the subsidy claim. "Extrapolation" is a statistical technique and it attempts to predict - in this case value of error, by relying on existing known data. This technique is governed by strict DWP guidelines but is known to produce exaggerated values

- 2.10 Audit guidelines require that all matters included in a QL are submitted in draft format to the Council with sufficient and reasonable time to consider the reported issues and agree all adjustments and content of the report. This must be signed off by the Section 151 officer prior to submission to the DWP on or before the deadline of 30 November.
- 2.11 During 2009/10, WAO carried out a review of all Welsh Authorities based on 2008/09 performance, to assess the arrangements for managing Housing and Council Tax Benefit overpayments. In February 2010 the findings and recommendations were discussed prior to the final report being produced. This has now been submitted to the authority for final agreement. The review covered the management, reporting and recovery of overpayments arrangements within each local authority. The report reflects the findings of fieldwork undertaken during the summer of 2009.
- 2.12 The WAO report accepts that since this work was undertaken there have been a number of restructures and reviews of the benefit service the latest which began in February 2011 which is already looking at the areas identified in the WAO report. Some of the issues identified in the report have already been addressed.

3.00 CONSIDERATIONS

2009/10 Subsidy Claim

- 3.01 The Council submitted its claim for subsidy on 27th May 2010 based on test system information. Following initial examination by WAO, live data was produced to support the claim and this was used as the baseline for recalculating the subsidy claim.
- 3.02 During the course of the audit WAO raised concerns about weaknesses in controls, testing results and the need for extended testing to give the necessary degree of assurance to the DWP. This delayed the receipt of the QL. The Council received a first draft on the 30th November 2010. There were many areas to consider and there was a requirement for further testing. The first QL showed a potential extrapolated adjustment to the claim of £1.8 million. This clearly required further investigation.
- 3.03 Given the potential impact both in terms of reputation and the financial implications a pragmatic management decision was taken at this time to file the certified claim late so that the Council had sufficient opportunity to;
- consider the elements reported
 - challenge any aspects of fundamental disagreement
 - to allocate resources to both undertake the additional testing in key areas and calculate a proportionate adjustment based on actual "error"
 - assess the consequential loss to public purse on errors relating to Rent Officer Determinations.

- 3.04 The Council appointed specialist consultants to undertake the testing on its behalf. This work was completed in mid-January 2011, subject to acceptance and to review and sign off by WAO.
- 3.05 Initially it was hoped that submission to DWP would be achieved by February. Emerging concerns from newly appointed personnel and WAO on change controls and weaknesses in working papers associated with the compilation and adjustments to the subsidy claim triggered a full and detailed review. During this time the true cost to the public purse was calculated in relation to non referral of rent officer decisions.
- 3.06 The audit is now complete and the certified claim filed on 15th March 2011. Subsidy payments at the full rate will now be restored.
- 3.07 The audit raises a number of concerns that required addressing which have been agreed by management, Most of the recommendations have been implemented or the processes involved being started. This will help with the assurances for the 2010/11 claim and also for the start of the next subsidy year 2011/12. A table of the recommendations and agreed actions are detailed at Appendix 2 in the WAO Report attached at Appendix A.
- 3.08 In terms of subsidy claimed for 2009/10, the audit identified two significant areas of concern with significant financial consequence:
- Mis-classification of overpayments for subsidy purposes
 - Absence of a Rent Officer Decision
- 3.09 The certified claim details an overall adjustment of £235,024. This reflects additional work undertaken by the Council prior to the audit and since 30 November to optimise the subsidy claimed and increase testing to ensure either actual errors rates were specified or extrapolations were based on a more appropriate level of testing for inclusion in the revised draft qualification letter.
- 3.10 The significant area affecting subsidy claimed in this adjustment relates to the re-classification of overpayment error reasons on audit and also a system error. When testing was done in this area cases were not only identified as having overpayments misclassified but a system issue was also identified. This system issue caused the Council to over claim subsidy. The way that extrapolation works, means that it has not been possible to differentiate and quantify the value of each of these errors without further testing. What has happened is that extrapolation has meant that the authority has lost the opportunity to maximise subsidy as a result of Local Authority Error overpayments.
- 3.11 At Appendix A to this report is the Action Plan set out by the WAO. Within that report are the recommendations and the Council's management

response to them. We will work closely with the WAO and our own Internal Audit to ensure that they are all fully implemented by the 1st April 2011. Many of them have already been addressed.

- 3.12 The Council holds a specific reserve which was set up to cater for subsidy fluctuation each year. The utilisation of this reserve of £171,000 and the projected subsidy position in 2010/11 will provide the financial cover for the adjustment.
- 3.13 The Claim has not been adjusted in relation to lapsed rent officer decisions and is included in the WAO report for further discussion with DWP. This is a separate issue as set out below.
- 3.14 The DWP requires the Council to obtain an in year rent officer decisions (RODS) annually for some claims. This is an independent assessment of rent levels that is required for the Council to assess Housing Benefit. This is to ensure that the level of rent paid is in keeping with market forces and that Housing Benefit expenditure is controlled. Usually rent officer decisions confirm the level of rent or indeed increase the eligible rent in some cases. However it is possible that rent officer decisions will reduce, affecting payments of Benefit and subsidy receivable. However crucially where a decision lapses, subsidy provisions mean that the Council is not to be entitled to claim subsidy for the whole payment. This is purely an administrative process but is paramount to claiming the relevant subsidy.
- 3.15 The 100% testing undertaken by the Council identified £397,000 of subsidy claimed in 2009/10 where the rent officer decision had lapsed. This is the full amount of Benefit paid for the period during the year when the ROD had expired.
- 3.16 Whilst management accepts that the testing confirms a maximum over claim of subsidy to the value of £397,000, management has not agreed, on the Council's behalf, to adjust the claim for this element at this stage. A full and detailed assessment of all cases identified in testing has concluded that if a rent officer decision had been obtained then the overall impact to Benefits paid would be a reduction of £40,000.
- 3.17 The agreed WAO report clearly highlights all these facts to the DWP and the Council has submitted a mitigation letter to the DWP based on the above calculation. The letter to the DWP details what happened in 2009/10 and asks them to consider not implementing a subsidy penalty. The DWP considers each case on its own merits.
- 3.18 It is evident that some financial loss will occur for this over claim of subsidy. At worst the Council may have to repay the full amount; at best it may successfully negotiate a lower repayment based on the consequential loss to the public purse. Until these negotiations are concluded it is not possible to

predict the likely outcome. It is also important to note that such negotiations may be protracted and it could be sometime before the outcome is known.

- 3.19 Direct management action has been taken to assess and improve:
- Relevant management controls on subsidy and processing.
 - Subsidy monitoring arrangements 2011/12.
 - Implement robust system reporting protocols.
 - Improve processing procedures and strengthen links to tailored training and development programmes.
 - Improve record and change control management of future subsidy claims based on project management methodology.
- 3.20 More detail on how this has been taken is included in the management response in Appendix A included in the WAO report and we will be involving our own Internal Audit and the WAO in the future planning of our subsidy submission and audits.
- 3.21 A detailed review of subsidy allocations on a risk basis will be undertaken for 2010/11, and a full review of all Rent Officer Decisions will be undertaken prior to claim submission for subsidy for 2010/11 although 100% checks have been ongoing.
- 3.22 Management has also decided to procure a subsidy service from CIVICA, its system provider, to eliminate current and future issues arising from suggested system issues. This would afford the optimum control on any system limitations and avoid misinterpretation of system requirements for future years and potentially optimising subsidy receipts and informing training and processing needs to support subsidy reporting etc.

2008/09 Overpayment Review

- 3.23 In 2008 the DWP reported significant improvements in the general standard of administration of benefit payments but noted that the overpayment of benefit had increased particularly from customer errors.
- 3.24 Incorrect benefit payments generally happen when either the Council has paid too much benefit or the claimant has not claimed appropriately and usually results in “an overpayment debt” being created.
- 3.25 The systems to prevent and recover overpayments were assessed as part of the Wales Audit Office Joint Risk Assessment (JRA) process. Following this, the WAO agreed to investigate the arrangements and processes in more detail and to answer the question: “Does the Council have adequate arrangements to prevent and recover overpayments from Housing and Council Tax Benefit?”.

- 3.26 The WAO have concluded that the Council in 2008/09 overpaid a lower proportion of benefit than in the previous year though it remains relatively high because of poor arrangements but it recovered a greater share of the debt.
- 3.27 The WAO have concluded this because in 2008/09 there were poor arrangements in place in the Council and it overpaid a higher than average amount of Benefit even though the proportion overpaid fell from 6.6% to 6.00%. However in 2008/09 the Council increased the proportion of total debt recovered from 40% to 42% and the proportion of in year debt recovered from 77% to 93% which is well above the Welsh average of 65% and 22% respectively.
- 3.28 Since the review there have been improvements which WAO acknowledge, these include revising the Accuracy Framework to improve the accuracy of claims processing through greater targeted checks, use of pre and post notification checks, closer review of the classification of payments and individual performance targets for staff that link with staff training programmes.
- 3.29 Dedicated staff have been assigned to housing and council tax benefit debt within the debt collection function.
- 3.30 The WAO have also highlighted relevant developments since the fieldwork and the initial findings were shared. In October 2010 the DWP raised concerns about the Council's Right Time Indicator (RTI) for Quarter 1 of 2010-11. This indicator looks at how quickly new claims and changes in circumstances are processed.
- 3.31 The WAO report states that RTI indicator was 14 days compared with a UK national average of 13 days.
- 3.32 The time taken to process new claims was 28 days compared with a national average of 22 days. The time taken to process change in circumstances was 10 days compared with a national UK average of 11 days which is above the average.
- 3.33 The Council has already improved the procedures for measuring performance. We now use additional software to extract data to ensure that it is correct. Procedures have been put in place to ensure that this is looked at weekly. We are also using the tool to look at each customer claim process, and are using the information that we are finding to improve overall the process which will result in better accuracy, target areas for training and also improve the "customer journey". We are also looking to extend the use of the Voice Recognition Software to dramatically improve the efficiency of the new claims process. This will ensure that the new claims process will be much quicker. Discussions our with software suppliers concerning this is to take place at the end of March. This will lead to quicker processing times and

accuracy will improve as a result. We are always looking to improve and have a detailed improvement and action plan which we have committed to deliver to the DWP by the end of March. We have also contacted the DWP's Performance and Development Team to look at our improvement plan and also processing of claims and overpayment function.

- 3.34 The WAO report also highlights the audit of the Housing and Council Tax benefit subsidy claim which has now been completed and has raised a number of issues. There has been a loss of subsidy incentive because of misclassification of local authority errors and also an over claim of subsidy to a software error. This will be addressed by the review of procedures and processes in the Council, the delivery of the improvement and action plan that has been submitted to the DWP and closer working with the WAO and our own internal audit.
- 3.35 The basis of this report is 2008/09 data and includes recent updates and suggests a number of recommendations. The management response to those recommendations are contained at Appendix C.

4.00 RECOMMENDATIONS

- 4.01 That the management actions taken and planned be noted in Appendix A.
- 4.02 That the management response to the recommendations outlined in Appendix C is noted.
- 4.03 That there are regular performance and improvement reports that are submitted to Audit Committee and/or Corporate Resources Scrutiny Committee as appropriate.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The Council holds a specific reserve which was set up to cater for subsidy fluctuations each year. The utilisation of this reserve of £171,000 and the projected subsidy position for 2010/11 will provide the financial cover for the adjustment. There is no financial implication for our customers receiving Housing Benefit.
- 5.02 The matter relating to the Rent Officer Decisions may yield a significant pressure but it is difficult at this stage to quantify the likely value pending the decision of the DWP. As soon as the outcome is known it will be reported to members along with the value in the Benefits Equalisation Reserve following the closure of the 2010/11 accounts There is no financial implication for our customers receiving Housing Benefit.

6.00 ANTI POVERTY IMPACT

6.01 None arising directly from this report. There will be no impact on individual customers receiving Housing and Council Tax Benefit.

7.00 ENVIRONMENTAL IMPACT

7.01 None arising directly from this report.

8.00 EQUALITIES IMPACT

8.01 None arising directly from this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None arising directly from this report.

10.00 CONSULTATION REQUIRED

10.01 None arising directly from this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None arising directly from this report.

12.00 APPENDICES

12.01 Appendix A - WAO report Subsidy 09/10, including management response
Appendix B - WAO report on Overpayments 2008/09
Appendix C - Management Response to WAO report on Overpayments

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

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Housing Benefit and Council Tax Benefit Subsidy Claim 2009-10

Flintshire County Council

There are significant weaknesses in the operation of the Council's housing benefit system and in the compilation of the claim which led to a significant over claim of subsidy.

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Summary

1. Housing Benefit is a national welfare benefit with the purpose of providing financial assistance to people on low incomes in order to pay their rents and council tax. The Housing Benefit system represents an area of high financial risk due to the:
 - high amount of expenditure involved;
 - high numbers of claimants involved; and
 - potential for fraud and error.
2. The Social Security Contributions and Benefits Act 1992 (as amended) provides for statutory benefit schemes of rent rebates for local authority tenants, rent allowances for private tenants and council tax benefit.
3. The Housing Benefit claim is for subsidy support for local authority expenditure across four aspects:
 - Non Housing Revenue Account (HRA) rent rebates
 - HRA rent rebates
 - Rent allowances
 - Council tax benefits
4. Flintshire County Council (the Council) is responsible for administering Housing Benefit (HB) and Council Tax Benefit (CTB) schemes for claimants within its local authority boundaries. The Council claims subsidy from the Department for Work and Pensions (DWP) towards the cost of providing these benefits.
5. As your external auditors, we are required to audit the HB and CTB Subsidy Claim (the Claim) and have adopted the standard methodology, based on DWP requirements, to certify this claim. Specifically we are required to audit the Claim in accordance with Certification Instruction BEN01 (08-09). This requires us to:
 - perform tests specified in this instruction;
 - conclude whether benefits have been awarded in accordance with regulations; and
 - conclude whether subsidy has been claimed in accordance with the DWP's requirements.
6. We have now completed the audit and conclude that there are significant weaknesses in the operation of the Council's HB system and in the compilation of the Claim which led to a significant overclaim of subsidy

7. This conclusion is based on the following detailed findings:
- Issues in the compilation of the subsidy claim and provision of supporting audit evidence resulted in incorrect levels of subsidy being claimed and delays to the audit:
 - the original Claim submitted to the DWP was extracted from the Council’s HB test system in error;
 - manual adjustments made to the claim were incomplete and resulted in errors on the Claim;
 - guidance from the software supplier to reconcile the benefit granted to benefit paid were followed by the authority but variances still exist; and
 - delays were caused to the audit by information in a number of areas not being readily available.
 - There are a significant number of issues that affect the operation of the Housing Benefit system and the resulting accuracy of the Claim that need to be addressed by the Council:
 - subsidy has been over-claimed due to expenditure on rent allowance cases subject to rent officer referral being misclassified;
 - benefit overpayments have been misclassified resulting in subsidy being over claimed;
 - errors on the calculation of earnings applied have resulted in both over and under payment of benefit;
 - there were a significant number of additional errors identified in each of the four benefit types; and
 - the majority of issues identified arose as a result of processing errors which suggests the need for significant improvements in staff training, internal quality assurance checks and performance monitoring.
8. This report encompasses the findings and related recommendations arising from the audit of the 2009-10 Claim. It outlines the errors and weaknesses identified and the actions the Council needs to address to help prevent similar problems occurring in the future.
9. A number of recommendations have been made within the body of this report and have also been incorporated within an Action Plan outlined in Appendix 2. A summary of the recommendations is provided below.

Recommendations	
R1	The Council should ensure that the claim is extracted from the Council’s live HB system.
R2	The Council should ensure that any work carried out by consultants is fully reviewed by the Council. The review should ensure that the work carried out, and errors identified, is fully understood and any proposed amendments are confirmed as correct.

Recommendations	
R3	The Council should review all proposed amendments to the Claim to ensure the Claim continues to be in balance after amendment. Particular care is required in reconciling the 'in-year reconciliation cells' to the 'headline cells' within the Claim.
R4	The Council should continue to work with the software supplier to fully reconcile benefit granted to benefit paid.
R5	The Council should ensure a comprehensive working paper file (electronic or manual) is prepared ahead of the audit which provides all the standard information required to complete the audit.
R6	The Council should improve internal communications between its HB department and other relevant departments, in particular with Accountancy, Housing Rents, Human Resources, and IT.
R7	The Council should provide a timely response to draft qualification letters.
R8	Cases which the audit identified as having no current rent officer referral in place should be referred to the rent officer as soon as possible.
R9	The Council should put controls in place to ensure all rent officer cases are referred to the rent officer by the required date.
R10	Prior to submission of the 2010-11 Claim the Council should undertake its own checks to ensure all rent officer cases have been correctly classified.
R11	The Council should provide specific training to staff on the classification and processing of overpayments.
R12	Prior to submission of the 2010-11 Claim the Council should carry out checks to ensure overpayments have been correctly classified.
R13	The Council should provide specific training to staff on the calculation of earnings. Consideration should be given to providing staff with tools to aid calculation, which would also provide an audit trail to the earnings calculation.
R14	The Council needs to strengthen its arrangements for staff training and quality assurance checks to reduce the number of processing errors.
R15	The Council should ensure that department staff have a clear understanding of housing benefit rules and up-to-date knowledge of what is a constantly changing legislative environment.
R16	The Council should ensure that key individuals have clear understanding of the functions and reports available within the HB system to assist in obtaining information required for audit testing.

Issues in the compilation of the subsidy claim and in the provision of supporting audit evidence resulted in incorrect levels of subsidy being claimed and delays to the audit

10. We completed our audit of the Claim in accordance with the standard Certification Instruction BEN01 (08-09). The Claim was certified on 15 March 2011 over three months after the certification deadline of 30 November 2010.

The original claim submitted to the DWP was extracted from the Council's Housing Benefit test system in error

11. The Council submitted the initial claim to the DWP and the Wales Audit Office on 27 May 2010, in line with the submission deadline set by the DWP. However, upon commencement of the audit work we identified discrepancies between the values in the claim form and the values contained in the system reports.
12. We identified that the original claim had been extracted from the HB test system in error. The values within the subsidy claim were incorrect as a result.
13. Our audit of the replacement housing benefit claim extracted from the live HB system, before any manual adjustments had been applied, identified that the replacement claim reconciled to the system reports and the in-year reconciliation cells balanced.

Recommendation	
R1	<p>The Council should ensure that the Claim is extracted from the Council's live HB system. In particular the Council should ensure that:</p> <ul style="list-style-type: none">• information contained within the claim form is complete and accurate prior to its submission for audit; and• where there are differences between values in the claim form and corresponding values in the live system reports, the Council should ensure that these are fully reconciled and supported by an audit trail, which is available at the start of the audit.

Manual adjustments made to the claim were incomplete and resulted in errors on the subsidy claim

14. In advance of our audit the Council employed consultants to undertake testing in three specific areas with a view to identifying misclassification errors and maximising the subsidy claimed. The areas tested were:
 - Local authority error overpayment cells
 - Local scheme cases
 - Amounts paid above rent officer decision

15. This work identified a number of misclassification errors within the cells tested and proposed amendments to these cells.
16. Our review of the findings from the consultant's work identified that the amendments proposed, when included within the revised claim, resulted in an imbalance between the 'in-year reconciliation cells' and the 'headline cells' within the subsidy claim form.
17. The proposed amendments were corrected by the consultants on 21 January 2011.

Recommendations	
R2	The Council should ensure that any work carried out by consultants is fully reviewed by the Council. The review should ensure that the work carried out, and errors identified, is fully understood and any proposed amendments are confirmed as correct.
R3	The Council should review all proposed amendments to the Claim to ensure the Claim continues to be in balance after amendment. Particular care is required in reconciling the 'in-year reconciliation cells' to the 'headline cells' within the Claim.

Guidance from the software supplier to reconcile the benefit granted to benefit paid was followed by the Council but variances still exist

18. The Council followed the software supplier's system reconciliation procedures and guidance to seek to reconcile benefit granted to benefit paid. However, variances remain between benefit granted and benefit paid for Rent Rebates, Rent Allowances and Council Tax Benefit.
19. The variances between benefit paid and benefit granted were:
 - Rent Rebates – £15,760
 - Rent Allowances – £1,730
 - Council Tax Benefit – £951
20. The Council has raised the issue with the software supplier but a solution to the problem and explanation for the variances have not yet been identified. This has been documented in the qualification letter sent to the DWP.

Recommendation	
R4	The Council should continue to work with the software supplier to fully reconcile benefit granted to benefit paid.

Delays were caused to the audit by information in a number of areas not being readily available

21. There were a number of areas within the audit where there were delays in the required audit evidence being provided. Examples include:
- Cancelled cheque listing was both difficult to obtain from accountancy and the information provided was difficult to analyse and test due to the format in which it was provided.
 - There were problems encountered in obtaining evidence to support the private pension's up-rating which is provided by the Council's Human Resource department.
 - Delays were encountered in completing the work to confirm the correct versions of the HB system were being used and that all software patches issued by the software supplier had been correctly applied to the system. The delays were caused by the IT department who were difficult to contact and to arrange meetings with. This could be resolved by someone in the HB department being provided with training by the IT department to enable them to know how to extract the required information from the system.
22. These issues could be resolved by better communication between departments within the Council and by a full and comprehensive audit working paper file being compiled ahead of the audit.
23. The Council's response to our draft qualification letter, which was issued to the Council on 21 January 2011 was significantly delayed. The Council took more than five weeks to provide a response.

Recommendations	
R5	The Council should ensure a comprehensive working paper file (electronic or manual) is prepared ahead of the audit which provides all the standard information required to complete the audit.
R6	The Council should improve internal communications between its HB department and other relevant departments, in particular with Accountancy, Housing Rents, Human Resources, and IT.
R7	The Council should provide a timely response to draft qualification letters.

There are a significant number of issues that affect the operation of the Housing Benefit system and the resulting accuracy of the claim that need to be addressed by the Council

24. The 2009-10 audit identified a significant number of system and processing errors affecting the operation of the HB system resulting in inaccuracies in the subsidy claim. Errors were identified in each of the four main sections of the Claim.

Subsidy has been overclaimed due to expenditure on rent allowance cases subject to rent officer referral being misclassified

25. In line with the standard approach we selected an initial sample of 20 rent allowance cases. The testing identified two cases where no rent officer decision had been obtained during the year despite being classified within the Claim as having been subject to such a decision. As a consequence the subsidy claimed was overstated.
26. When errors are identified within our initial sample the testing methodology requires that an additional 40 cases are tested for each of the errors identified. The additional testing is carried out by the Council and we are required to review their work on a sample basis.
27. The additional testing identified a further nine cases where no rent officer decision had been obtained during the year and expenditure had been misclassified as a result.
28. Given the number of errors identified and the potential impact on subsidy the Council commissioned consultants to carry out further testing. The consultants tested 100 per cent of cases classified as having a rent officer referral.
29. A significant number of additional errors were identified.
30. The testing also identified a system error affecting a significant number of cases where invalid entries are being raised on cases where a 'marker' is changed in year. This error also results in incorrect subsidy being claimed.
31. The potential reduction in subsidy as a result of these errors is £396,431.
32. The detailed findings from our audit have been documented in the qualification letter sent to the DWP. A summary of errors identified during the course of the audit have been outlined in Appendix 1.

Recommendations	
R8	Cases which the audit identified as having no current rent officer referral in place should be referred to the rent officer as soon as possible.
R9	The Council should put controls in place to ensure all rent officer cases are referred to the rent officer by the required date.

Recommendations
R10 Prior to submission of the 2010-11 Claim the Council should undertake its own checks to ensure all rent officer cases have been correctly classified.

Benefit overpayments have been misclassified resulting in subsidy being overclaimed

33. In line with the standard approach we selected an initial sample of 20 cases from each of the four benefit types. Testing of the initial sample identified 23 cases which included benefit overpayment calculations, of these seven were misclassified.
34. In line with the standard approach the Council tested an additional 40 overpayment cases and identified only one additional error. However, when we reviewed a sample of the additional testing we identified a further three errors in the nine cases we reviewed. Therefore we concluded that we could not place reliance on the work carried out by the Council.
35. Given the issues identified with the additional testing and the level of errors in the original sample the Council decided to commission consultants to carry out additional testing. The consultants tested:
 - 100 per cent of Non HRA Rent Rebate eligible overpayment cells (current and prior year eligible overpayments);
 - 41 per cent of HRA Rent Rebate current year eligible overpayments and 74 per cent of HRA Rent Rebate prior year eligible overpayments;
 - 33 per cent of Rent Allowance current year eligible overpayments and 77 per cent of Rent Allowance prior year eligible overpayments; and
 - 13 per cent of Council Tax Benefit current year eligible excess benefit and 51 per cent of Council Tax Benefit prior year eligible excess benefit.
36. Overall the consultants tested an additional 445 cases and identified errors on 144 (an error rate of 32 per cent).
37. The testing also identified a system error affecting a significant number of cases where invalid entries are being raised on cases where a 'marker' is changed in year. This error also results in incorrect subsidy being claimed.
38. The reduction in subsidy for the overpayment and system errors is £235,024 and the audited claim has been amended for these errors.
39. A summary of errors identified during the course of the audit has been outlined in Appendix 1.

Recommendations	
R11	The Council should provide specific training to staff on the classification and processing of overpayments.
R12	Prior to submission of the 2010-11 Claim the Council should carry out checks to ensure overpayments have been correctly classified.

Errors on the calculation of earnings applied have resulted in both over and underpayment of benefit

40. In line with the standard approach we selected an initial sample of 20 cases from each of the four benefit types. Testing of the initial sample identified one case where the earnings applied to the case had been miscalculated resulting in an overpayment of benefit.
41. As noted above the standard testing approach requires that additional testing is carried out where errors are identified. This additional testing is normally targeted to cases which include the specific calculations on which the error was identified (ie, in this case, earnings calculations).
42. However, the Council was unable to provide a targeted list of cases with earnings calculations. Therefore a further general sample of 20 cases from each benefit type was tested by the Council. This testing identified seven cases which included earnings calculations and four of these cases were found to be miscalculated.
43. Given the small number of cases in the additional sample which included earnings it is not possible to accurately identify the potential effect on subsidy claimed and benefit paid.
44. The detailed findings from our audit have been documented in the qualification letter sent to the DWP. A summary of errors identified during the course of the audit have been outlined in Appendix 1.

Recommendation	
R13	The Council should provide specific training to staff on the calculation of earnings. Consideration should be given to providing staff with tools to aid calculation, which would also provide an audit trail to the earnings calculation.

There were a significant number of additional errors identified in each of the four benefit types

45. In line with the standard approach we selected an initial sample of 20 cases from each of the four benefit types. Testing of the initial sample identified a significant number of issues. In addition to the specific errors identified above errors were also identified in the following areas which resulted in incorrect (under and over) claiming of subsidy:
 - tax credit cases – where tax credits had not been applied from the correct start date;

- change of circumstance following a significant birthday – where the circumstances were not updated;
 - pensioner new claim – where the claim was not started from the correct date;
 - childcare cost cases – where childcare costs had been incorrectly calculated; and
 - rent rebate cases subject to capped rent levels – where incorrect rent levels were applied.
46. As with earnings calculations above, the Council was unable to provide a targeted list of cases for testing. Therefore a further general sample of 20 from each benefit type was tested by the Council.
47. Additional errors were identified, however, given the untargeted approach to the testing only a small number of cases for each of the areas above were identified and therefore tested. For example, no additional pensioner new claims and childcare cases were identified.
48. Given the limited number of cases identified we were unable to conclude whether the issues identified are isolated or more widespread.
49. The detailed findings from our audit have been documented in the qualification letter sent to the DWP. A summary of errors identified during the course of the audit have been outlined in Appendix 1.

The majority of issues identified arose as a result of processing errors, which suggests the need for significant improvements in staff training, internal quality assurance checks and performance monitoring

50. The issues that arose were mainly as a result of processing errors, which suggests a need for significant improvements in staff training, internal quality assurance checks and performance monitoring.

Recommendations

- R14 The Council needs to strengthen its arrangements for staff training and quality assurance checks to reduce the number of processing errors. In particular:
- the department should review its training arrangements to establish whether it is appropriate and focused on the right areas;
 - ensure a continuous training programme is developed and implemented which is directed towards to the risk areas;
 - ensure the department is appropriately trained on the classification of overpayments, Rent Officer referrals, earnings calculations and the application of tax credits to claims; and
 - the department should ensure there are clear and robust internal quality assurance checks to avoid similar issues being identified in future years.

Recommendations

- R15 The Council should ensure that department staff have a clear understanding of housing benefit rules and up-to-date knowledge of what is a constantly changing legislative environment.
- R16 The Council should ensure that key individuals have a clear understanding of the functions and reports available within the HB system to assist in obtaining information required for audit testing.

Appendix 1

Detailed findings from the testing of the Housing Benefit Claim

Audit issue	Qualification issue	Processing error	System error	Impact on subsidy
Rent rebates – tenants of non-HRA properties				
Current year overpayment misclassified.	Yes	Yes	No	Yes
Additional testing of 100 per cent of cases in cell 28 current year eligible overpayments by consultants Branch & Lee identified a combination of the above misclassified overpayment expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified nine errors in cell 28.	Yes	Yes	Yes	Yes
Additional testing of 100 per cent of cases in cell 33 prior year eligible overpayments by consultants Branch & Lee identified a combination of the above misclassified overpayment expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified 9 errors in cell 28.	Yes	Yes	Yes	Yes
One case identified where the earnings applied to the claim had been incorrectly calculated resulting in an underpayment of benefit to the claimant.	Yes	Yes	No	No
Case identified where the earnings applied to the claim had been incorrectly calculated resulting in misclassification of expenditure between expenditure up to the threshold (cell 14) and LA error overpayment (cell 26).	Yes	Yes	No	Yes
Three cases identified where incorrect rates for the cap rent level had been used resulting in an underpayment of benefit to the claimants.	Yes	Yes	No	No

Audit issue	Qualification issue	Processing error	System error	Impact on subsidy
Rent rebates – tenants of non-HRA properties				
One case identified where expenditure had been misclassified due to a board and lodging case (Cell 14) having been incorrectly classified as Licensed accommodation (cell 17).	Yes	Yes	No	No
Rent rebates – tenants of HRA properties				
Two current year overpayments misclassified.	Yes	Yes	No	Yes
Additional testing of cases in cell 66 current year eligible overpayments by consultants Branch & Lee identified a combination of the above misclassified overpayment expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified 19 errors in cell 66.	Yes	Yes	Yes	Yes
Additional testing of cases in cell 71 prior year eligible overpayments by consultants Branch & Lee identified a combination of the above misclassified overpayment expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified 19 errors in cell 71.	Yes	Yes	Yes	Yes
Case identified where the tax credits were not applied to the case from the correct date resulting in expenditure being misclassified between HRA rent rebate attracting full subsidy (cell 60) and LA error overpayment (cell 64).	Yes	Yes	No	Yes
Case identified where the earnings applied to the claim had been incorrectly calculated. While this error had no effect on subsidy or benefit paid, as the earnings were fully disregarded, the error remains.	Yes	Yes	No	No
Case identified which had both the earnings applied to the case incorrectly calculated and the tax credits applied to the case from the wrong date resulting in a misclassification of expenditure between HRA rent rebate expenditure attracting full subsidy(cell 60) and LA error overpayment (cell 64).	Yes	Yes	No	Yes

Audit issue	Qualification issue	Processing error	System error	Impact on subsidy
Rent rebates – tenants of HRA properties				
Case identified which had childcare costs applied to the case incorrectly calculated and the tax credits applied to the case from the wrong date resulting in an underpayment of benefit to the claimant.	Yes	Yes	No	No
Two cases identified where incorrect rent levels had been used resulting in misclassification of expenditure between HRA rent rebate expenditure attracting full subsidy (cell 60) and LA error overpayments (cell 64).	Yes	Yes	No	Yes
Rent rebates – tenants of HRA properties				
Case identified which had been incorrectly classified as a non-HRA property (headline cell 11) when the case was an HRA case (headline cell 55).	Yes	Yes	No	No
Case identified where the wrong rent level was used resulting in an underpayment of benefit to the claimant.	Yes	Yes	No	No
Rent allowances				
Rent officer decision cases for amounts above the rent officer's determination with no restrictions under Reg 13 or 13ZA (cell 96), amounts above the rent officer's determination where restrictions under Reg 13 or 13ZA can be made (cell 97), amounts at or below the rent officer determination (cell 98) and amounts up to the maximum rent (cell 99) were identified where no valid rent officer decision had been obtained in the year, resulting in expenditure being misclassified between these cells and expenditure where there is no current determination (cell 101).	Yes	Yes	No	Yes
Additional testing of 100 per cent of cases in cells 96, 97, 98 and 99 by consultants Branch & Lee identified a combination of the above misclassified expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified 30 errors in cell 96, 35 errors in cell 97, 15 errors in cell 98 and 176 errors in cell 99.	Yes	Yes	Yes	Yes

Audit issue	Qualification issue	Processing error	System error	Impact on subsidy
Rent allowances				
Two current year overpayments misclassified.	Yes	Yes	No	Yes
Additional testing of cases in cell 109 current year eligible overpayments by consultants Branch & Lee identified a combination of the above misclassified overpayment expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified 24 errors in cell 109.	Yes	Yes	Yes	Yes
Additional testing of cases in cell 116 prior year eligible overpayments by consultants Branch & Lee identified a combination of the above misclassified overpayment expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified 27 errors in cell 116.	Yes	Yes	Yes	Yes
Council Tax				
Five current year overpayments misclassified.	Yes	Yes	No	Yes
Prior year overpayment misclassified.	Yes	Yes	No	Yes
Additional testing of cases in cell 148 current year eligible overpayments by consultants Branch & Lee identified a combination of the above misclassified overpayment expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified 25 errors in cell 148.	Yes	Yes	Yes	Yes
Additional testing of cases in cell 154 prior year eligible overpayments by consultants Branch & Lee identified a combination of the above misclassified overpayment expenditure error and a system error affecting cases where a marker had been changed on the case during the year. This testing identified 19 errors in cell 154.	Yes	Yes	Yes	Yes

Audit issue	Qualification issue	Processing error	System error	Impact on subsidy
Council Tax				
Case identified where the tax credits were not applied to the case from the correct date resulting in expenditure being misclassified between Council Tax benefit attracting full subsidy (cell 144) and LA error overpayment (cell 147).	Yes	Yes	No	Yes
Two cases identified where the earnings (employed and self employed) applied to the claim had been incorrectly calculated resulting in misclassification of expenditure between benefit granted (cell 144) and LA error overpayment (cell 147).	Yes	Yes	No	Yes
Case identified which had both the earnings applied to the case incorrectly calculated and the tax credits applied to the case from the wrong date resulting in an underpayment of benefit to the claimant.	Yes	Yes	No	No
Case identified where the claim was started from the wrong date resulting in an underpayment of benefit to the claimant.	Yes	Yes	No	No
Case identified where a change of circumstances had not been correctly updated on the claim resulting in an underpayment of benefit to the claimant.	Yes	Yes	No	No

Appendix 2

Action Plan

Recommendations	Management Response	Implementation Date
R1 The Council should ensure that the claim is extracted from the Council's live HB system.	This is accepted.	Immediate
R2 The Council should ensure that any work carried out by consultants is fully reviewed by the Council. The review should ensure that the work carried out, and errors identified, is fully understood and any proposed amendments are confirmed as correct.	This is accepted and QA will be built into the Project Management methodology which will be adopted for future Subsidy Completion and Audit.	Immediate
R3 The Council should review all proposed amendments to the Claim to ensure the Claim continues to be in balance after amendment. Particular care is required in reconciling the 'in-year reconciliation cells' to the 'headline cells' within the Claim.	This is accepted and QA will be built into the Project Management methodology which will be adopted for future Subsidy Completion and Audit.	
R4 The Council should continue to work with the software supplier to fully reconcile benefit granted to benefit paid.	Flintshire County Council has engaged its software supplier to review the 2010/11 claim and has engaged their subsidy service ongoing. This will ensure that the issue with reconciliation will be resolved.	Immediate
R5 The Council should ensure a comprehensive working paper file (electronic or manual) is prepared ahead of the audit which provides all the standard information required to complete the audit.	The Council did have a working paper file but accepts that a more systematic approach needs to be taken in the future. All documentation and associated paperwork required for the audit will be prepared ahead of preparing for the submission of the subsidy claim and will then be used as part of the audit. As stated above the submission of the Subsidy claim and the audit of it will follow Project Management methodology.	Immediate

Recommendations	Management Response	Implementation Date
<p>R6 The Council should improve internal communications between its HB department and other relevant departments, in particular with Accountancy, Housing Rents, Human Resources, and IT.</p>	<p>As part of the preparation of Subsidy and the outcomes/lessons learnt from the 2009/10 audit. All relevant departments will be briefed and notified of what is required and when. An escalation procedure will also be put in place to ensure that Benefits Service & the WAO have the information they require to complete, submit and audit the subsidy claim on time.</p>	<p>Immediate</p>
<p>R7 The Council should provide a timely response to draft qualification letters.</p>	<p>It has been unfortunate that there have been delays in finalising the claim Lessons can be learnt from both sides. It must however be taken into consideration that the financial penalties to the authority were/are material and that Flintshire needed to re-look and indeed undertake more testing to ensure that the claim was correct and that subsidy had been maximised. If Flintshire and the WAO work together going forward then this will not be an issue.</p>	<p>Immediate</p>
<p>R8 Cases which the audit identified as having no current rent officer referral in place should be referred to the rent officer as soon as possible.</p>	<p>The claims that have been identified as not having relevant in year rent officer referral have already been referred to the Rent Officer. There was 100% checking for the Subsidy year 9/10 and also 10/11 up to date. This will continue until Flintshire is satisfied that the revised processes and protocols are effective. We have engaged our software supplier Civica to work with us and review the 10/11 Subsidy claim and also ongoing through 11/12.</p>	<p>Immediate</p>
<p>R9 The Council should put controls in place to ensure all rent officer cases are referred to the rent officer by the required date.</p>	<p>A fundamental review of this issue has already taken place. A working group has been set up in the Benefits Service to ensure that procedures, protocols are in place. Staff have been informed of the review. As stated above we have engaged our software supplier Civica to work with us and review the 10/11 Subsidy claim and also ongoing through 11/12.</p>	<p>Immediate</p>

Recommendations	Management Response	Implementation Date
R10 Prior to submission of the 2010-11 Claim the Council should undertake its own checks to ensure all rent officer cases have been correctly classified.	This is already happening. Extended testing is already in place and will continue. As well as this as stated above we have engaged our software supplier Civica to work with us and review the 10/11 Subsidy claim and also ongoing through 11/12.	Immediate
R11 The Council should provide specific training to staff on the classification and processing of overpayments.	An accuracy framework is currently being devised to enhance the accuracy checking that is currently in place. Areas of risk such as overpayments will fall into the framework as testing occurs. Accuracy will be looked at pre and post notification. Errors will be identified and passed back to individual members of the team to rectify. Performance and accuracy will be a standing item on staff one to ones and training issues will be highlighted as errors occur and targeted training will be given. An accuracy target is to be set for April and individual accuracy targets will be set for members of the team also. The team targets along with performance targets will be published monthly in our main reception and website.	Immediate
R12 Prior to submission of the 2010-11 subsidy claim the Council should carry out checks to ensure overpayments have been correctly classified.	This is already happening. Extended testing is already in place and will continue. As stated above we have engaged our software supplier Civica to work with us and review the 10/11 Subsidy claim and also ongoing through 11/12.	Immediate

Recommendations	Management Response	Implementation Date
<p>R13 The Council should provide specific training to staff on the calculation of earnings. Consideration should be given to providing staff with tools to aid calculation, which would also provide an audit trail to the earnings calculation.</p>	<p>Procedures and protocols are being reviewed and testing in this area has already begun for the 2010/11 claim.</p> <ul style="list-style-type: none"> • A ready reckoner is being produced for staff to ensure that a correct consistent approach is being taken. • An audit trail to show how earned income has been calculated will be available on the 'file'. • Each of the detailed findings in Appendix 1 has been used to develop a risk matrix to support further testing 10/11. • It has also highlighted the need for a review of procedures and potential targeted training needs. • Staff as part of training and feedback in one to ones will be told about impact of errors on subsidy. All staff will receive a high level refresher on subsidy. 	<p>1 April 2011</p>
<p>R14 The Council needs to strengthen its arrangements for staff training and quality assurance checks to reduce the number of processing errors.</p>	<p>See R11.</p>	<p>Immediate</p>
<p>R15 The Council should ensure that department staff have a clear understanding of housing benefit rules and up-to-date knowledge of what is a constantly changing legislative environment.</p>	<p>There is a training plan and the authority does have 1.4 FTE Training Officers. Staff receive training such as on the Welfare 21 changes that will come into effect on the 1st April and information on circulars.</p>	<p>N/A</p>
<p>R16 The Council should ensure that key individuals have a clear understanding of the functions and reports available within the housing benefit system to assist in obtaining information required for audit testing.</p>	<ul style="list-style-type: none"> • There has been a review of how Civica works and what reports are available. This was led by the software supplier and there is a Project Board across the whole of Revenues and Benefits to ensure that the actions that occurred following that review have been delivered. The Benefits Service also have a sub-group looking at not only what management reports are within the Cores system but also using the Query Tool 'Open Exec' for other supportive management information which will provide robust management controls. 	<ul style="list-style-type: none"> • Ongoing



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Housing and Council Tax Benefit Overpayments

Flintshire County Council

In 2008-09 Flintshire County Council (the Council) overpaid a lower proportion of benefit than in the previous year though it remains relatively high because of poor arrangements and it recovered a greater share of overpayment debt.

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Status of this report

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Summary

1. In 2008, the Department of Work and Pensions (DWP) reported significant improvements in the general standard of administration of benefit payments but noted that overpayment of benefit had increased, particularly arising from customer errors.
2. Incorrect benefit payments generally happen when either the Council has paid too much benefit or the claimant has not claimed appropriately and usually results in an 'overpayment debt' being created. There is little discretion not to collect overpayment debt within current guidelines and, perversely, the recovery of overpayment debt provides an additional source of income for many councils.
3. It is essential for councils to establish administration arrangements and processes that keep overpayments to a minimum whilst also promoting robust but sensitive recovery of the debt.
4. The systems to prevent and recover overpayments were assessed as part of the 2008 Wales Audit Office Joint Risk Assessment (JRA) process. Following this we agreed to investigate the arrangements and processes in more detail and to answer the following question:
 - 'Does the Council have adequate arrangements to prevent and recover overpayments from housing and council tax benefit?'
5. Exhibit 1 shows the amount of benefit that is incorrectly overpaid to recipients, both as a total for Wales and for the Council.

Exhibit 1: Amount of overpayments of benefit identified in the last two years in Wales

	2007-08			2008-09		
	Value of Housing Benefit overpaid	Value of Council Tax Benefit overpaid	Housing Benefit and Council Tax Benefit overpaid benefit total as a percentage of total Benefit paid	Value of Housing Benefit overpaid	Value of Council Tax Benefit overpaid	Housing Benefit and Council Tax Benefit overpaid benefit total as a percentage of total Benefit paid
	£m	£m		£m	£m	
Wales total	15.191	30.697	5.4%	15.567	28.356	4.9%
Flintshire	0.722	1.479	6.61%	0.939	1.198	6.0%

Source: Statistics published by the Department for Work and Pensions

6. Exhibit 2 shows the percentage of in-year debt and accumulated historic debt recovered both in Wales and in Flintshire.

Exhibit 2: Percentage of overpayment debt recovered in the last two years in Wales

	2007-2008		2008-2009	
	Percentage of in-year recovered	Percentage of accumulated debt recovered	Percentage of in-year recovered	Percentage of accumulated debt recovered
Wales total	75%	26%	65%	22%
Flintshire	77%	40%	93%	42%

Source: statistics published by the Department for Work and Pensions

7. We have concluded that:
- In 2008-09 the Council overpaid a lower proportion of benefit than in the previous year though it remains relatively high because of poor arrangements and it recovered a greater share of overpayment debt.
8. We have concluded this because:
- in 2008-09, poor arrangements meant the Council overpaid a higher than average amount of benefit even though the proportion overpaid fell from 6.6 per cent to 6 per cent; and
 - in 2008-09, the Council increased the proportion of total debt recovered from 40 to 42 per cent and the proportion of in year debt recovered increased from 77 to 93 per cent.
9. This report reflects the findings of fieldwork undertaken during the summer of 2009 that was shared with the Council in December 2009 in a detailed evidence table. Since this time a number of restructures and reviews of the benefit service have commenced, the latest in February 2011 which has begun to look at some of the areas identified for improvement in this report including:
- the Voice Recognition Analysis pilot has concluded and the Council are making use of this as a means of streamlining verification processes (para 20);
 - revising the Accuracy Framework to improve the accuracy of claims processing through greater targeted checks, use of pre and post payment checks, closer review of classification of overpayments and individual performance targets for staff that link with staff training programmes (para 21); and
 - dedicated staff have been assigned to housing and council tax benefit debt within the debt collection function (para 33).

10. Other relevant developments since the fieldwork and initial findings were shared are:
- In October 2010 the DWP raised concerns about the Council's Right Time Indicator (RTI) performance for Quarter 1 of 2010-11. This indicator looks at how quickly new claims and change of circumstance information are processed and the Council is currently reviewing its procedures with a view to improving its performance in this area (para 24 and 25) and has committed to providing DWP with detailed action plan in March 2011. At September 2010 its:
 - The RTI performance was 14 days compared with a national UK average performance of 13 days.
 - The time taken to process new claims was 28 days compared with a national UK average of 22 days.
 - The time taken to process change of circumstance information was 10 days compared with a national UK average of 11 days. This shows improved performance compared with the 17 days at March 2009 (at the time of our review).
 - The audit of the housing and council tax benefit subsidy claim for 2009-10 is nearing completion and has raised a number of issues that are consistent with the findings of this report. Subsidy of approximately £234,000 was lost during 2009-10 due to mis-classification of local authority error and poor monitoring against allowed thresholds. This follows the loss of some £218,000 for the same reason in 2008-09 (para 30).

Recommendations

11. In response to our investigation of the prevention and recovery of overpayment debt we recommend that the Service consider the following recommendations:

R1	<p>In order to improve the quality and customer focus the Service should:</p> <ul style="list-style-type: none"> • adopt the corporate customer care standards; and • introduce a customer satisfaction survey.
R2	<p>In order to improve the level of accuracy of benefit calculations and the classification of overpayments, the Service should:</p> <ul style="list-style-type: none"> • reintroduce targeted random checking of claims for accuracy; • introduce a system for checking the correct classification of overpayments; and • use management information to understand why performance is below standard and to make the necessary improvements.

R3 Money recovered from overpaying benefit can be retained by the Council. The Service should:

- consider appointing staff to maximise the recovery of this overpaid benefit on the basis of spend to save;
- introduce a performance management system to monitor and support the recovery of overpayment debt; and
- introduce a system for monitoring repayment agreements whether with those still entitled to benefit or not.

In 2008-09, poor arrangements meant the Council overpaid a higher than average amount of benefit even though the proportion overpaid fell from 6.6 per cent to 6 per cent

The Council has poor arrangements to prevent benefit being overpaid

12. The Council and the Housing and Council Tax Benefit Service (the Service) have not put in place arrangements and systems that provide the infrastructure for preventing and recovering overpayments. Beneath the divisional service plan, there is a service plan for the Service that lists the detailed activities planned to ensure the Service is able to meet its objectives but there are no activities relating to the prevention and recovery of overpayments.
13. The Service produced an overpayment policy in 2004. Some staff are not aware of the existence of the policy and procedures, and although there are plans to review it, this had not happened. It does not include service standards and there is a lack of clarity on the aims of the Service in terms of operational standards. For example, there is no reference to prevention and how the Service aims to recover all recoverable overpayments effectively, quickly, and efficiently.

The Council has established a variety of arrangements to provide good customer service

14. The claim process is the first step to prevent overpayments occurring and so the Council has designed a service to help people claim accurately for benefits and therefore prevent overpayments occurring. This includes providing information, access to services and a customer focused approach.
15. The Council has corporate customer service standards but these have not been adopted by the Service. However, the Service is establishing an ethos of resolving queries at the first point of contact wherever possible for example face to face interviews are available for new claimants with the aim of providing the right advice at the first point of contact, setting out claimant responsibilities, completing the claim form and ensuring the claim is correct. There are three visiting officers and where necessary visits to claimants homes are offered.
16. Customers are able to access services easily as offices and surgeries are available throughout the area, and appointments and telephone interviews are offered. There is an over the counter service to avoid customers posting valuable items for evidence and the Service has established immediate electronic access to customer's claim information to allow business to be conducted over the phone or face to face.

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17. Information for customers is available on the Council's website and within the Council reception area. The website holds a variety of information that is well signposted and there is a benefits calculator on the website to offer a quick diagnosis on eligibility and entitlement.
 18. The Service has no information about what customers think of the Service as it has not undertaken a customer satisfaction survey although there are plans to undertake a survey in the future. Similarly there is no evidence that complaints and appeals are reviewed and used to improve working practices.

The Service is testing new methods for verifying the accuracy of claims for benefit

19. In order to accurately assess the correct benefit payable for new claims and reduce potential overpayments, a verification process is adopted in line with DWP guidance. A comprehensive procedure document detailing verification requirements is available for all staff involved in the assessment of new claims.
20. The Council is piloting the Voice Recognition Analysis (VRA) approach on behalf of the DWP. This pilot involves limited verification of documents because it is a risk based system based on reported behaviours. There is no evidence, at this early stage, that this is contributing to the increasing level of overpayments detected.

Processed claims are checked but accuracy is lower than expected

21. Following assessment, new claims are subject to a risk based quality check prior to the issue of notification letters and payments. The IT system has a module specifically designed to assist the accuracy checking process. One in every 25 processed claims for each assessor is checked along with high-risk cases, including for example, where staff are new, payments are high or an overpayment had been created. If necessary all claims calculated by a new starter can be selected for checking. Staff are aware of the accuracy checking procedures but it is unclear how results are fed back to staff and are used to inform training plans.
22. Prior to the suspension of the Performance Standards the DWP considered 98 per cent to be a 'good performance', during 2008/09 the Service achieved an accuracy rate of 95 per cent which would have been 'not meeting minimum requirements'.

The use of management information is weak

23. The Service does not make full use of the functionality available within the IBS IT system to assist managers in managing the Service and preventing overpayments occurring. The IT system does not provide sufficient reports on overpayments, and the internal audit report in 2009 highlighted the need for monthly overpayment reports that would provide management information on types of overpayments, numbers of overpayments, reasons, classification of overpayments, and total value of overpayments.

-
24. The Service conducts a weekly analysis of outstanding workload to ensure that processing of applications is kept up to date and backlogs do not occur. However, at the time of our visit the Service had a backlog of work and was addressing this through regular overtime working.

Priority is not given to processing changes in circumstances

25. Correspondence likely to lead to overpayments such as DWP cancellation notifications and changes to income are not given priority.
26. The time taken to process change of circumstance information has worsened in recent years by around five days (from 12.6 days in March 2006 to 17.7 days in March 2009). This is not a position reflected nationally; the average processing time in Wales reduced by six days from 15.4 in March 2006 to 9.5 in September 2009.

The Service suspended targeted checking because of workload pressures

27. In 2008-09, due to workload pressures, the Service suspended its targeted checking programme, to identify within the existing caseload, potential overpayments resulting from both error and fraud. This included:
- reviewing existing information for accuracy on a risk basis ie, those claims most likely to have undisclosed changes (such as increases in minimum wage and age of dependents); and
 - an annual review of earners, tax credit recipients and self employed claims.
28. Fraud investigations can be used to identify overpayments and the Service has put in place a range of processes to identify overpayments because of fraud. There is:
- a dedicated fraud hotline for internal and external use;
 - fraud awareness training for the HB processors and those staff who may have contact with claimants such as housing officers, visiting officers and customer service staff;
 - referrals to the fraud team for further investigation;
 - review of data supplied by DWP via the Housing Benefit Matching Service (HBMS); and
 - well established joint working arrangements between with the DWP.

The Council is poor at identifying overpaid benefit

29. In 2008-09, the Service made overpayments of housing and council tax benefit of £2,137 million. This was £64,000, 0.61 per cent less than in the previous year.

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30. The Service does not check the accuracy of classification of overpayments (which is important as it influences the amount of subsidy claimed from the DWP). Although the IBS IT system produces subsidy information on a monthly basis this is not monitored or used in managing the Service. Subsidy can be lost if the local authority error classification is not monitored against the threshold set by the DWP for the Council. During 2008-09 the overpayments classified as local authority error were £218,915; this is £60,116 more than the DWP lower threshold of £158,899 and approximately £218,000 of subsidy was lost.
31. The Service has associated problems in recording overpayments created. The overpayment policy does not set out the responsibilities within the Benefits team for recording and classifying overpayments and the generic sundry debt team does not separately monitor benefit overpayments. This results in information being unobtainable for the subsidy return.

In 2008-09, the Council increased the proportion of total debt recovered from 40 to 42 per cent and the proportion of in year debt recovered increased from 77 to 93 per cent

The rate of debt recovery has improved for both 'in year' and total debt and compares well with the Welsh average

32. Over the last two years, the percentage of debt identified and recovered in the same year (in year debt) has increased from 77 per cent in 2007/08 to 93 per cent in 2008/09 (PM7). This compares well with Welsh averages of 75 and 65 per cent respectively. The debt recovery rate for all debt has also improved from 40 per cent in 2007/08 to 42 per cent in 2008/09 (PM8) and this also compares well with the Welsh average of 26 and 22 per cent respectively.

The Service does not have a specific team to recover overpayment debt

33. The generic sundry debt recovery team is responsible for the collection of all council debt. The team comprises of a team leader and two full time equivalent staff but neither are dedicated specifically to the recovery of benefit overpayments. Unfortunately, there is an absence of detail in individual training plans and overpayments is not included specifically. This will not help staff understand when and how to recovery the overpayment debt.

The performance management framework is not fully utilised to monitor and measure debt recovery activities by senior managers and members

34. The Service has key performance indicators linked to the corporate aims relating to bad debt provision and to the processing of benefits. The Council's performance team sets targets at team and individual level but the Service has no local performance indicators for recovery of overpayments and the targets set for the overpayment recovery staff concentrate on process rather than measurable outcomes.

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35. Some summary reports of performance against targets are reported to managers and are monitored at monthly management team meetings. However, it is not clear who monitors and benchmarks performance at senior management and member level.
 36. The Service has not been benchmarking its performance specifically on overpayments. It is a member of the CIPFA benchmarking club, but it is unclear how it uses this information.

The Service considers hardship when making agreements for repayment of overpayment debt but the Council cannot tell how much debt is recovered in this way

37. The Service collected £306,000 less from customers who had received more benefit than they were entitled to during 2008-09 than in the previous year. We do not have the level of debt subject to repayment agreement and therefore are unable to comment on whether there is a higher or lower level of debt being recovered via repayment agreement or not.
38. However, the Service does not offer its customers access to other relevant services, for example, there are no arrangements to refer customers to agencies for independent advice.
39. The Service uses an income and expenditure form when calculating the weekly amount a claimant can afford to pay back and to ensure that financial hardship is not experienced by those repaying overpaid benefit including:
 - clear and understandable notification letter;
 - use of suspend and termination rules; and
 - individual assessment of the ability to repay.
40. Details of the Council's discretion not to recover a recoverable overpayment, contained within the policy document, is not available on the website and is not published externally. However, welfare rights and advice agencies are aware of the discretion not to recover an overpayment in cases of hardship.



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Appendix C

Management Reponse to WAO Recommendations Overpayment Report

R1 In order to improve the quality and customer focus the Service should;

- **adopt the corporate customer care standards**

To be adopted from April 2011. Benefit Standards to be developed and published by the end of May 2011. An equality impact assessment is to be undertaken on the Benefits Service during 2011/12 - once a review has been undertaken we can ensure that we are reaching all our customers and prospective customers - ensuring that all have access to the service

- **introduce a customer satisfaction survey**

Need to ensure that this targeted and not a scatter gun approach - during 2011/12 we will look at targeted surveys such as 10/10 for phone contact and visits and home visits to look at other targeted satisfaction surveys

R2 In order to improve the level of accuracy of benefit calculations and the classification of overpayments the service should;

- **reintroduce targeted random checking of claims for accuracy**

There is an accuracy system that has been introduced via the Civica system for accuracy checking and this is being done. A full performance management regime is being embedded in the Service. Accuracy being a main focus of service improvement. Risk areas from the Subsidy claim (including overpayments) and from the analysis from the derivation tool (SHEBE) and a monthly walkthrough of claims (all types and risk based) will inform management of areas of focus and risk. Accuracy targets for the Benefits Service and individuals will be set from April 2011. All accuracy issues will be dealt with at team level and with monthly one to ones with officers. Training and other issues, alongside the strengthening of procedures and protocols, will form part of the performance management culture. This alongside other Civica system generated CPA checking which is undertaken in the section. The additional management controls will be developed with the input of WAO and our own internal audit.

- **introduce a system for checking the correct classification of overpayments**

See above

- **use management information to understand why performance is below standard and to make the necessary improvements**

From the full use of management information management will be able to see from week to week and month to month all the issues that presents itself. These will be addressed monitored and reported against targets in the service and departmental plan

R3 Money recovered from overpaying benefit can be retained by the Council.

- **consider appointing staff to maximise the recovery of this overpaid benefit on the basis of spend to save**

This is will considered in the department al service plan

- **introduce a performance management system to monitor and support the recovery of overpayment debt**

This is already in place but the service plan will detail a review of OP processes and protocols. Service standards to be set for the OP process and all other processes in the service - this will follow corporate standards and will include operational standards such as stating that the Service aims to recover all recoverable overpayments effectively quickly and efficiently. Performance management and recovery processes are to underpin.

Targeted management reports around debt /its age /and recovery are to put in place targets are to be set from April 2011 and be managed and reported

- **introduce a system for monitoring repayment agreements whether with those still entitled to benefit or not**

Already in place

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 7

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **FINANCIAL PROCEDURE RULES**

1.00 PURPOSE OF REPORT

- 1.01 To provide Audit Committee with the proposed updated Financial Procedure Rules (FPRs) as detailed in Appendix A, following the fourth annual review.
- 1.02 To seek a recommendation to County Council, scheduled for 19th April 2011.

2.00 BACKGROUND

- 2.01 Section 151 of the Local Government Act 1972 and the Accounts and Audit (Wales) Regulations require the Council to make arrangements for the proper administration of its financial affairs.
- 2.02 On 27th February 2010 the Council approved and adopted the current FPRs.
- 2.03 The FPRs state that 'the Chief Finance Officer will undertake an annual review, ensuring that each individual rule is reviewed at least every two years, commencing on the first anniversary of their adoption by Council and reporting the outcome of each review to Council, with any recommendations for changes'.
- 2.04 This report details the recommended changes following the fourth annual review.
- 2.05 The proposed updated FPRs have been prepared following consultation with the Corporate Finance Management Team (formerly Finance Officers Group) and Internal Audit, and agreed by the Corporate Management Team.

3.00 CHANGES TO EXISTING RULES

- 3.01 This is the fourth annual review and as a result there are very few substantive changes proposed to FPRs themselves. See 3.02 to 3.04 below for the proposed changes. In addition to these, there are amendments to wording such as replacing references to the General Fund with Council Fund or to titles such as Head of Internal Audit to Internal Audit Manager throughout the document to bring it up do date with current terminology.

Date: 29/03/2011

3.02 FPR 2.8 and 9.2 Credit arrangements

These have been strengthened to emphasise the need to consult with the Treasury Management Team before entering into any credit agreements.

3.03 FPR 12 Security of Assets

Section 12.7k has been updated to include specific reference to portable assets such as Council laptops.

3.04 FPR 15 Taxation

Section 15.6e has been amended to make reference to periodically issued updates to taxation policy.

4.00 IMPLEMENTATION

4.01 Once approved, the updated FPRs will be published on the Infonet, as with previous reviews, and will remain a standing item on the agenda for the Corporate Finance Management Team.

5.00 RECOMMENDATIONS

5.01 That Audit Committee approve the updated Financial Procedure Rules, as detailed in Appendix A, and recommend that they are submitted to Council on 19th April 2011.

6.00 FINANCIAL IMPLICATIONS

6.01 The implementation of these rules will result in more robust, consistent financial processes across the Authority.

7.00 ANTI-POVERTY IMPACT

7.01 None directly as a result of this report.

8.00 ENVIRONMENTAL IMPACT

8.01 None directly as a result of this report.

9.00 EQUALITIES IMPACT

9.01 None directly as a result of this report.

10.00 PERSONNEL IMPLICATIONS

10.01 None directly as a result of this report.

11.00 CONSULTATION REQUIRED

11.01 All Departments, Corporate Finance Management Team and Corporate Management Team.

12.00 CONSULTATION UNDERTAKEN

12.01 Corporate Finance Management Team, Internal Audit and Corporate Management Team.

13.00 APPENDICES

13.01 Appendix A Copy of the proposed updated Financial Procedure Rules

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

Flintshire County Council - Constitution
Flintshire County Council - Financial Procedure Rules February 2009

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FINANCIAL PROCEDURE RULES (FPRs)

I N D E X

Status of Financial Procedure Rules

FPR 1	Financial Management
FPR 2	Financial Planning
FPR 3	Budget Management (Revenue and Capital)
FPR 4	Budget Virements
FPR 5	Additional Budget Allocations (Revenue and Capital)
FPR 6	Financial Implications of Reports to Members
FPR 7	Treatment of Year End Balances
FPR 8	Accounting Policies, Procedures and Systems
FPR 9	Income and Expenditure
FPR 10	Risk Management and Insurance
FPR 11	Internal Control, Including Audit Requirements
FPR 12	Security of Assets
FPR 13	Imprest Accounts
FPR 14	Treasury Management, Banking, Trust Funds and Funds held on behalf of Third Parties.
FPR 15	Taxation
FPR 16	Trading Accounts
FPR 17	Staffing
FPR 18	Payments to Employees and Members
FPR 19	Procurement
FPR 20	Partnerships
FPR 21	External Funding
FPR 22	Value for Money
FPR 23	Other Funds
FPR 24	Protection of Clients Assets

Deleted: February

Deleted: 2010

| ~~March 2011~~

Status of Financial Procedure Rules

1. These Financial Procedure Rules are part of the Council's Rules of Procedure. They must be read in conjunction with the rest of the Constitution, of which they form part, including the Contract Procedure Rules.
2. They are made in accordance with the provisions of both Section 151 of the Local Government Act 1972 and the Accounts and Audit (Wales) Regulations. These statutory provisions require the Council to make arrangements for the proper administration of its financial affairs. These Financial Procedure Rules state the principles of financial control and administration for the Council. They must be followed by the Council, Executive, every Member and Officer of the Council, its Committees and Sub-Committees. Where specific situations are not covered they must act with the best interests of the Council as a whole and within the spirit of these Rules. They must also be followed by anyone acting either on its behalf (i.e. where such a person or organisation has been given delegated authority to carry out identified functions on the Council's behalf) or in partnership with it.
3. If, in considering entry into a partnership agreement, there is a risk of conflict with any of the Council's Financial Procedure Rules, the relevant Chief Officer and the Chief Finance Officer must first report to the Executive about such implications.
4. This requirement (to consider possible conflicts) also applies to those arrangements where the Council is to enter into arrangements for which it is to be either the accountable or the host body, or where the Council is considering 'pooled budgets' with other authorities. If the Council has not been nominated as the lead authority, then it is the responsibility of the Chief Finance Officer to assess and advise accordingly on the Financial Procedure Rules of the designated lead authority.

5. These Financial Procedure Rules and other regulatory rules exist to assist all levels of the organisation, including its partners, to ensure that the Council has proper financial and managerial controls in place and that it uses public monies in an accountable and transparent way.
6. These Financial Procedure Rules and other regulatory rules apply to schools except in so far as the specific arrangements under 'Fair Funding' (1998 Education Act) and Scheme for Financing Schools 2005 take precedence over them. In every other respect schools with local management arrangements must follow these Financial Procedure Rules.
7. These Financial Procedure Rules and other regulatory rules apply to the Clwyd Pension Fund except where separate legislation exists, e.g. Local Government Investment Regulations.
8. Financial Procedure Rules and Contract Procedure Rules must be followed where the Council acts as agent for any other body unless the agency agreement specifies otherwise.

FINANCIAL PROCEDURE RULES

FINANCIAL PROCEDURE RULE 1: FINANCIAL MANAGEMENT

1.1 The Council is responsible for making and amending, as required, such financial procedure rules and contract procedure rules as it considers necessary and desirable for the proper administration of its financial affairs, taking into account any advice from the Chief Finance Officer, the Executive and the Audit Committee.

1.2 Each Executive Member and each Chief Officer shall be responsible to the Council for the proper observance of the Council's Financial Procedure Rules and Contract Procedure Rules in regard to their respective responsibilities.

1.3 Chief Officers are defined as Strategic Directors and Heads of Service. However, reference to Chief Officers or the Chief Finance Officer shall include reference to their nominated representatives except in circumstances where they have been reserved to such Chief Officer or Chief Finance Officer personally.

1.4 Each Chief Officer shall:

- (a) Ensure that all relevant staff in his or her Directorate are fully aware of these Procedure Rules and aware of the requirement to comply fully with them.
- (b) Maintain a record of those officers to whom these Procedure Rules have been issued.
- (c) Take all reasonable steps to ensure that the Financial Procedure Rules and Contract Procedure Rules are observed throughout his/her Directorate.

1.5 Any staff who fail to observe Financial Procedure Rules and/or Contract Procedure Rules may be subject to disciplinary action.

1.6 The Chief Finance Officer is the Officer responsible for the interpretation of these Procedure Rules. He or she is responsible for ensuring that they remain appropriate to the Council's activities. He or she shall undertake an annual review, ensuring that each individual rule is reviewed at least every two years, commencing on the first anniversary of their adoption by Council and reporting the outcome of each review to Council, with any recommendations for changes. Should there be any urgent changes required these will be recommended to Council between annual reviews.

1.7 The Chief Finance Officer may waive the need to comply with any of these Financial Procedure Rules. He or she must record his or her reasons for the waiver and must set out the scope and duration of the waiver and any substitute Procedure Rules. Alternatively, he or she may refer an application for waiver to the Executive or the County Council. Whilst considering any waiver, the Chief Finance Officer must consult all relevant Chief Officers and the Executive Member with responsibility for Finance.

1.8 Any significant departure which has not been previously approved by the Chief Finance Officer under delegated powers (or by the Executive or the County Council or under urgent powers) from the Council's Financial Procedure Rules or Contract Procedure Rules coming to the knowledge of a Chief Officer shall be reported by that Chief Officer to the Chief Finance Officer. A joint report of the Chief Officer and the Chief Finance Officer shall be submitted to the Executive and to the Audit Committee.

1.9 These Financial Procedure Rules apply to the Council Fund (revenue and capital), the Housing Revenue Account (revenue and capital), all Trading Accounts and all other financial records held.

Deleted: General Fund

1.10 The Chief Finance Officer has statutory responsibility for the proper administration and stewardship of the financial affairs of the Council. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government and Housing Act 1989
- The Accounts and Audit (Wales) Regulations currently in force

1.11 The Chief Finance Officer among other functions is responsible for:

- The proper administration of the Council's financial affairs.
- Setting and monitoring compliance with financial management standards.
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management.
- Advising on all matters which affect, or potentially affect, the finances or financial administration of the Council.
- Providing financial information.
- Making recommendations to the Executive and County Council for the preparation of the revenue budget and capital programme.
- Preparing the approved revenue budget and capital programme.
- Treasury management.

1.12 Chief Officers are responsible for promoting the financial management standards set by the Chief Finance Officer in their Directorates and monitoring adherence to the standards and practices, liaising as necessary with the Chief Finance Officer.

1.13 Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to every Member of the Executive or the Council as appropriate and to the External Auditor, if the Council, a Committee or Officer of the Council, or a Joint Committee on which the Council is represented:

- Has made, or is about to make, a decision which involves or would involve the Council incurring expenditure which is unlawful.
- Has taken, or is about to take, a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the Council.
- Is about to make an unlawful entry in the Council's accounts.

The Chief Finance Officer must consult with the Head of Paid Service and the Monitoring Officer as far as practicable in preparing any report under Section 114.

1.14 The Chief Finance Officer shall make a report under this Section if it appears to him or her that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

1.15 Section 114 of the 1988 Act also requires:

- The Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under Section 114 personally, due to absence or illness.
- The Council to provide the Chief Finance Officer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.

(All references to a Committee (joint or otherwise) include Sub-Committees).

1.16 Where a report has been issued by the Chief Finance Officer under Section 114 of the Local Government Finance Act 1988, the Council and the Council's Proper Officer shall then follow the requirements of Sections 115 and 116 of the said Act.

FINANCIAL PROCEDURE RULE 2: FINANCIAL PLANNING

2.1 The process for developing the budget is set out in the Budget and Policy Framework Rules in Part 4 of the Constitution.

2.2 The Chief Finance Officer is responsible for ensuring that a revenue budget is prepared on an annual basis, together with a revenue projection over a three-year period, for consideration by the Executive, which will make recommendations to the Council. The Council is responsible for the approval of the revenue budget.

2.3 The Chief Finance Officer is responsible for ensuring that a four year capital programme is prepared on an annual basis for consideration by the Executive, which will make recommendations to the Council, and that this is updated regularly throughout the year to reflect any capital resources which become available subsequently together with any programme slippage identified in year. The Council is responsible for the approval of the capital programme.

2.4 The Chief Finance Officer is responsible for developing and maintaining a resource allocation process that ensures due consideration by Members, at each stage of the revenue budget and capital programme processes, of the Council's policy framework.

2.5 The revenue budget will include the proposed level of unallocated Council Fund reserves, proposed taxation levels and the proposed budgets for each Chief Officer and for central and corporate budget heads. The capital programme will include scheme details and estimated capital resources.

Deleted: general fund

2.6 It is the responsibility of the Chief Finance Officer to advise the Executive and the Council on prudent levels of reserves for the Council, taking into account any advice from the External Auditor.

2.7 All Chief Officers are responsible for drawing up annual service plans, which detail the service to be provided, and ensuring that budgets reflect these agreed service plans. Chief Officers must submit these budgets to the Council, via the Chief Finance Officer and the Executive, and ensure that they are prepared in line with guidance issued by the Chief Finance Officer and the Executive.

2.8 Chief Officers will ensure that credit arrangements, such as leasing agreements, are not entered into without consultation/agreement with the Chief Finance Officer (via the Treasury Management team) and, if applicable, approval of the scheme through the capital programme. For the purchase of all items which are not brand new, Chief Officers will ensure that an HPI check has been undertaken to ensure that there is no outstanding finance.

Deleted: prior approval of the

2.9 The Director of Environment will provide an estimate of capital receipts generation for inclusion within the capital programme, its subsequent updates (as per paragraph 2.3), and capital monitoring reports.

FINANCIAL PROCEDURE RULE 3: BUDGET MANAGEMENT (REVENUE AND CAPITAL)

In this and subsequent sections, the word “variance(s)” means the difference between the latest budget and actual income or expenditure. Reference to “overspend” means an excess of expenditure or a shortage of income compared to budget, the opposite in each case representing an “underspend”.

3.1 Chief Officers and Budget Managers are authorised to incur expenditure and generate income in accordance with the budget approved by Council, as amended by any virement made under Financial Procedure Rule 4, or any supplementary budgets approved under Financial Procedure Rule 5 by the Executive and/or Council as appropriate. It is the responsibility of Chief Officers to consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council’s approved budget.

3.2 Chief Officers will ensure that all income and expenditure is properly recorded and accounted for against the correct budget head. Under no circumstances shall income or expenditure be coded to a budget head other than that to which it is properly chargeable/receivable, irrespective of where the budget amount has been coded. Where it is deemed that a budget amount has been incorrectly allocated, Chief Officers will request a budget virement (FPR4) as opposed to coding income or expenditure inappropriately.

3.3 Chief Officers must monitor and control revenue and capital income and expenditure against budget heads as they are listed in the Budget Book and report variances to the Chief Finance Officer, who will report to the Executive on the Council’s overall position on a regular basis. If a Chief Officer identifies a budget that is significantly volatile and has demand that cannot be controlled, then, with the agreement of the Chief Finance Officer, he/she may request that the budget is classified as “ringfenced”. Whilst such budgets will be exempt from being included in assessments of the Chief Officer’s financial management performance Chief Officers should still, at all times, manage and control these budgets and endeavour to secure best value.

3.4 The Chief Finance Officer will ensure that each Chief Officer has available timely information on receipts and payments on each budget, which is sufficiently detailed to enable Budget Managers to fulfil their budget monitoring responsibilities.

3.5 Chief Officers should ensure that each budget head, and below that, cost centres, have a single named budget manager, determined by the relevant Chief Officer, who will be responsible for monitoring and investigating variances against budget and bringing these to the attention of the Chief Officer and the Directorate finance officer. Budget Managers should only be responsible for income and expenditure that they are authorised to generate or incur as far as this is practicable. Where this is not practicable, the budget manager must liaise with the officer(s) authorised to incur expenditure or generate income when monitoring such budget heads.

3.6 The Chief Finance Officer will maintain an overview of the effectiveness of budgetary control arrangements within each Directorate. These arrangements should be put in place in order to demonstrate the links between service and financial planning and the effect each has on the other.

3.7 Chief Officers will therefore take action as necessary to avoid exceeding their budget allocation, and thus operate within their cash limited budget, and ensure that Budget Managers understand their financial responsibilities.

3.8 Chief Officers will ensure that service levels are monitored in conjunction with the budget and that any necessary action is taken to align overall service inputs, outputs and budget.

3.9 Chief Officers will report projected budget variations to the Chief Finance Officer as soon as they are identified and in the event of any potential overspend will determine a budget action plan to bring expenditure back into line with budget, either by corrective action, or, if this is not possible, by the identification of compensating savings elsewhere in their budget. This budget action plan will be reported to the Chief Finance Officer, who will include the plan in the next Budget Monitoring report to Corporate Management Team. Corporate Management Team may include the plan in reports to Executive.

3.10 The Chief Finance Officer will inform Chief Officers of those projected variances which he/she considers to be so significant that a separate report should be submitted to the Executive, outlining reasons for the projected variances, implications for future years' budgets and, in the case of a projected overspend, action to be taken to bring expenditure back into line with budget. In these cases, Chief Officers must liaise with the Chief Finance Officer when drawing up any budget action plans on compensating savings, before reporting them to the Executive or Council for approval.

3.11 When a budget action plan fails to prevent an overspend, the overspend, measured at Directorate level, will be repayable in the following financial year, unless the Executive or Council authorise otherwise. A plan for the repayment of the overspend, in the following financial year, should be submitted for approval by the Executive, or, where this affects the Council's policy framework, by the Council. The repayment plan will specify budget heads and service implications, and the impacts thereon, and will be submitted as soon as possible.

3.12 Where any projected level of overspend materially changes at the outturn stage, a revised repayment plan should be submitted for approval. This plan should include the reasons for the material changes.

3.13 In exceptional cases, Chief Officers will submit reports to the Executive and to the Council, in consultation with Chief Finance Officer, where a Chief Officer is unable to balance expenditure and resources within existing approved budgets under his or her control, requesting a supplementary budget allocation for the current financial year only. Financial Procedure Rule 5 provides further details.

3.14 Chief Officers will ensure that all capital proposals which have a value greater than £100,000 have undergone an options appraisal. However, in some cases due to specific complexity, or significant risk, a lower financial value shall be considered.

3.15 All such projects, plus those less than £100,000, seeking inclusion in the Capital Programme will then be subject to a project appraisal by the Corporate Asset Management Group who will submit recommendations to Corporate Management Team.

3.16 The Capital Programme will be updated on a quarterly basis, identifying changes in capital resources and the effect of rollover together with quantifying contractually uncommitted values by scheme.

3.17 Whole schemes, or distinct parts thereof, which are identified as slipping into the following financial year, shall be included in the Capital Programme assessments for the later year.

3.18 The approved Capital Programme will include information on grant funded schemes, as estimated.

3.19 Chief Officers will proceed with projects only when approval has been received for the project to proceed.

3.20 The Director of Environment will monitor the generation of capital receipts and will provide monitoring information for inclusion in the capital monitoring reports to the Executive.

3.21 Nothing in the Financial Procedure Rules shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 138 of the Local Government Act 1972. Such action shall only be taken after consultation with the Chief Finance Officer, and any such expenditure must be reported retrospectively to the Executive, and the funding for such expenditure must be agreed as soon as possible.

FINANCIAL PROCEDURE RULE 4: BUDGET VIREMENTS

In this and all other sections, virement is defined as the movement of funds from one budget head to another so that the intended action represents a change from that originally agreed. This does not therefore include, for example, the re-allocation of a corporate budget to service heads.

4.1 The Council is responsible for agreeing procedures for virement of income or expenditure between budget heads.

4.2 The Chief Finance Officer will administer the Council's scheme of virement.

4.3 Chief Officers will ensure compliance with the scheme of virement.

4.4 Virement does not create additional spending power for the Council as a whole.

4.5 Subject to paragraphs 4.8 and 4.9 below, a Chief Officer may exercise virement across revenue budget heads, as they are listed in the Budget Book, within the same service under his or her control for amounts up to a cumulative £75,000 on any one budget head during the year, following consultation with the Chief Finance Officer, providing that there will be no further revenue commitment or a resultant change of policy.

4.6 Amounts greater than the limit set out in 4.5 above require the approval of the Executive, or, where there are implications to the policy framework, of the Council, following a joint report by the Chief Finance Officer and the Chief Officer.

4.7 Chief Officers are responsible for notifying the Chief Finance Officer in writing of all virements within delegated limits, in the format specified by the Chief Finance Officer.

4.8 The approval of the Executive, or, where there are policy implications, of the Council, is required for any virement, of whatever amount, where it is proposed to:

- Vire between budgets of different accountable Executive Members.
- Vire between budgets managed by different Chief Officers.

4.9 Virements simply to minimise variances are specifically precluded.

4.10 Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- (a) The amount is used in accordance with the purposes for which it has been established.
- (b) The Executive has approved the basis on which it will be allocated.

4.11 Where a Chief Officer is proposing a virement, of any amount, between capital budget heads, this proposal must firstly be submitted to the Corporate Asset Management Group who will consider the proposal as part of its remit to manage the capital programme, giving due to consideration to the changes in capital resources, contractually uncommitted values and projected rollover. Following assessment of the proposal, Corporate Asset Management Group will make recommendations to Executive.

4.12 A school's governing body may transfer budget provision between heads of expenditure within the delegated school budget following notification to the Chief Education Officer.

FINANCIAL PROCEDURE RULE 5: ADDITIONAL BUDGET ALLOCATIONS (REVENUE AND CAPITAL)

5.1 The Council is responsible for the approval of any new proposals, of whatever amount, that:

- (a) Create financial commitments which will increase the total net base budget in future years. The funding of the proposal will be a call on future years' Council Tax. The funding for the year in which the proposal is put forward must be identified by the Chief Finance Officer from unearmarked reserves or from one-off reductions elsewhere. Any proposals which involve commitments into future years which are funded by reductions elsewhere (i.e. the total net base budget is not increased) will be in accordance with Financial Procedure Rule 4 (budget virements).
- (b) Alter the policy framework, i.e. result in changes to those policies and plans set out in the Constitution.

5.2 Any other proposals which would result in changes to existing policies outside the policy framework (including the initiation of new policies or the cessation of existing policies) or materially extend or reduce the Council's services shall require the approval of the Executive.

5.3 In-year requests for non-recurring additional budget are delegated to the Executive for consideration.

5.4 Any monies included within the revenue budget or capital programme for corporate developments, to be approved during the year by Executive, will not be used to address budget pressures in base budget provisions.

5.5 It is the responsibility of Chief Officers to consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.

5.6 If a bid for a supplementary budget is not approved, and the expenditure for which the supplementary budget was requested is unavoidable, the Chief Officer must put forward to the Executive proposals for reducing expenditure elsewhere, specifying budget head and service implications. If there are any policy implications on the Policy Framework, the approval of Council will be required.

5.7 Chief Officers will liaise with the Chief Finance Officer and Corporate Asset Management Group where a request is to be made for an additional capital scheme, or increased costs of approved capital schemes, to be included within the capital programme. The Chief Finance Officer will provide advice regarding the capital programme monitoring position, including slippage, and additional capital resources (if any) that may have been identified since the capital programme was approved.

FINANCIAL PROCEDURE RULE 6: FINANCIAL IMPLICATIONS OF REPORTS TO MEMBERS

6.1 When reporting to the Executive or Council on any matter which affects, or is liable to affect, the finances of the Council, a Chief Officer shall, in consultation with the Chief Finance Officer, incorporate into the report the financial implications of the matter under discussion. This applies to both income and expenditure, of either a revenue or capital nature.

6.2 If a report has no financial implications, this should be clearly stated.

6.3 Chief Officers are responsible for ensuring that the appropriate Executive Member(s) are advised of the financial implications of all proposals and that these financial implications have been agreed with the Chief Finance Officer.

6.4 The Financial Implications Section of any report to Members must contain a complete summary of the financial aspects of the report, and be self-contained, i.e. not require reference to any other part of the report, other than for further, non-financial, details.

6.5 Chief Officers are responsible for ensuring that all authors of reports are aware of the requirements under the Financial Implications Section, or that, where a report is written by an infrequent author of reports, the Financial Implications Section is overseen by a suitable Officer.

6.6 Chief Officers should consult with Directorate finance officers when determining the financial implications. The wording of financial implications must be agreed with the Chief Finance Officer before the report is passed to the Committee Administrator for inclusion on any agenda for Member consideration. Draft financial implications must be passed to the Chief Finance Officer for consideration at least five full working days before the deadline for submission to the Committee Administrator, including reports with no financial implications. The Chief Finance Officer will consider whether the financial implications have been correctly stated, and whether any implications, e.g. of a corporate nature, have been omitted.

Where the financial implications are not agreed with the Chief Finance Officer prior to including the report on any agenda for Member consideration, the report will be withdrawn.

6.7 The financial implications shall include an indication of full and part year income and expenditure; whether the income or expenditure is recurring or non-recurring; the revenue implications of any capital expenditure; details of any external funding (e.g. amount, duration, any conditions attached) and any staffing implications (cost in current year, cost in a full year and cost at the top of the grades). The Head of Human Resources and Organisational Development must be consulted on any staffing implications, and the human resources implications section of the report must provide such information as is required by the Head of Human Resources and Organisational Development.

6.8 The financial implications shall also indicate clearly whether the net costs will be met from within existing budgets, from new sources of income, from virement, or whether (in exceptional circumstances) an increase in the budget is being requested in which case Financial Procedure Rule 5 applies. Where costs are to be met from within an existing budget, the Chief Officer will provide the Chief Finance Officer with details of the relevant budget head(s).

6.9 Where expenditure is to be met from grant funding which is time-limited, the report should clearly indicate whether expenditure will cease on the expiry of grant funding, or whether an increase in base budget will be required. In the latter case, it will not be adequate to indicate in the report that the expenditure will be subsumed within the Council's total base Budget Requirement. If an increase in base budget is not requested by the Chief Officer, and approved by Members, then the Chief Officer will not have authority to incur further expenditure following the expiry of the grant funding, unless this is met from elsewhere within the existing approved base budget, and this virement has approval from the Executive or the Council as appropriate.

6.10 Any budget proposal that will impact on another service area or Chief Officer's level of service activity should be proposed only after agreement with the relevant Chief Officer.

FINANCIAL PROCEDURE RULE 7: TREATMENT OF YEAR-END BALANCES

7.1 The Chief Finance Officer will administer the scheme of carry-forward within the guidelines approved by the Council.

7.2 The Chief Finance Officer will report variances to the Executive, as part of regular monitoring, and to the Council, as part of the budget process.

7.3 Any aggregate overspend on budgets, at Directorate level, under the control of the Chief Officer will be carried forward to the following year, and will constitute the first call on service budgets in the following year, unless otherwise agreed by Executive and Council. The Chief Finance Officer will report the extent of overspends carried forward to the Executive and to the Council.

7.4 Chief Officers will submit to the Executive, for approval, proposals for the recovery of any overspend not previously reported, specifying budget heads and service implications and the reasons for the late identification. If there are any implications to the Policy Framework, the approval of Council will be required.

7.5 Executive will approve the use of service underspends, and also the use of any underspends against central and corporate budget heads, except where there are implications to the Policy Framework, in which case the approval of Council will be required.

7.6 Schools' balances, under legislation, are available for carry-forward to support the expenditure of the school concerned. Where an unplanned deficit occurs, the governing body will prepare a detailed financial recovery plan, in consultation with the Chief Education Officer. The plan should recover the deficit within the following financial year unless, in exceptional circumstances, where a maximum deficit recovery period of 5 years is allowed.

FINANCIAL PROCEDURE RULE 8: ACCOUNTING POLICIES, PROCEDURES AND SYSTEMS

8.1 The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently.

8.2 Chief Officers are responsible for adhering to the accounting policies approved and guidelines issued by the Chief Finance Officer.

8.3 The Chief Finance Officer is responsible for determining the corporate financial systems, accounting procedures, records and timetables for the Council and must be consulted during the selection and implementation of non-corporate accounting systems to ensure that corporate accounting and internal control requirements are met.

8.4 The Chief Finance Officer will:

- (a) Arrange for the compilation of all accounts and accounting records under his or her direction.
- (b) Be responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA/LASAAC).
- (c) Sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March.
- (d) Make proper arrangements for the audit of the Council's accounts in accordance with the Accounts and Audit (Wales) Regulations.
- (e) Prepare and publish the audited accounts of the Council for each financial year, in accordance with the statutory timetable and with the requirement for the Council to approve the Statement of Accounts before the due date, and for the Audit Committee to consider the statement of accounts before approval by Council.

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8.5 The Council is responsible for approving the annual Statement of Accounts, on the recommendation of the Audit Committee which will consider them beforehand.

8.6 Chief Officers will supply information required to enable the Statement of Accounts to be completed in accordance with guidelines and timetables issued by the Chief Finance Officer.

8.7 The Chief Finance Officer and Chief Officers will:

- (a) Ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud and other malpractice (by, for example, separation of the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums, from the duty of collecting or disbursing them).
- (b) Ensure that all claims for funds including grants are made by the due date.
- (c) Ensure the proper retention of prime documents and other financial documents in accordance with statutory requirements or any other timescales issued corporately.
- (d) Ensure that all the Council's transactions, material commitments and contracts and other essential accounting information are genuine and are recorded completely, accurately and on a timely basis; that they have not been previously processed and that they are held securely.
- (e) Ensure that all reconciliation procedures are carried out to ensure transactions are correctly recorded i.e. that output from systems is complete, accurate and timely.
- (f) Maintain adequate records to provide an audit trail leading from the source document for income/expenditure through to the accounting statements, and vice versa.

8.8 Chief Officers will notify the Chief Finance Officer where neither corporate nor Directorate financial systems provide the information required for any necessary purpose, e.g. grant claims, cost-based performance indicators.

8.9 The Chief Finance Officer is responsible for the operation of the Council's corporate accounting systems, the form of accounts and the supporting financial records. Any changes made by Chief Officers to their existing accounting records or financial systems or the establishment of new systems must be approved by the Chief Finance Officer. Chief Officers are responsible for the proper operation of financial processes in their own Directorates.

8.10 Any changes required to agreed financial procedures by Chief Officers in order to meet their specific service needs should be agreed with the Chief Finance Officer.

8.11 Chief Officers should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer. Chief Officers are responsible for identifying financial training needs. The Chief Finance Officer is available to advise on this issue.

8.12 Chief Officers must ensure that staff are aware of their responsibilities under data protection and freedom of information legislation. Chief Officers must ensure, in conjunction with the Data Protection Officer, that, where appropriate, computer and other systems are notified in accordance with data protection legislation.

8.13 The Chief Finance Officer and Chief Officers will ensure that corporate and Directorate systems respectively are documented and staff trained in their operation.

8.14 Chief Officers will:

- (a) Ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- (b) Ensure that relevant standards and guidelines for computer systems, as issued by the Head of ICT and Customer Services, are adhered to.
- (c) Ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.
- (d) Comply with the copyright, designs and patents legislation and, in particular, ensure that:
 - (i) only software legally acquired and installed by the Council is used on its computers.
 - (ii) staff are aware of legislative provisions.
 - (iii) in developing systems, due regard is given to the issue of intellectual property rights.

FINANCIAL PROCEDURE RULE 9: INCOME AND EXPENDITURE

9.1 It is the responsibility of Chief Officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively, identifying staff authorised to act on the Chief Officer's behalf in respect of payments, income collection and placing orders, including variations, together with the limits of their authority and in respect of monitoring such transactions against approved budgets.

9.2 Chief Officers will supply lists of authorised officers, with specimen signatures and initials, and delegated limits, to the Chief Finance Officer, together with any subsequent variations. These should be updated to reflect changes in personnel and should be reviewed when requested by the Chief Finance Officer.

Income

9.3 Where possible Chief Officers will obtain income in advance of supplying goods or services to improve the Council's cashflow, to avoid the time and cost of administering debts, and to reduce the risk of non-collection, particularly for low value items. No invoices with a value of less than £25, with the exception of invoices relating to peppercorn rents, shall be raised without the approval of the Chief Finance Officer. Where it is absolutely unavoidable to raise such invoices, all efforts should be taken to ensure that the invoices are raised in the most economical way possible. Wherever practicable such sums should be collected in cash. In these cases, the collection of the cash must be made before the supply of the goods or services.

9.4 Where the Council is requested to provide goods or services of a commercial or non-statutory nature, with an anticipated value in excess of £500, which would necessitate setting up a new Accounts Receivable (AR) debtor account, a credit check, using an on line credit checking system, must be undertaken. All credit check requests are to be forwarded to the Corporate Procurement Unit for action.

The credit check must be completed prior to providing the goods or services, and the results of the check attached to the AR Customer Request Form before forwarding to Financial Systems and Performance.

9.5 The Council has been advised by the Chartered Institute of Public Finance and Accountancy to embrace the underlying principles of the money laundering legislation and regulations introduced by the Government to prevent money laundering, which in its most common form involves the payment of debts using large amounts of cash. The Council's position on this is contained within the Money Laundering Policy, which is available upon request from the Chief Finance Officer. Officers involved in the collection of income should make themselves aware of this policy and report suspected cases to the Money Laundering Reporting Officer. For this purpose, the Council cannot accept cash in excess of £5,000, although it is for individual officers to decide if, in specific instances, they should report incidents involving lesser amounts. In any situation requiring a sizeable refund the Officer involved should check the original type of lodgement.

9.6 The Chief Finance Officer will:

- (a) Agree arrangements for the collection of all income due to the Council and approve the procedures, systems and documentation for its collection.
- (b) Order, control and issue all receipts, invoices, tickets and other documents recording, acknowledging, or demanding the receipt of monies paid to the Council, except where the Chief Finance Officer has given written approval to alternative arrangements in specific instances.
- (c) Agree the write-off of bad debts up to £5,000 in aggregate for each single domestic or business debtor, agree in consultation with the Executive Member for Finance the write-off of bad debts over those amounts but up to £25,000 and refer for approval items for write-off in excess of £25,000 to the Executive.
- (d) Ensure that appropriate accounting adjustments are made following write-off action.
- (e) Keep a record of all sums written off.
- (f) Make or approve secure and efficient arrangements for the recording of all income received by direct debit, standing order, debit and credit cards and such other methods of payment as the Council may approve.

9.7 Chief Officers will:

- (a) Establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, and review it at least annually, in consultation with the Chief Finance Officer. Where the Chief Officer considers that an existing charge should be discontinued, or an additional charge levied, the Chief Officer shall, after consultation with the Chief Finance Officer, make a recommendation to the Executive.
- (b) Separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- (c) Issue official receipts or maintain other documentation for income collection.
- (d) Ensure that money received by post is properly identified and recorded, with at least two employees present when post is opened.
- (e) Hold securely receipts, tickets and other records of income for the appropriate period.
- (f) Lock away all income to safeguard against loss or theft, and ensure the security of cash handling.
- (g) Ensure that income is paid fully and promptly into the appropriate Council bank account in the form in which it is received. Appropriate details must be recorded on paying-in slips, duplicate(s) or counterfoil(s) to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a monthly basis. Every cheque, postal order or money order payable to the Council shall be crossed to the Council's bank account immediately on receipt.
- (h) Ensure that third party cheques are not accepted in payment of a debt to the Council, except with the authorisation of the Chief Finance Officer in writing. In each such case the receiving Officer shall record and verify the full name and address of the drawer.
- (i) Ensure that personal cheques are not, under any circumstances, cashed out of money held on behalf of the Council.
- (j) Supply the Chief Finance Officer with details relating to work done, goods supplied, services rendered or other amounts due (both of a revenue or capital nature), to enable the Chief Finance Officer to record correctly the sums due to the Council and to ensure accounts are sent out promptly. With the exception of trading accounts, all invoices should be raised within 5 working days of the provision of goods or services.

- (k) Have a responsibility to assist the Chief Finance Officer in collecting debts that they have originated, by providing any further information requested by the debtor, and in pursuing the matter on the Council's behalf.
- (l) Ensure that levels of cash held on the premises do not exceed approved limits.
- (m) Keep a record of every transfer of money between employees of the Council. The receiving officer must sign for the transfer and the transferor must retain a copy. Every transfer of cash shall be made direct by hand and not through the internal or external post (unless by prior approval from the Chief Finance Officer).
- (n) Recommend to the Chief Finance Officer all debts to be written off and keep a record of all sums written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- (o) Notify the Chief Finance Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Chief Finance Officer and not later than 30th April.
- (p) Notify the Chief Finance Officer of any waiving of a sum due, as soon as such a decision has been taken. Where the sum involved is in excess of £2,000, the Chief Finance Officer should be consulted, and the Executive if the value exceeds £10,000. The recording of all sums waived by a Chief Officer shall be as agreed with the Chief Finance Officer.

Expenditure

9.8 Every Officer and Member of the Council has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Council, in accordance with both the Officers and Members Codes of Conduct set out in the Constitution.

9.9 Chief Officers will ensure that unique pre-numbered official orders are used, in a form approved by the Chief Finance Officer, for all work, goods or services to be supplied to the Council, except where a formal written contract is required, or for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions specified by the Chief Finance Officer. Each order must conform to the guidelines approved by the Council. Standard terms and conditions must not be varied without the prior approval of the Chief Finance Officer.

9.10 Each Chief Officer shall be responsible for all orders issued from, or on behalf of, his or her Directorate. Where one Chief Officer places an order on behalf of another, that Chief Officer shall obtain the latter's consent in advance.

9.11 A written order shall be placed in advance of the relevant work, goods or services being supplied. Where, due to urgent need, it is necessary to place a verbal order, a written order shall be issued at the earliest opportunity and shall be clearly marked as being in confirmation of the verbal order.

9.12 The Officer signing an official order shall be responsible for ensuring, either personally or through the originating Officer, that it has been placed in accordance with the Council's Financial Procedure Rules, that there is sufficient budget provision to meet the expenditure under the proper budget head and in the proper year of account, and that the order form is properly completed.

9.13 Apart from petty cash and schools' own bank accounts and other payment for advance accounts, the normal method of payment from the Council shall be by BACS drawn on the Council's bank account or National Giro account by the Chief Finance Officer. The use of direct debit for payments shall require the prior agreement of the Chief Finance Officer.

9.14 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Council contracts.

9.15 Chief Officers will ensure that the Officer signing an official order shall be responsible for ensuring, either personally or through the originating Officer, that:

- (a) All goods and services are ordered only by authorised staff and are correctly recorded.
- (b) All goods and services shall be ordered in accordance with the Council's Contract Procedure Rules unless they are purchased from sources within the Council.
- (c) Goods and services received are checked to ensure they are in accordance with the order. Goods should not be received by the person who placed the order.
- (d) Payments are not made unless goods have been received by the Council to the correct price, quantity and quality standards, with prices, calculations, trade discounts and other allowances and credits checked.
- (e) All payments are made to the correct payee and are properly recorded.
- (f) All appropriate evidence of the transaction and payment documents are retained and stored.
- (g) All appropriate steps are taken to minimise the risk of subsequent duplicate payments.
- (h) All expenditure, including VAT, is accurately recorded against the correct budget head and any exceptions are corrected. If it is deemed that a budget amount has been incorrectly allocated, a Chief Officer will request a budget virement (FPR4). Under no circumstances will the expenditure be incorrectly coded in order to match the expenditure with an incorrect budget allocation.
- (i) Every order shall be specific as to the supplier, nature, quality (where applicable) and quantity (where applicable) of the works, goods or services being ordered, and shall clearly identify the budget head to which the order is properly chargeable.
- (j) Where a quoted price has been obtained, that price shall be quoted on the order. Where no quoted price has been obtained, copies of the order, other than the supplier's copy, shall, as far as practicable, in the Chief Officer's opinion, bear an estimate of the cost of the order.

- (k) Every alteration to an official order after issue must be certified by the initials of an Officer authorised to sign such orders, and all copies of the order should be duly amended and be certified by the initials of the same authorised Officer.
- (l) A copy of each order shall, if so required, be supplied on request to the Chief Finance Officer.

9.16 For purchases made electronically over the Internet, the Officer will:

- (a) Ensure a written order is completed.
- (b) Ensure that the goods cannot be purchased more cheaply through approved suppliers.
- (c) Provide proof that the goods have been received and are in the custody of the Council.
- (d) Ensure that payment is only made using a Corporate Card.

9.17 The Chief Finance Officer will:

- (a) Ensure that all the Council's financial systems and procedures for ordering and paying for work, goods and services are sound and properly administered.
- (b) Approve any changes to such existing financial systems and approve any new systems before they are introduced.
- (c) Approve the form of official orders and associated terms and conditions. The ordering, control and issue of official order forms and books shall be under the supervision of the Chief Finance Officer.
- (d) Make payments from the Council's funds on the Chief Officer's authorisation that the expenditure has been duly incurred in accordance with Financial Procedure Rules. Payments made must be reconciled to the bank account on a weekly basis.
- (e) Make payments, whether or not provision exists within the budgets, where the payment is specifically required by statute or is made under a court order. Chief Officers must notify the Chief Finance Officer immediately of any such expenditure. If no budget provision exists, the Chief Officer must identify a budget virement. If the size of the payment warrants it, the Chief Finance Officer may identify corporate funding.
- (f) Make payments to contractors on the certification of the appropriate Chief Officer, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- (g) Provide advice on making payments by the most economical means.

- (h) Examine any accounts passed for payment to the extent considered necessary or desirable, and shall be entitled to receive from the Council's employees and creditors such information and explanations as the Chief Finance Officer may require for this purpose. Having been satisfied that the account is in order, the Chief Finance Officer will make such arrangements as are required to ensure payment is made.

9.18 Chief Officers will:

- (a) Ensure that only those staff authorised by him or her sign orders, and maintain an up-to-date list of such authorised staff, including specimen signatures, identifying in each case the limits of their authority. The authoriser of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary.
- (b) Ensure that goods and services are checked on receipt to verify that they are in accordance with the order. This check should, where possible, be carried out by a different Officer from the person who authorised the order. Appropriate entries should then be made in inventories or stores records.
- (c) Ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
 - (i) receipt of goods or services
 - (ii) that the invoice has not previously been paid
 - (iii) that expenditure has been properly incurred and is within budget provision
 - (iv) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - (v) correct accounting treatment of tax
 - (vi) that the invoice is correctly coded
 - (vii) that discounts have been taken where available
 - (viii) that appropriate entries will be made in accounting records
- (d) Ensure that two authorised members of staff are involved in the ordering, receiving and payment process. If possible, a different Officer from the person who signed the order, and in every case, a different Officer from the person checking a written invoice, should authorise the invoice.

- (e) Forward certified invoices to the Chief Finance Officer, or input for payment, without delay, to ensure that settlement terms are complied with and prompt payment discounts achieved. If settlement terms are not stated the Council is required to pay all undisputed invoices within 30 days of receipt.
- (f) Ensure that the Directorate maintains and reviews periodically a list of staff approved to authorise invoices. Names of authorising Officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Chief Finance Officer.
- (g) Ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be reported to the Head of Internal Audit.
- (h) Encourage suppliers of goods and services to receive payment by the most economical means for the Council. It is essential, however, that payments made by direct debit have the prior approval of the Chief Finance Officer.
- (i) Ensure that the Directorate obtains best value from purchases by following agreed procurement arrangements and liaising with the Corporate Procurement Unit, as detailed in Financial Procedure Rule 19.
- (j) Notify the Chief Finance Officer of outstanding expenditure relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Chief Finance Officer.

9.19 Where the Council has agreed to receive corporate electronic invoices from suppliers, the Chief Finance Officer will provide Chief Officers with the details of their Directorate element of such invoices in order to enable Chief Officers to approve payment.

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9.20 The Chief Finance Officer is responsible for the appraisal of capital financing options, and arrangement of operating and finance leases. Chief Officers will ensure that loans, leasing or rental arrangements are not entered into without prior consultation/agreement from the Chief Finance Officer (via the Treasury Management team). This process will ensure that the Council's borrowing powers, authorised limits and approved credit arrangements are not exceeded, and that the Council complies with relevant accounting/reporting standards.

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9.21 With regard to contracts for construction and alterations to buildings and for civil engineering works, Chief Officers will document and agree with the Chief Finance Officer the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of subcontractors' tax status, as contained in the Guidance Procedures relating to Employed / Self-Employed and Construction Industry Workers.

FINANCIAL PROCEDURE RULE 10: RISK MANAGEMENT AND INSURANCE

10.1 The Audit Committee is responsible for reviewing the effectiveness of risk management.

10.2 Chief Officers will take responsibility for risk management, having regard to advice from specialist officers (e.g. Risk Manager, crime prevention, fire prevention, health and safety).

10.3 Chief Officers will ensure that there are regular reviews of risk within their Directorates and notify the Corporate Management Team promptly of all new risks.

10.4 Identification, evaluation and management of risk is part of every Chief Officer's day-to-day responsibilities. Chief Officers will ensure that risks will be assessed on an ongoing basis to ensure that the corporate strategic and operational risk register, Ffynnon, is kept up to date. This process will ensure that the links between service planning, risk assessment, risk management and financial planning are enhanced and any financial implications are built into future budget considerations.

10.5 Chief Officers will:

- (a) Set strategic risk management initiatives / projects.
- (b) Agree the appropriate level of risk appetite for the Council.
- (c) Challenge the outcomes of risk management and ensure effective dissemination of risk management information throughout their Directorate.
- (d) Monitor and update the Strategic Assessment of Risks and Challenges, ensuring that all emerging risks and challenges are incorporated.

10.6 The Chief Finance Officer shall effect all insurance cover, including an Internal Insurance Fund, to meet specified claim types as he/she considers necessary or desirable for the protection of the Council's interests.

10.7 Chief Officers will notify the Chief Finance Officer of all new properties or vehicles that require insurance and of any alterations affecting existing insurances.

10.8 The Chief Finance Officer will negotiate all claims by or against the Council, in consultation with the appropriate Chief Officer, where necessary.

10.9 Chief Officers will notify the Chief Finance Officer immediately of any loss, liability, damage or other event that may lead to a claim against the Council, and will also arrange to provide the Chief Finance Officer with any information or explanation required by him/her or by the Council's insurers, in accordance with the timescales imposed under the Access to Civil Justice Act (Personal Injury Protocols).

10.10 The Chief Finance Officer shall review all insurances, and insurable risks in consultation with the appropriate Chief Officer, at intervals not exceeding one year.

10.11 The Chief Finance Officer shall at least annually provide all Chief Officers with details of all insurance policies affecting their Directorate and a note of the cover provided.

10.12 Chief Officers will consult the Chief Finance Officer on the terms of any indemnity that the Council is requested to give.

10.13 Chief Officers will ensure that employees, or anyone covered by the Council's insurances, are aware that they must not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

10.14 The Chief Finance Officer and Monitoring Officer will liaise on a regular basis, at least quarterly, to monitor actual and potential claims against the Council and ensure that the financial implications are fully reflected in budget monitoring.

FINANCIAL PROCEDURE RULE 11: INTERNAL CONTROL, INCLUDING AUDIT REQUIREMENTS

11.1 Overall responsibility for the control environment rests with the Council as a whole. The Corporate Management Team is responsible for overseeing and monitoring the control environment.

Monitoring of compliance with policies, procedures, laws and regulations is undertaken by relevant key officers. The Chief Finance Officer and Monitoring Officer have statutory responsibilities. Chief Officers have responsibility for the development and maintenance of the internal control environment to ensure:

- The Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- Compliance with all applicable statutes and procedure rules, and other relevant statements of best practice.

The Chief Finance Officer is responsible for the accounting control systems and records and the preparation of the Statement of Accounts.

11.2 Chief Officers are responsible for putting in place procedures to ensure that established controls are being adhered to and for evaluating their effectiveness. Chief Officers are required to periodically assess their systems of internal control to ensure that they are adequate to manage the risks associated with the service. They are also required to undertake such reviews when material changes are to be made either to structures or to working practices. This requirement applies equally to those arrangements in which the Council has a partnership relationship with a third party.

11.3 Chief Officers must therefore assess, at least once a year, the effectiveness of their system of internal control, in line with current Accounts & Audit (Wales) Regulations.

11.4 Chief Officers must also provide appropriate information to the Chief Finance Officer to enable the Annual Governance Statement to be included within the financial statements, as required.

11.5 The Chief Finance Officer and Chief Officers will review existing controls in the light of changes affecting the Council and establish and implement new controls as necessary. They will also remove controls that are unnecessary or not cost or risk effective – for example, because of duplication.

11.6 Chief Officers should ensure that staff have a clear understanding of all procedures, and of the consequences of lack of control.

11.7 The Accounts and Audit (Wales) Regulations issued by the National Assembly for Wales require every local authority to maintain an adequate and effective internal audit. The Council will ensure that the internal audit function is properly resourced, on the advice of the Chief Finance Officer and the Audit Committee.

11.8 The Chief Finance Officer will ensure that internal auditors comply with the Auditing Practices Board's guideline *Guidance for Internal Auditors*, as interpreted by CIPFA's *Code of Practice for Internal Audit in Local Government in the United Kingdom* and with any other statutory obligations and procedure rules.

11.9 The responsibilities of the internal auditors are set out in the CIPFA Code of Practice and the Chartered Institute of Internal Auditors (CIIA), International Standards for the Professional Practice of Internal Auditing.

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In line with these requirements, they will perform internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place to:

- Establish and monitor the achievement of the organisation's objectives.
- Identify, assess and manage the risks to achieving the organisation's objectives.
- Formulate and evaluate policy, or provide policy advice, within the responsibilities of the Council's Chief Finance Officer.
- Ensure the economical, effective and efficient use of resources.
- Ensure compliance with established policies, procedures, laws and regulations, including the organisation's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
- Ensure the integrity and reliability of information, accounts and data.

11.10 The internal auditors will have the authority, subject to statutory and common law limitations and prior consultation when applicable, to:

- (a) Access Council premises.
- (b) Access all assets, records, documents, correspondence and control systems.
- (c) Receive any information and explanation considered necessary concerning any matter under consideration from Members and Officers.
- (d) Require any employee of the Council to produce or account for cash, stores or any other Council asset or asset of a third party under his or her control.
- (e) Access records, staff and premises belonging to partner organisations and contractors, when required.
- (f) Have unrestricted access to senior management, members and all employees.

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11.11 The Chief Finance Officer will:

- (a) Agree the strategic and annual audit plans in consultation with the Head of Internal Audit and submit these to the Audit Committee for comments.
- (b) Consider any comments of the Audit Committee and amend the plans, as appropriate.
- (c) Ensure that effective procedures are in place to investigate promptly any suspected fraud or irregularity.
- (d) Promote awareness of internal control issues by Members and Officers.
- (e) Be the line manager for the Internal Audit Manager and ensure that the quality of his or her work is monitored.
- (f) Prepare reports on audit issues to the Audit Committee.

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11.12 The Council will ensure that Internal Audit is independent in its planning and operation.

11.13 The Internal Audit Manager will have direct access to the Head of Paid Service, the Monitoring Officer, External Audit and the Chair of the Audit Committee.

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The Internal Audit Manager can request a private meeting with the Audit Committee at any time, with no other Council Officers present. Such a meeting should take place at least annually.

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11.14 The Chief Finance Officer will maintain an Audit Charter, Corporate Anti-fraud and Corruption Strategy, Fraud Response Plan and a Prosecution Policy. These will be submitted to the Audit Committee and to the Executive for approval. The Chief Finance Officer will promote awareness of Members and Officers of anti-fraud and anti-corruption issues.

11.15 Chief Officers will maintain a register of interests, in which any hospitality or gifts accepted must be recorded:

- (a) In compliance with the Flintshire County Council Code of Conduct for Local Government Employees, no employee of the Council shall accept any fee, gift or reward which is intended as, or might be construed as, an inducement to influence that employee in the execution of that employee's duties.
- (b) The offer of any such fee, gift or reward shall be reported immediately by the employee concerned to the appropriate Chief Officer, who shall in turn notify the Chief Finance Officer of the occurrence.

11.16 The Head of Human Resources and Organisational Development will ensure that the policies in 11.14 and 11.15 will be reflected in the HR Policies and other policies, as relevant, of the Council.

11.17 Chief Officers will:

- (a) Ensure that internal and external auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- (b) Ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- (c) Consider and respond promptly to recommendations in audit reports.
- (d) Ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

- (e) Whenever any matter arises which involves, or potentially involves, any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources, notify Internal Audit and take any such other immediate action as considered necessary (subject to any Council rules and protocols). Internal Audit shall notify the Chief Finance Officer where appropriate, and take such action by way of investigation and report, including informing and consulting with the relevant Chief Officer, Monitoring Officer and Head of Human Resources and Organisational Development, notifying the Head of Paid Service, the Police and/or the External Auditor, as considered appropriate. Pending investigations and reporting, the Chief Officer will take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

Where sufficient evidence exists to believe that a criminal offence may have been committed, Internal Audit will consult with the Chief Finance Officer and Monitoring Officer and determine whether to refer the matter to the Police. The Police will determine with the Crown Prosecution Service whether any prosecution will take place.

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Where fraud, theft, improper use or misappropriation of the Council's property or resources is proved, and the Council has suffered a financial loss, the Council will seek to recover the full value of any loss as outlined in the Corporate Anti-Fraud and Corruption Strategy, Fraud Response Plan and Prosecution Policy.

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- (f) Instigate the Council's disciplinary procedure when the outcome of an audit investigation indicates improper behaviour (by a member of staff), or indicates that a wider investigation is appropriate.
- (g) Ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Internal Audit Manager prior to implementation, to ensure that control issues are fully considered and complied with.

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11.18 The Chief Finance Officer will:

- (a) Ensure that Internal Audit liaises effectively with External Audit.
- (b) Work with the External Auditor and advise the Council, Executive, Audit Committee and Chief Officers on their responsibilities in relation to External Audit.
- (c) Ensure that all External Audit reports and any other relevant matters are reported to the Audit Committee.

FINANCIAL PROCEDURE RULE 12: SECURITY OF ASSETS

12.1 Chief Officers will ensure that records and assets are properly maintained and securely held.

12.2 The Chief Legal Officer, in consultation with the Director of Environment, shall maintain a terrier of:

(a) All lands and properties owned by the Council (with the exception of dwellings provided under the Housing Acts) in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference, purchase details, particulars of all interests, tenancies granted and rents receivable.

(b) All lands and properties leased to the Council in a form agreed with the Chief Finance Officer, recording the holding Committee, purpose for which held, location, extent, plan reference and lease rental payment details.

The corporate property function resides within the Environment Directorate, with property records maintained by Valuation and Estates Services in conjunction with Legal.

12.3 The Director of Environment will arrange for the valuation of assets for accounting purposes to meet requirements specified by the Chief Finance Officer and, in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom*, (CIPFA/LASAAC).

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12.4 The Chief Legal Officer or solicitor to the Council, shall have custody of all title deeds and will put in place secure arrangements for this.

12.5 The Director of Environment shall maintain a record of all dwellings provided under the Housing Acts in a form agreed with the Chief Finance Officer.

12.6 Chief Officers shall be responsible for maintaining proper security and confidentiality of all financial and related information in the Chief Officer's possession including complying with the requirements of the Council's Information Security Policy, Data Protection Act, the Computer Misuse Act and any subsequent legislation.

12.7 Chief Officers must ensure that:

- (a) All staff are aware of their responsibilities with regard to safeguarding the Council's assets and the protection and confidentiality of information, whether held in manual or computerised records, including the requirements of the Data Protection Act and software copyright legislation.
- (b) All staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer, portable storage media acceptable usage, e-mail and internet security policies.
- (c) Arrangements are in place for the proper security and safe custody of all buildings, vehicles, equipment, furniture, stock, stores and other assets under their control.
- (d) Lessees and other prospective occupiers of council land or buildings are not allowed to take possession or enter the land or building until a lease or legal agreement, in a form approved by the Chief Legal Officer in consultation with the Chief Finance Officer, has been established as appropriate.
- (e) Where land or buildings are surplus to requirements, a recommendation for sale is the subject of a report by the Chief Officer, or where action is taken under delegated powers this is reported to the Executive.
- (f) Each Directorate maintains a register of moveable assets and that assets are identified, their location recorded, and that they are appropriately marked and insured.
- (g) Cash holdings on premises are kept to a minimum and shall not exceed such limit as the Chief Finance Officer may prescribe, and that the arrangements for such cash holdings have been agreed with Internal Audit. Each Chief Officer must, in consultation with the Chief Finance Officer ensure safe and efficient cover for cash in transit.
- (h) Keys to safes and similar receptacles are carried in the possession of those responsible at all times; loss of any such keys must be reported to the Chief Finance Officer as soon as possible. All official keys of buildings, alarms and secure places shall be securely maintained at all times using a designated key tagging system by the individual responsible for their custody. If not held on the person of the individual responsible for their custody, they should be held under secure arrangements. The loss of any such keys shall be reported to the Chief Finance Officer immediately.

- (i) Assets are only used in the course of the Council's business, unless the Chief Officer concerned has given permission, in writing, for personal use by an employee.
- (j) Records are kept of the disposal or part-exchange of assets. Such disposals should normally be by competitive tender or public auction, unless, following consultation with the Chief Finance Officer, the Executive agrees otherwise.
- (k) Inventories or other records are maintained, in a form approved by the Chief Finance Officer, of all vehicles, plant, equipment (including portable equipment such as FCC Laptops), machinery, protective clothing and such other items as the Chief Finance Officer may require for each location under the Chief Officer's control. Unless otherwise authorised in writing by the Chief Finance Officer, each inventory shall record, in respect of each item a brief description of the item, the serial number or other identifying mark (where applicable), particulars of acquisition (including details of ownership where applicable) and, in due course, particulars of disposal.
- (l) An annual check of all items on the inventory is carried out in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council.
- (m) There are arrangements for the care and custody of stocks and stores in the Directorate. Each Chief Officer shall be responsible for the care and custody of all stocks and stores held in that Chief Officer's Directorate and shall account for their purchase, control, issue and return and disposal in a manner approved by the Chief Finance Officer.
- (n) Items shall be held in stock only where ready availability or where purchase in bulk is more economical than purchase of individual items, having due regard to the storage and administration costs associated with each method. Stocks shall not exceed the level required to meet reasonable anticipated needs or to obtain the benefits of bulk purchasing, except in special circumstances in consultation with the Chief Finance Officer.
- (o) Stocks are maintained at reasonable levels and are subject to a regular independent physical check. All discrepancies should be investigated and pursued to a satisfactory conclusion, referring issues to Internal Audit, where appropriate.

- (p) The Chief Finance Officer shall receive from the appropriate Chief Officer such information relating to stocks as the Chief Finance Officer may require for accounting or costing purposes, and shall require the appropriate Chief Officer to conduct, by persons other than the storekeeper, a complete stock-take at intervals of not more than one year together with one interim stock check.
- (q) Sample checks are made of all actual stock holdings against recorded stock holdings. The checks should be such that all items of stock are included within the check at least once a year.
- (r) Discrepancies are investigated and written off as necessary.

12.8 Surplus, obsolete or defective items held in stock shall be disposed of at regular intervals not exceeding one year. Procedures for disposal of such stocks and equipment, including inventory items, should be by competitive quotations or auction, unless, following consultation with the Chief Finance Officer, the Executive decides otherwise in a particular case. Such write-offs or disposals will be reported to the Executive.

12.9 When the Chief Officer considers it appropriate, the stock or inventory item may be offered to other Directorates or employees for the highest quotation received on a secret and competitive basis, or disposed of by public auction, or as scrap and disposal shall be certified in the stock records or inventory by the signature of the Chief Officer or other authorised Officer.

The names of Officers authorised to certify such disposals shall be agreed with and notified to the Chief Finance Officer by each Chief Officer, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and amendments as they may occur. Disposal of items by any other method shall be subject to prior written authority from the Chief Finance Officer.

12.10 In the event that the Council decides to become involved in the commercial exploitation of intellectual property e.g. software development, the matter should be agreed by the Executive.

12.11 Whenever, in case of eviction, re-possession or similar circumstances, the Council takes possession or custody of private moveable property, an itemised inventory shall be taken in the presence of two persons, one of whom shall be a Council Officer or representative, who both shall witness it as a correct record.

12.12 Each Chief Officer shall be responsible for ensuring safe custody and maintaining adequate records of lost property found on premises for which that Chief Officer is responsible. Unclaimed items shall be disposed of by the Chief Officer under arrangements approved by the Chief Finance Officer.

12.13 Chief Officers will ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property. The Head of Human Resources and Organisational Development will ensure that this is reflected in the Council's HR Policies.

12.14 Every acquisition, disposal or transfer to another location shall be recorded immediately in the appropriate inventories.

12.15 The Chief Finance Officer will ensure appropriate accounting entries are made to remove the value of disposed assets from the Council's records and to include the sale proceeds.

12.16 Chief Officers will ensure that income received for the disposal of an asset is properly banked and coded.

12.17 If any aspect of security is considered defective, or if special security arrangements are considered desirable, the Chief Officer concerned shall consult with the Chief Finance Officer with a view to remedial action.

FINANCIAL PROCEDURE RULE 13: IMPREST ACCOUNTS

13.1 The Chief Finance Officer will:

- (a) Provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and prescribe rules for operating these accounts.
- (b) Agree, in consultation with the relevant Chief Officer, the petty cash limit and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- (c) Reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly.

13.2 The Chief Finance Officer shall issue to Officers authorised to receive official money, such change floats as considered necessary, following consultation with the relevant Chief Officer, for the efficient performance of cash collection duties. Such a float shall not be used for any purpose other than the giving of change, and the Officer to whom it is issued shall be responsible at all times for its safe custody until such time as it is repaid to the Chief Finance Officer.

13.3 Chief Officers will ensure that employees operating an imprest account:

- (a) Obtain and retain receipts/invoices and vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained in order to ensure the correct recovery of VAT as per HM Revenue and Customs regulations.
- (b) Ensure reimbursement claims are signed by the claimant and one authorising signatory. Imprest controllers must ensure that two authorising signatories are obtained where there are no valid receipts/invoices to support the expenditure.
- (c) Make adequate arrangements for the safe custody of the account.
- (d) Produce upon demand by the Chief Finance Officer cash and all receipts/ invoices and vouchers to the total value of the imprest amount.
- (e) Record transactions promptly.
- (f) Reconcile and balance the account at least monthly irrespective of the frequency of reimbursement claims. Reconciliation sheets are to be signed by the imprest holder and two authorising signatories and placed on file.

- (g) Provide the Chief Finance Officer with a certificate of the value of the account held at 31st March each year.
- (h) Ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made.
- (i) Ensure that payments are never made to individuals, contractors, consultants, casual staff or self-employed persons. Where emergency loans are made to service users, Officers will comply with the Monitoring and Recovery of Loans Procedure.
- (j) On leaving the Council's employment or otherwise ceasing to be entitled to hold an imprest advance, account to the Chief Finance Officer for the amount advanced to him or her, and either repay the balance, without delay, to the Chief Finance Officer or transfer it to another authorised Officer (as outlined in FPR 9.7 (m)).

13.4 The Chief Finance Officer may at any time require the authorised Officer to produce the float for inspection, to repay it or to sign a certificate of the amount held.

13.5 Where considered appropriate the Chief Finance Officer shall open an account with the Council's bankers, National Giro or other appropriate financial institution for use by the Petty Cash Imprest holder who shall not cause such account to become overdrawn. It shall be a standing instruction to the Council's bankers or any other agency that the amount of any overdrawn balance on a Petty Cash Imprest holder's bank account shall forthwith be reported to the Chief Finance Officer.

FINANCIAL PROCEDURE RULE 14: TREASURY MANAGEMENT, BANKING, TRUST FUNDS AND FUNDS HELD ON BEHALF OF THIRD PARTIES

14.1 The Council will create and maintain, as the cornerstones for effective treasury management:

- A Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of its treasury management activities
- Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

14.2 The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

14.3 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Executive, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice in Treasury Management.

14.4 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

14.5 The Chief Finance Officer will operate bank accounts as are considered necessary. Opening or closing any bank account shall require the approval of the Chief Finance Officer. Chief Officers will follow the instructions on banking issued by the Chief Finance Officer.

14.6 The Chief Finance Officer will act as the Council's registrar of stocks, bonds and mortgages and maintain records of all borrowing of money by the Council.

14.7 Chief Officers will arrange for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities, etc relating to the trust with the Chief Finance Officer, unless the deed otherwise provides.

14.8 Chief Officers will arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Chief Finance Officer, and for the maintenance of written records of all transactions.

14.9 Chief Officers will ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

14.10 Criminal Injuries Compensation Awards will be put on deposit with the Council's other investments and therefore form part of the Central Loans and Investment Account, thus attracting appropriate money market rates. Each award will be accounted for separately with interest being credited on an annual basis.

FINANCIAL PROCEDURE RULE 15: TAXATION

15.1 The Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate is responsible for advising Chief Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Council.

15.2 The Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate is responsible for maintaining the Council's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

15.3 The Chief Finance Officer will:

- (a) Complete a monthly return of VAT inputs and outputs to HM Revenue and Customs.
- (b) Be responsible for accounting to the appropriate agency for other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.
- (c) Provide details to HM Revenue and Customs regarding the construction industry tax deduction scheme.
- (d) Maintain up-to-date guidance for Chief Officers on his/her responsibilities in regard to any taxation matters, and to individual Council employees on taxation issues.

15.4 The Head of Human Resources and Organisational Development will:

- (a) Account to HM Revenue and Customs for all tax deducted from employees' emoluments under the PAYE arrangements.
- (b) Be responsible for accounting to the appropriate agency for other forms of taxation payable to or by the Council and for supplying to such agencies such other information as they may validly require.
- (c) Maintain up-to-date guidance for Chief Officers on his/her responsibilities in regard to any taxation matters, and to individual Council employees on taxation issues.

15.5 The Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate may require from any employee of the Council such information as is necessary for fulfilment of their obligation under this Financial Procedure Rule.

15.6 Chief Officers will:

- (a) Ensure that for any purchase which is taxable under current VAT legislation, payment will only be made on receipt of a proper invoice complying with the VAT regulations. The only exceptions are where an invoice is properly issued by the supplier on receipt of payment and where the use of authenticated VAT receipts has been agreed with the supplier at the outset.
- (b) Ensure that the correct VAT liability is attributed to all income due and that the recovery of VAT on purchases, including those paid for via an imprest account or corporate card, complies with HM Revenue and Customs regulations.
- (c) Ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- (d) Ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- (e) Follow the guidance on taxation issued by the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate in the "Tax Management: Corporate Policy Statement"; ~~in~~ the "VAT Manual" ~~and in taxation updates issued periodically,~~
- (f) Seek advice from the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate on VAT, or other tax implications, when entering into partnerships and other joint working arrangements.

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FINANCIAL PROCEDURE RULE 16: TRADING ACCOUNTS

16.1 It is the responsibility of the Chief Finance Officer to advise on the accounting arrangements for the establishment and operation of trading accounts and business units.

16.2 Chief Officers will:

- (a) Observe all statutory and Council requirements in relation to trading accounts for business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is properly charged.
- (b) Ensure that the same accounting principles are applied in relation to trading accounts as for other services or business units.
- (c) Ensure that each business unit prepares an annual business plan.
- (d) Ensure that invoices for work undertaken are submitted within 15 working days of completion of work for external customers, and 20 working days for internal customers.
- (e) Ensure that in each trading account published, the combination of debtors and work-in-progress does not exceed 20% of turnover.

16.3 Chief Officers will consult with the Chief Finance Officer where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Council. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.

FINANCIAL PROCEDURE RULE 17: STAFFING

17.1 The Head of Human Resources and Organisational Development will act as an advisor to Chief Officers on areas such as National Insurance, whilst the Chief Finance Officer will act as an advisor on pension contributions, as appropriate.

17.2 Chief Officers will:

- (a) Ensure that budget provision exists for all existing and new employees.
- (b) Monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- (c) Ensure that the staffing budgets are not exceeded without due authority and that they are managed to enable the agreed level of service to be provided.

17.3 The management of employee costs within schools is the responsibility of the governing body.

17.4 When reporting to the Executive or Council on any matter which has, or is liable to have, staffing / HR implications, a Chief Officer shall, in consultation with the Chief Finance Officer and the Head of Human Resources and Organisational Development, incorporate into the report both the staffing / HR and financial implications of the matter under discussion.

FINANCIAL PROCEDURE RULE 18: PAYMENTS TO EMPLOYEES AND MEMBERS

18.1 Official Council expenses incurred by Members and Employees of the Council shall be paid direct by the Council.

18.2 All claims for payment of financial loss, attendance, travelling, subsistence and car allowances, and other incidental expenses paid for by the claimant, shall be completed and signed by the claimant in a form approved by the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate.

18.3 The names of Officers authorised to certify such claims shall be agreed with, and notified in writing to, the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate by each Chief Officer, who shall provide the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate with the specimen signature and initials of each such authorised Officer, and any amendments on the occasion of any change. Certification of a claim by, or on behalf of, a Chief Officer shall signify that the certifying Officer is satisfied that the journeys were authorised, that the expenses were necessarily incurred in the performance of duty, that the allowances are properly payable by the Council, and that cost-effective travel arrangements are achieved.

18.4 All claims shall be submitted to the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate for payment within such time as may be specified. In any event, a claim submitted for payment between one month and three months after the expenses were incurred shall be paid only on approval of the relevant Chief Officer. A claim made more than three months after the expenses were incurred shall be paid only after the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate has received from the claimant a satisfactory written explanation of the late submission, and has given written approval for payment.

18.5 The Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate will:

- (a) Arrange and control secure and reliable payment of salaries, wages, pensions, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date.
- (b) Record and make arrangements for the accurate and timely payment of tax, superannuation and other deductions.

- (c) Make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- (d) Make arrangements for paying Members' under the Members Allowances Scheme and the Members Travel and Subsistence Scheme, which will be maintained by the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate.
- (e) Ensure that there are adequate arrangements for administering pension scheme matters on a day-to-day basis.

Chief Officers will:

- (a) Ensure appointments are made in accordance with the Procedure Rules of the Council and approved establishments, grades and scale of pay and that adequate budget provision is available.
- (b) Notify the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate of all appointments, terminations (resignations, dismissals) or variations (secondments, transfers, absences from duty through sickness or other reasons apart from approved leave, changes in remuneration, other than normal increments and pay awards and agreements of general application) which may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate.
- (c) Ensure that adequate and effective systems and procedures are operated in a form approved by the Head of Human Resources and Organisational Development, so that payments are only authorised to bona fide employees:
 - (i) Payments are only made where there is a valid entitlement.
 - (ii) Conditions and contracts of employment are correctly applied.
 - (iii) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- (d) Provide information necessary to maintain records of service for superannuation, income tax, national insurance or other statutory obligations.

- (e) Ensure that payroll transactions are processed only through the payroll system. Chief Officers should give careful consideration to the employment status of individuals employed on a self-employed, consultant or subcontract basis. HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Head of Human Resources and Organisational Development.
- (f) Ensure that the Head of Human Resources and Organisational Development is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- (g) In conjunction with the Head of Human Resources and Organisational Development, maintain an up to date establishment structure and adhere to the Establishment Control Maintenance Process.

18.6 The Head of Human Resources and Organisational Development will be responsible for recovering payroll overpayments where the employee continues to have employment with the Council and where the overpayment is £500 or less. A repayment schedule, ensuring repayment is made within the same financial year as the overpayment, will be formally agreed with the employee.

For all payroll overpayments in excess of £500, irrespective of employment status, recovery of the overpayment will be the responsibility of Debt Recovery, ensuring that such overpayments are included within the Council's total debt.

18.7 All pay documents shall be, in a manner prescribed by the Head of Human Resources and Organisational Development, certified manually by or on behalf of the appropriate Chief Officer. The names of Officers authorised to certify such documents shall be agreed with, and notified in writing to the Head of Human Resources and Organisational Development by each Chief Officer, who shall provide the Chief Finance Officer with the specimen signature and initials of each such authorised Officer and any amendments on the occasion they arise.

18.8 Chief Officers and the Head of Human Resources and Organisational Development will ensure that all appropriate payroll documents are retained and stored, as required, by the Head of Human Resources and Organisational Development.

18.9 No cheque made payable to a Member or Employee will be cashed by the Council, unless it is under a scheme approved by the Chief Finance Officer and is presented by the person named on the cheque, and duly endorsed.

18.10 Members will submit claims for travel and subsistence on a monthly basis and normally within three months. Any claim submitted beyond three months needs to be accompanied by a written explanation for the delay and will only be paid if the Chief Finance Officer is satisfied with the explanation given.

FINANCIAL PROCEDURE RULE 19: PROCUREMENT

19.1 The Chief Officer with responsibility for the Corporate Procurement Unit will be responsible for advising on procurement arrangements in order to achieve the most favourable terms possible from suppliers, save on administrative expense and process costs, ensure compliance with UK and EU procurement legislation and assist the Council with its efficiency agenda.

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19.2 Chief Officers are required to follow central procurement arrangements. Where particular goods and services are not available through these arrangements, Chief Officers will consult with the Corporate Procurement Unit for guidance on the appropriate next steps.

19.3 Where there is no central procurement arrangement, Chief Officers will be required to follow Contract Procedure Rules which apply to all procurement exercises. An electronic copy of the Contract Procedure Rules is held on the Council's PASS System (Procurement Advice & Support System).

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19.4 All procurement activities will operate within the framework of the Corporate Procurement Strategy 2008/09 to 2010/11.

19.5 Under Flintshire's Scheme for Financing Schools, schools are not bound by central procurement arrangements, but are encouraged to be so. However, school expenditure for the supply of goods and services is still subject to the EU and UK procurement legislation where contract expenditure is close to or exceeds EU procurement thresholds.

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FINANCIAL PROCEDURE RULE 20: PARTNERSHIPS

20.1 Both the Council and the Executive are responsible for approving delegations, including frameworks for partnerships and joint ventures. The Executive is the focus for forming partnerships and joint ventures with other local public, private, voluntary and community sector organisations to address local needs.

20.2 Both the Council and the Executive can delegate functions – including those relating to partnerships – to Officers. These are set out in the Scheme of Delegation that forms part of the Council's Constitution. Where functions are delegated the Officers remain accountable for them to the Council and the Executive as appropriate.

20.3 The Head of Paid Service or other nominated Officers will represent the Council on partnerships and external bodies, in accordance with decisions of the Council/Executive or otherwise as authorised by the Chief Executive.

20.4 The Chief Finance Officer and Monitoring Officer are responsible for encouraging the same high standards of conduct (with regard to financial administration and other matters, respectively) in partnerships and joint ventures that apply throughout the Council insofar as the constitutions of respective organisations permit them to do so.

20.5 The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He or she, in consultation with the Monitoring Officer, must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies, ensuring that the risks have been fully appraised before agreements are entered into.

20.6 Chief Officers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

20.7 The Chief Finance Officer will:

- (a) Advise on the key elements of funding a project, including:
 - (i) An options appraisal scheme for financial viability.
 - (ii) Risk appraisal and management.
 - (iii) Resourcing, including taxation issues.
 - (iv) Audit, security and control requirements.

- (v) Carry-forward arrangements.
- (b) Ensure that the accounting arrangements are satisfactory.

20.8 The Monitoring Officer will advise on legal matters.

20.9 Chief Officers will:

- (a) Maintain a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer.
- (b) Ensure that, before entering into agreements with external bodies, a risk management and options appraisal has been prepared for the Executive, in consultation with the Chief Finance Officer and Monitoring Officer.
- (c) Ensure that all agreements and arrangements are properly documented.
- (d) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Council's Statement of Accounts concerning material items.
- (e) Ensure that the project progresses in accordance with the agreed plan and that all expenditure is properly incurred and recorded.

20.10 Chief Officers will ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council, following consultation with the Chief Finance Officer.

20.11 Chief Officers will seek advice from the Chief Finance Officer or Head of Human Resources and Organisational Development as appropriate on VAT, or other tax implications, when entering into partnerships.

FINANCIAL PROCEDURE RULE 21: EXTERNAL FUNDING

21.1 Chief Officers will:

- (a) Ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- (b) Ensure that funds are acquired only to meet the priorities approved by the Council in the policy framework.
- (c) Ensure that any match-funding requirements are given due consideration and that future revenue budgets reflect these requirements, before entering into long-term agreements.
- (d) Ensure that all claims for funds are made by the due date.

21.2 The Chief Finance Officer will:

- (a) Ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts.
- (b) Ensure that audit requirements are met.

21.3 Chief Officers will:

- (a) Ensure that proposals are costed properly and that the approval of the Executive is obtained before any negotiations are concluded to work for third parties.
- (b) Ensure that contracts are drawn up and maintain a register of all contracts entered into with third parties.
- (c) Ensure that all grant income and associated information is logged on the Corporate Grant Register and adhere to the requirements of the Grant Manual.
- (d) Ensure that appropriate insurance arrangements are made, via the Chief Finance Officer.
- (e) Ensure that, as far as possible, the Council is not put at risk from any bad debts.
- (f) Ensure that no contract is subsidised by the Council.
- (g) Ensure that such contracts do not impact adversely upon the services provided for the Council.

- (h) Have in place an exit strategy to implement when the funding ceases. This strategy must allow for all costs associated with the winding up, including any costs arising because staff have gained employment rights, being met from within the externally provided monies and, therefore, at no additional cost to the Council. If the terms of the external funding do not allow such costs to be met from it, then they must be met from within the base budget of the Directorate concerned.
- (i) Provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.
- (j) Ensure that all grant income is coded, in the first instance, to the appropriate balance sheet code in order to avoid double counting the overall income and expenditure of the Council.

FINANCIAL PROCEDURE RULE 22: VALUE FOR MONEY

22.1 Each Chief Officer shall be responsible for ensuring that value for money is obtained in the performance of all operations and transactions under the Chief Officer's control, subject to statutory constraints, Financial Procedure Rules, Contract Procedure Rules (e.g. the requirement to rotate contractors) and any other directives of Council, where the control environment and ensuring probity takes precedence. In assessing value for money, all short-term and long-term costs and benefits associated with the matter under consideration shall be taken into account.

22.2 If, at any time, the Chief Finance Officer forms the view, based on objective financial evidence, that Chief Officers are not fulfilling their obligations with regard to value for money and that the Council's financial resources are not being utilised efficiently and effectively in the implementation of Council policy, he or she shall consult with the appropriate Chief Officer(s) and, if considered necessary, report to the Executive and/or the Audit Committee, as appropriate, on any matters giving rise to serious concern in this regard, in consultation with the Council's External Auditor.

FINANCIAL PROCEDURE RULE 23: OTHER FUNDS

23.1 The Council will not as a general rule supervise the financial administration of, nor audit, unofficial funds, and accepts no liability whatsoever for any loss however caused. Unofficial funds are defined as those which are not the property of the Council, for example school monies collected by schools for school trips. Those operating such funds, therefore, have an overall responsibility to ensure that proper financial stewardship is observed. This should include ensuring that:

- (a) A Treasurer and independent auditor are formally appointed.
- (b) Proper rules are operated to secure adequate standards.
- (c) Adequate records and procedures are maintained.
- (d) Regular reports on fund transactions and balances are received and checked against bank statements.
- (e) Annual statements of income and expenditure and fund balances are prepared and audited.

23.2 Those operating or intending to operate such funds are also required to:

- (a) Notify the Chief Finance Officer of details of the fund as soon as it is set up.
- (b) Provide an independent audit certificate for the fund on an annual basis.

23.3 The Chief Finance Officer reserves the right to inspect the accounts and records of such funds as necessary, with the exception of schools which are covered by Section 48 of the School Standards and Framework Act – Schedule 14.

23.4 Chief Officers should provide appropriate information to the Chief Finance Officer to enable a note to be entered into the Statement of Accounts, as required.

FINANCIAL PROCEDURE RULE 24: PROTECTION OF CLIENTS ASSETS

24.1 Where the Council is appointed as a Deputy for a Client by the Office of the Public Guardian (OPG), Chief Officers will ensure that all OPG regulations and guidelines are complied with.

24.2 Where the Council is approved by the Department for Work and Pensions (DWP) to act as a Corporate Appointee for a Client, Chief officers will ensure that all guidelines provided by the DWP are complied with.

24.3 Chief Officers will ensure that a separate bank account is arranged for each Client, with the bank account reconciled on a regular basis, at least monthly.

24.4 Every transfer of clients monies from one Officer to another shall be recorded immediately in a manner approved by the Chief Finance Officer and shall be evidenced by the signature of the receiving Officer.

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 8

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **THE IMPLEMENTATION OF INTERNATIONAL FINANCIAL**
 REPORTING STANDARDS (IFRS)

1.00 PURPOSE OF REPORT

- 1.01 To provide Members with a further progress update in respect of the move towards preparing the statutory Statement of Accounts on an IFRS basis, with effect from 2010/11.

2.00 BACKGROUND

- 2.01 The significant issues and requirements associated with the implementation of IFRS were first reported to Audit Committee on 28th September 2009.
- 2.02 A progress update was provided to Audit Committee on 12th July 2010, which confirmed the requirements in preparing the 2010/11 Statement of Accounts - the first IFRS-based set of accounts. The progress report referred to the need to include comparative information for 2009/10, and the restatement of the opening (transition) balance sheet figures as at 1st April 2009. At the time of the July 2010 report, the transition balance sheet had been completed and presented to Wales Audit Office for consideration - a key milestone in the IFRS implementation process.

3.00 CONSIDERATIONS

- 3.01 The Wales Audit Office team has now completed its review of the transition balance sheet, the results of which are provided in the letter attached to this report; the letter records good progress made in preparing for the move to IFRS.
- 3.02 The IFRS restated 2009/10 accounts (the comparative figures) have now been prepared, and the related information forwarded to Wales Audit Office (as with the transition balance sheet information) for review; this further review stage is also referred to in the letter attached to this report.
- 3.03 During the final weeks of the 2010/11 financial year, work continues in preparing the 'skeleton' 2010/11 Statement of Accounts and in training/developing those key staff involved in the close-down process, for the purpose of ensuring a timely and efficient closure of the accounts, which will be reported to Audit Committee on 13th July 2011.

Date: 29/03/2011

4.00 RECOMMENDATIONS

4.01 That the report be noted.

5.00 FINANCIAL IMPLICATIONS

5.01 As previously reported - a one day per week secondment (now extended until 31st March 2011), the cost of which is covered from within existing budgetary provision.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 The secondment on a one day per week basis through until 31st March 2011.

10.00 CONSULTATION REQUIRED

10.01 Ongoing communication across all directorates, and discussion with external audit.

11.00 CONSULTATION UNDERTAKEN

11.01 Ongoing communication across all directorates, and discussion with external audit.

12.00 APPENDICES

12.01 Letter received from Wales Audit Office dated 2nd February 2011.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

IFRS Code of Practice on Local Authority Accounting, and various IFRS related papers

Contact Officer: Ian LI Jones
Telephone: 01352 702207
E-Mail: ian_li_jones@flintshire.gov.uk



24 Cathedral Road / Heol y Gadelrlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 20 320500
Fax / Ffacs: 029 20 320600
Email / Epost: wales@wao.gov.uk
www.wao.gov.uk

Kerry Feather
Head of Finance
Flintshire County Council

Date 2 February 2011

Our reference

Your reference

Tel No 01352 702181

Fax No

E-mail Ron.parker@wao.gov.uk

Pages 1 of 1

Dear Kerry

Flintshire County Council
International Financial Reporting Standards

The Council has recently undertaken work to prepare for the introduction in 2010-11 of International Financial Reporting Standards (IFRSs). The work involved converting the 1 April 2009 balance sheet to comply with the IFRS based Code of Practice on Local Authority Accounting in the United Kingdom (Code). This letter summarises the key issues identified and where further work is required.

Overall good progress has been made in preparing to meet the requirements of the Code and the supporting documentation provided was comprehensive and easy to follow. A small number of issues were identified and these are set out below:

- Identification of leases. The Code requires local authorities to classify and account for lease agreements as being either 'Finance' or 'Operating' (Section 4.2). To ensure the completeness of leases a register or registers of leases should be maintained. Following our initial work further leases were identified within the Housing Directorate, resulting in a further £315,000 being capitalised. The authority needs to ensure there is a consistent process for recording and identifying leases going forward, which ensures that all leases are recorded and assessed to ensure that they are correctly categorised.
- Categorisation of leases. Our review identified that one peppercorn lease had been treated as an operating lease when it should have been treated as a finance lease. In deciding whether a lease is a finance or operating lease consideration needs to be given to the substance of the transaction rather than just the form of the contract. (Section 4.2.2.7). We are satisfied that this is an isolated case and have requested that the lease be reclassified.
- Employee benefits. The review identified that there is no central system that holds staff leave and flexitime information that is easily interrogated. The result of this is that there will be a substantial burden on the authority each year in calculating the leave accrual entries. We would recommend that the authority put in place improved arrangements to calculate the employee benefit accrual.

Subject to the issues raised above, we have concluded that the restated IFRS balance sheet (1 April 2009) was in all material respects properly prepared in accordance with the accounting policies required by the Code.

We have agreed to review the restated 2009-10 comparative figures in January 2011. In the meantime, we will continue to work closely with officers over the coming months to ensure the successful full transition to IFRS-based accounts.

Our reference:

Page 2 of 22

Your reference:

Date: 19 January 2010

Yours sincerely

Ron Parker

Ron Parker
Financial Audit Team Leader

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 9

REPORT TO: AUDIT COMMITTEE
DATE : 24 MARCH 2011
REPORT BY: HEAD OF FINANCE
SUBJECT : TREASURY MANAGEMENT UPDATE

1.00 PURPOSE OF REPORT

1.01 To provide an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices.

2.00 BACKGROUND

2.01 The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies. The Audit Committee has previously agreed to include Treasury Management as a standing item on each quarterly agenda to receive an update.

3.00 CONSIDERATIONS

Governance and Interest Rate Forecast

3.01 Members of the Council received training on Treasury Management from Sterling Consultancy Services on 31st January 2011. Any feedback on the training would be welcome as it is intended that this will be an annual event.

3.02 The Council approved the Treasury Management Policy and Strategy Statement (Policy Statement) for 2011/12 on 1st March 2011. The Policy Statement remains unchanged from that recommended by the Audit Committee on 31st January. The new Policy Statement will be actioned by the Head of Finance from 1st April 2011.

3.03 In terms of base rate, there has been some discussion of a rise as early as May this year following the release of the latest Monetary Policy Committee (MPC) minutes. However, the forecast from Sterling remains fundamentally unchanged except for a rise of 0.25% to 0.75% in quarter 3 of 2011. Any effect of interest rate rises on the Council's budget will be reported in monthly budget monitoring reports to Executive and Corporate Resources Scrutiny.

Investments and Borrowing

3.04 A schedule setting out the Council's investments as at 28th February is attached as Appendix 1. Members should note the following:

Date: 29/03/2011

- The investment balance was £59 million across 15 counterparties.
 - Two deposits have been made with Building Societies during the quarter for periods of 10 - 11 months with rates of 1.60% and 1.75%.
 - The percentage of cash invested in the short term is higher at 58.6% than that stated in the Policy Statement of 35%. This is due to cash flow requirements at year end and also the continued use of call accounts which are still paying higher interest rates than other counterparties in the 1 - 3 month period. Although this exposes the Council to a fall in interest rates, this risk of this appears low in the current economic climate.
 - There are currently no deposits with other local authorities or the DMO and all investment interest rates are above base rate.
- 3.05 There have been no changes to the Council's long term borrowing, although this will be reviewed throughout the new financial year.

Landsbanki

- 3.06 The last briefing dated 8th February 2011 from the LGA is attached as Appendix 2. The trials of the Landsbanki test cases were held on 14 - 17 February 2011. The judgement is expected by 15th April 2011, however, irrespective of the outcome, an appeal to that decision is likely. The Council is not a test case.

4.00 RECOMMENDATIONS

- 4.01 That Members note the report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None.

6.00 ANTI POVERTY IMPACT

- 6.01 None.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None.

8.00 EQUALITIES IMPACT

- 8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Appendix 1 - Council's investments at 28th February 2011.
Appendix 2 - LGA briefing dated 8th February 2011.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

Treasury Management Strategy & Policy Statement 2010/11.

Contact Officer: Philip Latham
Telephone: 01352 702264
E-Mail: philip_latham@flintshire.gov.uk

Flintshire County Council

Investments as at 28th February 2011 - by maturity date

Counterparty Name	Amount £m	Start Date	Maturity	Interest Rate	Interest Earned during investment period	Period to Maturity	£m
LANDSBANKI ISLANDS	1.2	22-Jul-08	17-Oct-08	5.82%	16,646.79	Not Returned	Iceland
LANDSBANKI ISLANDS	1.5	1-Sep-08	14-Nov-08	5.70%	17,334.25	Not Returned	Iceland
LANDSBANKI ISLANDS	1.0	8-Sep-08	18-Nov-08	5.67%	11,029.32	Not Returned	Iceland
PROGRESSIVE BUILDING SOCIETY	1.5	3-Nov-10	18-Mar-11	1.00%	5,547.95	1 month or less	
LEEDS BUILDING SOCIETY	3.0	3-Dec-10	18-Mar-11	0.55%	4,746.58	1 month or less	
CLYDESDALE BANK	2.5	4-Jan-11	18-Mar-11	0.85%	4,250.00	1 month or less	
SVENSKA HANDELSBANKEN	2.5	6-Jan-11	22-Mar-11	0.75%	3,852.74	1 month or less	
CLYDESDALE BANK	1.0	6-Jan-11	22-Mar-11	0.85%	1,746.58	1 month or less	
NOTTINGHAM BUILDING SOCIETY	2.5	5-Oct-10	28-Mar-11	1.10%	13,109.59	1 month or less	
COVENTRY BUILDING SOCIETY	1.2	6-Jan-11	28-Mar-11	0.68%	1,810.85	1 month or less	
SCHROEDERS & CO	1.5	6-Jan-11	28-Mar-11	0.65%	2,163.70	1 month or less	
NATIONWIDE BUILDING SOCIETY	1.3	6-Jan-11	28-Mar-11	0.60%	1,730.96	1 month or less	
NATIONAL WESTMINSTER BANK	1.0	3-Sep-10	31-Mar-11	0.80%	4,580.82	1 month or less	
NATIONAL WESTMINSTER BANK	4.1	1-Sep-10	31-Mar-11	0.80%	18,961.10	1 month or less	
PROGRESSIVE BUILDING SOCIETY	2.5	5-Oct-10	31-Mar-11	1.15%	13,941.78	1 month or less	
NATIONWIDE BUILDING SOCIETY	1.7	6-Jan-11	31-Mar-11	0.62%	2,425.64	1 month or less	
CLOSE BROTHERS	2.0	3-Feb-11	31-Mar-11	0.75%	2,301.37	1 month or less	
BANK OF SCOTLAND	0.4	3-Feb-11	31-Mar-11	0.75%	460.27	1 month or less	
BANK OF SCOTLAND	1.6	15-Feb-11	31-Mar-11	0.75%	1,446.58	1 month or less	
BANK OF SCOTLAND	1.8	25-Feb-11	31-Mar-11	0.75%	1,257.53	1 month or less	
BANK OF SCOTLAND	2.5	28-Feb-11	31-Mar-11	0.75%	1,592.47	1 month or less	34.6
SVENSKA HANDELSBANKEN	1.1	22-Oct-10	18-Apr-11	0.75%	4,023.29	1 - 2 months	
OVERSEA-CHINESE BANKING CORPORATION	1.5	7-Jan-11	18-Apr-11	0.60%	2,490.41	1 - 2 months	
PROGRESSIVE BUILDING SOCIETY	1.0	18-Jan-11	18-Apr-11	0.75%	1,849.32	1 - 2 months	
OVERSEA-CHINESE BANKING CORPORATION	1.5	20-Jan-11	18-Apr-11	0.58%	2,097.53	1 - 2 months	
SVENSKA HANDELSBANKEN	2.4	1-Nov-10	21-Apr-11	0.75%	8,432.88	1 - 2 months	
SVENSKA HANDELSBANKEN	1.0	3-Feb-11	21-Apr-11	0.75%	1,582.19	1 - 2 months	
COVENTRY BUILDING SOCIETY	2.0	3-Feb-11	28-Apr-11	0.68%	3,129.86	1 - 2 months	
COVENTRY BUILDING SOCIETY	1.0	3-Feb-11	28-Apr-11	0.68%	1,564.93	1 - 2 months	11.5
BARCLAYS BANK	2.0	15-Jun-10	17-Jun-11	1.34%	26,946.85	3 - 4 months	2.0
NOTTINGHAM BUILDING SOCIETY	1.4	19-Nov-10	16-Sep-11	1.50%	17,317.81	6 - 7 months	1.4
NATIONAL COUNTIES BUILDING SOCIETY	1.2	4-Nov-10	03-Nov-11	1.65%	19,745.75	8 - 9 months	1.2
NATIONAL COUNTIES BUILDING SOCIETY	1.5	15-Feb-11	16-Dec-11	1.60%	19,989.04	9 - 10 months	1.5
NOTTINGHAM BUILDING SOCIETY	1.1	7-Jan-11	06-Jan-12	1.75%	19,197.26	10 - 11 months	1.1
BARCLAYS BANK	2.0	15-Jun-10	15-Jun-12	1.85%	74,101.37	12 months+	2.0
	59.0				333,405.36		59.0
Summary	Total		1 month or less	1 - 3 months	3 months +	12 months +	Iceland
	£m	%	£m	£m	£m	£m	
DEBT MANAGEMENT OFFICE (DMO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK	45.3	76.8	32.1	4.0	7.2	2.0	0.0
OVERSEAS	10.0	16.9	2.5	7.5	0.0	0.0	0.0
OTHER LOCAL AUTHORITIES	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ICELAND (LANDSBANKI)	3.7	6.3	0.0	0.0	0.0	0.0	3.7
	59.0		34.6	11.5	7.2	2.0	3.7
		100.0%	58.6%	19.5%	12.2%	3.4%	6.3%

Flintshire County Council

Investments as at 28th February 2011 - by bank

Counterparty Name	Amount £m	Start Date	Maturity	Interest Rate	Interest Earned during investment period	Period to Maturity	£m
BANK OF SCOTLAND	0.4	3-Feb-11	31-Mar-11	0.75%	460.27	1 month or less	
BANK OF SCOTLAND	1.6	15-Feb-11	31-Mar-11	0.75%	1,446.58	1 month or less	
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LANDSBANKI ISLANDS	1.0	8-Sep-08	18-Nov-08	5.67%	11,029.32	Not Returned	3.7
LEEDS BUILDING SOCIETY	3.0	3-Dec-10	18-Mar-11	0.55%	4,746.58	1 month or less	3.0
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	59.0				333,405.36		59.0

ESTIMATED INTEREST FOR 2010/11 AS AT 31ST JANUARY 2011 £496,093.65

*From the Chairman and Chief Executive of the
Association
Baroness Eaton DBE
John Ransford*

To Group Leaders and Chief Executives
All councils with exposure to Icelandic banks

8 February 2011

Dear Colleague

This briefing updates you on the latest developments relating to the Icelandic banks.

Landsbanki and Glitnir

Test cases

The trials of the Landsbanki and Glitnir test cases have been confirmed for 14-17 February 2011 and 11 March 2011 respectively. Our legal team has been focused on finalising arguments and strategy for the Landsbanki trial and has also been liaising with UK and Dutch government advisers, whose cases are materially similar to ours. The Steering Committee met with our legal team on 27 January to go over our trial strategy.

At the trials, the parties will make oral submissions which will reflect the formal written submissions filed by each. As is the case in the UK, the claimant will make its oral submissions first. This means at the Landsbanki trial, our opponents will make their submissions first whereas we will do so at the Glitnir trial. The submissions will be made in Icelandic, although the court has agreed to allow interpreters to be present given the significance of the proceedings to international creditors.

Judgment has to be delivered within 4 weeks of the trial, although the judges have the discretion to extend their period of deliberation by a further 4 weeks, which we anticipate will be used here. This means we should receive judgment in the Landsbanki case by 15 April 2011. The parties will receive notice once the Judge has reached a final determination and will be called to attend a hearing at which the judgment will be delivered.

The same panel of judges has been appointed for both our Landsbanki and Glitnir trials and our Icelandic advisers believe they are likely to issue verdicts in each on the same day.

It is important to bear in mind that the matter is unlikely to be conclusively resolved at this stage. Each party will have 2 weeks from the date the judgment is delivered to appeal the decision of the District Court. Given the sums at stake, whichever party loses is likely to appeal the decision to be determined by the Supreme Court. Our legal team will advise us on this at the time. Assuming an appeal is made to the Supreme Court, judgment is unlikely to be delivered before the autumn.

The trials are likely to generate considerable media interest. To ensure a consistent message is received from local authorities, our legal team is working on a communications pack with recommended press lines and a set of Qs and As to circulate to authorities in advance.

Non-test cases

All of the Landsbanki non-test cases have been drafted and sent to clients for sign-off. The first tranche is due to be filed on 20 February 2011. All of the Glitnir non-test case submissions have been completed and several have been filed with the court. We have also received a number of our opponents' submissions in the Glitnir non-test cases, of which our legal team has reviewed a sample to ensure no new material arguments have been raised. Once all of the non-test case submissions are filed, our team in Iceland has been instructed to ask the District Court to stay the proceedings pending the decisions on the test cases. The advice from our legal team is that this approach is likely to ensure the earliest possible resolution of matters for all authorities.

ICC Meetings

The next ICC meetings will be held in London on 2 March in the case of Landsbanki and 3 March in the case of Glitnir.

KSF and Heritable

The administrations of both KSF and Heritable are well on track, with total recoveries on each now amounting to over 50p in the pound. KSF administrators have not yet declared the next dividend, but thus far have made five distributions totally 53p in the pound.

Heritable administrators paid a sixth dividend of 4.71 pence in the pound on 14 January 2011, taking the total recovery to over 50p in the pound. They intend to declare a seventh dividend in April 2011, but have not yet indicated the amount.

Support for local authorities

The LGA will be following the test case proceedings closely. We feel that given the significance of the cases it is very important for UK local authorities to have a strong presence at the trial to demonstrate the importance of these cases to us. In addition to our legal team, Stephen Jones from the LGA and either a representative from one of the test case authorities or a member of the Steering Committee will attend the hearings in

Reykjavik. Our legal team will prepare a detailed report to all creditors following the hearing reporting on the outcome and recommended next steps.

Media coverage of the trials may also trigger FOIA requests related to the Icelandic banks or authorities' costs associated with the legal action. Whilst we recognize that authorities need to comply with their FOIA obligations and where possible to be transparent, much of the information provided to authorities is subject to legal professional privilege and exempt from disclosure. Other exemptions may also apply. We have therefore asked Bevan Brittan to prepare a note on how authorities should deal with FOIA requests relating to disclosure of information relating to the trials which again will be circulated to named contacts before the trials.

If you have any queries about any of the information in this update, please do get in touch.

Yours sincerely



Baroness Eaton DBE
Chairman



John Ransford
Chief Executive

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 10

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **CONTROLS AROUND THE USE OF CONSULTANTS**

1.00 PURPOSE OF REPORT

1.01 To inform members of review carried out by Internal Audit on the systems and controls around the use of consultants by FCC.

2.00 BACKGROUND

2.01 Internal Audit reported to the Committee in September 2010 on the number and cost of consultants used by the Authority. It became evident whilst gathering that information that there were several points around the procedures for procuring and monitoring consultants that needed further work, which has now been completed.

2.02 The scope did not include a review of work carried out by consultants or the cost effectiveness of individual pieces of work, but concentrated on the systems that should be in place to control their work.

2.03 The findings of the report have been agreed by the Chief Executive and Corporate Management Team, with actions due to be completed within the next few months. These will be tracked and reported to the committee in the normal way.

3.00 CONSIDERATIONS

Summary of results

3.01 Twelve recommendations were made to increase the adequacy and effectiveness of controls over the use of consultants, dealing with the content and application of Contract Procedure Rules, the justification and authorisation of the use of consultants, the monitoring and reporting of their work and the records that should be maintained.

3.02 The review noted that consultants are used by every major organisation where necessary and that this can benefit those organisations by providing knowledge and expertise and helping them achieve their objectives. The review also highlighted areas of good practice within the Authority in monitoring and controlling consultants.

Date: 29/03/2011

3.03 The complete report is attached as an Appendix.

4.00 RECOMMENDATIONS

4.01 That the committee notes the results of the work carried out on the controls around the use of consultants.

5.00 FINANCIAL IMPLICATIONS

5.01 None.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

Internal Audit Report - Use of Consultants

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CD0500P1

Internal Audit Report

Use of Consultants (CD0500P1)

January 2011

Final

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ASSIGNMENT CONTROL:

Debrief meeting:	10 th December 2010.	Auditors:	Flintshire Audit Service
Draft report issued:	17 th December 2010.		
Responses received:	14 th December 2010.		
Final report issued:	26 th January 2011	Client sponsor:	Colin Everett, Chief Executive
		Distribution:	Colin Everett, Chief Executive Kerry Feather, Head of Finance Helen Stapleton, Head of Human Resources Carl Longland, Director of Environment Ian Budd, Director of Lifelong Learning Alan Butterworth, Head of Development and Resources Maureen Mullaney, Head of Social Services for Adults Carol Salmon, Head of Social Services for Children Clare Budden, Head of Housing Services Chris Guest, Head of ICT & Customer Services Arwel Staples, Interim Procurement Manager Barry Davies, Head of Legal and Democratic Services
Printed: 29 March, 2011 File: DraftReport.rtf			

1 Executive Summary

1.1 Introduction

This review was added to the audit plan by the Head of Internal Audit, in agreement with the Chief Executive. It had become apparent whilst gathering information on this subject during an earlier exercise that there were several points around the procedures and controls for procuring and monitoring consultants that needed further work.

Every major organisation uses some consultants where it could not possibly retain specialist expertise in-house, where it has capacity gaps, where independence may be needed or where it is required, for example by an external grant funding such as through WAG.

When used correctly and in the appropriate circumstances, consultants can provide great benefit to an organisation, achieving results that clients do not have the capacity or capability to do themselves. Consultants can offer expertise, advice and knowledge not otherwise available to the Authority, and can assist therefore in achieving our priorities and service objectives. However, in order to achieve these benefits the use of consultants must be controlled by FCC management.

Getting value for money from the use of consultants is dependent upon defining and justifying the need for consultants, astute procurement and project management of the consultancy project, tight governance and accountability structures, and a thorough assessment of the benefits achieved.

The Authority's Contract Procedure Rules clearly lay the responsibility for the appropriate engagement of consultants with Chief Officers.

The total amount in the consultant codes in the General Ledger for the first six periods of 2010 totalled £1,254,888. This can be broken down as follows:

	Value	Number
Lifelong Learning	£10,550	(5)
Finance	£45,778	(7)
Housing	£42,300	(7)
Corporate Strategy	£220,713	(23)
Social Services	£328,099	(33)
Environment	£384,720	(71)
Environment NWRWP	£222,728	(6)
Total	£1,254,888	(152)

It should be noted that these figures are not verified but have been extracted from the General Ledger and adjusted for any identifiable miscoding and prior period adjustments.

One of the difficulties encountered during the earlier exercise was that the amounts in the Consultancy codes in the General Ledger included other costs unrelated to consultancy. After referring to Directorates the amount actually spent on consultancy between 1st April 2009 and 19th February 2010 (ten and a half months) was as follows. This gives a more accurate picture of the amount spent.

	1	2	3	4	Total
Finance	£8,600.00			£250.00	£8,850.00
HR		£54,637.34		£9,950.00	£64,587.34
Environment	£179,878.97	£10,780.14	£19,730.84	£163,696.14	£374,086.09
C & H Environment	£67,000.00	£46,366.05	£110,259.10	£74,543.85	£298,169.00
Community Services	£1,308.62	£13,912.62	£204,733.69	£40,446.14	£260,401.07
Total	£256,787.59	£125,696.15	£334,723.63	£288,886.13	£1,006,093.50

The categories in the table relate to the definitions of 'Consultant' used at that time, as follows. It should be noted that there is no agreed definition of 'consultant' within the Authority. These definitions do not match the definition within Contract Procedure Rules.

1. 'Retained consultant', e.g. advisors to the pension fund
2. 'Retained for special projects, longer term'
3. 'Consultants for Specific Processes', e.g. consultants appointed to look at the voids process in Housing
4. 'Consultants employed for specialist services such as training', e.g. social services trainers

We have researched the subject of consultants in order to find 'best practice'.

The National Audit Office in their report on Central Government's use of consultants and interims in October 2010 refers to 'applying good practice' to the use of consultants and interims. Good practice being to 'effectively assess the need for external resources and then plan, procure, manage, report on, evaluate and continuously improve the use of consultants and interims'. Many of the recommendations in this report reflect the recommendations in the NAO report, which include:

- A rigorous business case for using consultants
- Identify skills gaps for training staff

- Aim to use own staff before buying in consultants
- Assess the performance of consultants
- Share information on consultants (as could be included in a central register)
- Adhere to guidelines based on threshold levels.

We have also found similar recommendations in other local authorities.

1.2 Overall Conclusion

Taking account of the issues identified in paragraphs 1.4 to 1.6 below, in our opinion the control framework for the area under review, as currently laid down and operated, provides **limited assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

The overarching results of our findings are that the Authority's Contract Procedure Rules are not detailed or strong enough with regard to consultants and that generally they are not complied with. They need to be re written and underpinned with clear and comprehensive corporate procedures and guidance.

1.3 Limitations to the Scope of the Audit

The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. The following limitations to the scope of the audit were agreed when planning the audit:

- Testing will be on a sample basis.
- There will be no review of the consultants work or the cost effectiveness of individual pieces of work.

1.4 Conclusion on the Adequacy of Controls

Based on the evidence obtained, we have concluded that the design of the system of control, if complied with, is not sufficiently robust to provide assurance that the activities and procedures in place will achieve the objectives of the system.

We have made no fundamental and eight significant recommendations arising from the following:

- It would be useful to develop formal approved procedures and guidance to underpin the Contract Procedure Rules in general and in particular for the

engagement of consultants.

- Currently there is more than one definition of what is meant by 'consultant' and this needs to be standardised and issued to bring consistency and accuracy for General Ledger postings.
- In order to facilitate maintaining and monitoring information on consultants and their associated costs it would be beneficial to have a single record of consultants for higher value contracts, held centrally but with open access for the directorates.
- The Contract Procedure Rules should specify the level of management monitoring and reporting on consultancy, according to the value of the contract.
- The Contract Procedure Rules should specify the need to transfer skills where possible from consultants to internal staff.
- There should be a process to ensure consultants do not have the potential for implied employer /employee rights.
- It would be beneficial to have a clear framework of delegation of responsibilities to consultants to ensure against conflicts of interest and special relationships arising.
- There should be a consistent policy for consultants' travel and subsistence with a documented case for securing the best overall deal.

1.5 Conclusion on the Application of Controls

Based on the evidence obtained from our testing, we have concluded that the application of established controls is not adequate.

We have made one fundamental and two significant recommendations arising from the following:

- The Authority's Contract Procedure Rules should be clearer, stronger and more detailed. This is a general issue and not just specific to consultants. Compliance should be mandatory, unless specifically authorised to the contrary.
- Audit trails of managers' decisions and justifications for engaging consultants should always be in place for higher value contracts
- The approval and authorisation procedures regarding consultants should be properly formalised.

1.6 Other Findings

We have made one recommendation classified as 'merits attention'. This is detailed in the main report and accompanying action plan.

1.7 Summary:

Objective	Recommendations		
	Fundamental	Significant	Merits Attention
Compliance with established policies, procedures, laws and regulations	1	2	0
Safeguard the organisation's assets and interests from losses of all kinds	0	8	1

1.8 Additional information:

Our review did highlight that certain service areas were demonstrating good practice on monitoring and controlling consultants, namely Community Services Directorate, Social Services for Adults. Here comprehensive files and audit trails for the engagement of consultants are kept with regular monitoring of documented progress and checking of invoices submitted, under our testing at paragraph 1 in the main report.

2 Action Plan

The priority of the findings and recommendations are as follows:

Fundamental- action is imperative to ensure that the objectives for the area under review are met.

Significant - requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

Merits Attention - action advised to enhance control or improve operational efficiency.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
1	<p>Procurement</p> <p>The Authority's Contract Procedure Rules need to be re written to bring clarity to the procurement process as a whole and re launched to the Senior Managers. They need to be stronger to ensure that senior managers are aware of the implications of non compliance. The CPR's must be adhered to and more rigorous processes adopted when estimating the cost of medium to long term contracts to ensure compliance with EU regulations.</p> <p>For the engagement of consultants the CPR's should be clearer and more detailed to ensure a robust process that is strictly adhered to.</p>	Fundamental	Y	Accepted in full	01.04.11	Procurement Manager
2	There should be documented procedures and guidance to underpin the Contract Procedure Rules. Compliance with the procedures should be the responsibility of the directorates' senior managers with periodic monitoring undertaken by the Corporate Procurement Unit.,	Significant	Y	Accepted in full	01.06.11	Procurement Manager
3	There needs to be a specific definition of consultants which is understood, agreed and issued to officers and members, and universally adopted, to ensure consistency and accuracy of General Ledger postings.	Significant	Y	CEO has already provided this definition for use in this piece of work. Same definition to be adopted formally.	01.02.11	CEO

2 Action Plan

The priority of the findings and recommendations are as follows:

Fundamental- action is imperative to ensure that the objectives for the area under review are met.

Significant - requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

Merits Attention - action advised to enhance control or improve operational efficiency.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
9	Senior Managers should seek advice from the Procurement Department to ensure the correct procedures are being followed and compliance with CPR's is maintained.	Merits Attention	Y	Accepted in full	Immediate	CEO
10	The engagement of all consultants should be appropriately authorised and approved as per the CPR's and be documented for audit trail purposes. The senior officer approving consultants' invoices should be different to the senior officer engaging consultants to ensure proper segregation of duties	Significant	Y	Accepted in full	01.04.11	Head of Finance
11	There should be a proper framework put in place that clearly sets out the responsibilities delegated to consultants, including a Procurement Plan documenting the scope of the work, objectives and responsibilities. The Authority's Financial Procedure Rules and Contract Procedure Rules should be amended to include procedures to ensure that no conflict of interests or special relationships can arise with consultants.	Significant	Y	Accepted in full	01.06.11	CEO, Head of Finance, Procurement Manager

2 Action Plan

The priority of the findings and recommendations are as follows:

Fundamental- action is imperative to ensure that the objectives for the area under review are met.

Significant - requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

Merits Attention - action advised to enhance control or improve operational efficiency.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
4	Monitoring In order to facilitate maintaining and monitoring information on consultants and their associated costs it would be beneficial to have a single record of consultants for higher value contracts, held centrally but with open access for the directorates. This should be regularly reviewed and updated.	Significant	Y	Accepted in full	01.06.11	Procurement Manager
5	The Contract Procedure Rules should specify the level of management monitoring and reporting on consultancy, according to the value of the contract.	Significant	Y	Accepted in full	01.06.11	Head of Finance
6	Proper audit trails should be maintained of managers' decisions and justifications for engaging consultants for higher value contracts and at least a clear demonstration of their evaluation of the engagement being value for money as opposed to other alternatives for the smaller contracts.	Significant	Y	Accepted in full	01.04.11	All Directors

2 Action Plan

The priority of the findings and recommendations are as follows:

Fundamental- action is imperative to ensure that the objectives for the area under review are met.

Significant - requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

Merits Attention - action advised to enhance control or improve operational efficiency.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
7	<p>The Contract Procedure Rules should specify the need to transfer skills, where possible, for consultants to internal staff</p> <p>Consideration should be given to carrying out post performance reviews.</p> <p>There should be improved mechanisms to find appropriately skilled internal staff and make firm commitments to resource these posts on time. The priority should be on identifying core skills gaps in relation to medium and long term project requirements and using this to plan for recruitment and training.</p>	Significant	Y In part	Skills transfers already take place in some projects (e.g. LEAN) as part of the engagement. This will be on a case by case basis; post performance reviews should be required. Skills planning is a wider and more complex issue than the recommendation suggests.	01.06.11	CEO, Head of HR & OD, Head of Finance
8	<p>General</p> <p>A consistent policy on travel, subsistence and miscellaneous costs should be applied when engaging consultants and be included in the terms and conditions of the contract. Documentary evidence should be available for securing the best overall deal. All receipts for additional claims should always be accompanied by the relevant receipts for inspection prior to the payment of invoices.</p>	Significant	Y	Accepted in full	01.04.11	Head of Finance
12	<p>Procedures should be in place to ensure the Authority is not placed at risk for claims of liability for payments of Tax and National Insurance for consultants.</p>	Significant	Y	Accepted in full	01.04.11	Head of Finance

3 Findings and Recommendations

*The controls (actual and/or missing) column details the actual controls that have been identified as a result of documenting the system and those expected to be in operation, but were missing. The next column is the evaluation of whether or not this control should be effective if operated. Testing of controls has only been undertaken where the control has been evaluated as effective (Y). The implications arising from the evaluation and summary results of tests are shown in the **Test Result / Implications** column.*

1 Objective: Compliance with established policies, procedures, laws and regulations

	Controls (actual and/or missing)	Evaluated as effective (yes/no)	Test Result / Implications	Recommendation	Categorisation
	Risk:	Failure to comply with Contract Procedure Rules.			
1	<p>The Authority's Contract Procedure Rules state under paragraph 35 Use of Consultants, that the engagement of consultants for services over £30,000 and works over £50,000, should be approved in the first instance, by the Relevant Chief Officer in consultation with the appropriate Executive Member with subsequent report to the Executive.</p> <p>Due consideration must be given to any follow on work that may result from the original contract when calculating the estimated value of the contract. The Contract Procedure Rules also set out 10 criteria for the Relevant Chief Officer to follow when consultants are engaged by the Authority for contracts in excess of £30,000 for services and £50,000 for works. These criteria are</p>	Yes	<p>Our review of the Contract Procedure Rules revealed that they are not detailed or strong enough with regard to the engagement of consultants.</p> <p>Our testing involved selecting a sample of 12 consultants engaged by the Authority and establishing whether the Contract Procedure Rules (CPR's) had been complied with.</p> <p>Our testing revealed that in 6 cases the CPR's had not been complied with. In all 6 cases the contracts exceeded £30,000 and CPR35 criteria should have been met. In one case there had not been at least four tenders for the job and in three cases the appropriate approval process by the relevant Chief Officer in consultation with the appropriate Executive Member and report to Executive had not been followed. In two of the 6 cases a breach of the European Regulations had occurred in that the correct tendering procedures for a consultant had not been applied and advertised via the National Procurement Website in the Official Journal of the European Union (OJEU). This</p>	<p>The Authority's Contract Procedure Rules need to be re written to bring clarity when engaging consultants. They need to be stronger to ensure that senior managers are aware of the implications of non compliance. Consideration should be given to the provision of training for senior managers on the CPR's to ensure they are fully understood. The CPR's must be adhered to and more rigorous processes adopted when estimating the cost of medium to long term contracts to ensure compliance with EU regulations.</p>	Fundamental

	included in the Appendix to the report.		<p>could lead to the Authority being approached for compensation for not having followed the correct procedures. This is particularly important since the EU Remedies Directive came into force on 20th December 2009, which strengthens the hand of losing bidders to challenge contracts awarded under the OJEU process. Under the new rules a contract award decision may be automatically suspended if the process is challenged by a losing bidder.</p> <p>It should be noted that there are exemptions from the Contract Procedure Rules. These must be approved in writing by the Head of Service. Where an exemption is sought for a contract in excess of £30,000 a written report must also be produced outlining legal and financial implications and any future commitments that the proposed contract may entail. Exemptions had not been sought for any of our sample of 12 consultants.</p>		
2	There is no separate guidance issued to officers for the engagement and monitoring of consultants.	No	<p>Our enquiries with HR revealed that there is no separate guidance issued to officers regarding the following of correct procedures when engaging consultants.</p> <p>Although the Authority's Contract Procedure Rules are available through the Infonet, they can be difficult to understand. The rules of aggregation under section 11 of the CPR's are not fully understood and together with the rules of exemption under section 12 these can make it difficult for officers to ensure compliance.</p>	There should be documented procedures and guidance to underpin the Contract Procedure Rules. Compliance with the procedures should be the responsibility of the directorates' senior managers with periodic monitoring undertaken by the Corporate Procurement Unit.	Significant
3	There is no clear definition of what is meant by 'consultant'.	No	As a result of our enquiries and discussions with officers there is some confusion as to the correct definition of a consultant. For the purpose of our review the Chief Executive	There needs to be a specific definition of consultants which is understood and agreed by officers and members and adopted by the Authority.	Significant

		<p>suggested four definitions to use. These are :</p> <ul style="list-style-type: none">- 'Retained consultant', for instance advisors such as to the pension fund and Tennon- 'Retained for special projects, longer term', such as Stephen Penny for the Environment Directorate- 'Consultants for Specific Processes' such as consultants appointed to look at the voids process in Housing.- 'Consultants employed for specialist services such as training' <p>The Authority's Contract Procedure Rules under CPR35 gives a definition of consultants and examples of the type of work for which they may be engaged.</p> <p>There are exclusions from the definition of a consultant and these are technical external staff such as architects and surveyors and the use of external staff to cover temporary staff vacancies. The exclusion of technical experts in the CPRs could be seen to conflict to a certain extent with the Chief Executives definition under consultants engaged for specific processes.</p> <p>Our review highlighted the mixed opinion amongst officers as to the differences between consultants, contractors, interims and agency staff.</p>		
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Objective: Safeguard the organisation's assets and interests from losses of all kinds					
2					
	Controls (actual and/or missing)	Evaluated as effective (yes/no)	Test Result / Implications	Recommendation	Categorisation
	Risk:	Value for money is not achieved.			
4	There is no central record of consultants or their associated costs.	No	Our audit enquiries revealed that there is no central log of consultants used within the Authority and the total cost to the Authority in any given financial year. Scrutiny of the General Ledger code for consultants revealed a number of miscoding making it difficult to ascertain the true cost of consultants.	In order to properly control the use of consultants and more easily ascertain the cost to the Authority, a central record of all consultants should be instigated. This should be regularly reviewed and updated. Consideration should be given to improving the coding structures for consultants as they do not support the analysis of costs.	Significant
5	There are no management reports on the use of consultants and the costs involved.	No	Management reports are not produced on the use of consultants and it is therefore very difficult for the Authority to be able to determine their effectiveness and productivity. Our testing on the monitoring of the work of consultants revealed differing levels of scrutiny. For consultants engaged for smaller job specific roles there tends to be no formal monitoring in place. Four consultants in our sample fell into this category. Eight of our sample was monitored on a monthly basis through meetings of the project boards and with senior managers This monitoring is largely to ensure the projects remain on target and to assess what actions need to be taken rather than to directly monitor the cost efficiency of the consultants themselves.	There should be procedures in place for reporting and monitoring the results of the work carried out by consultants and of the financial implications for the directorates and the Authority as a whole. Assessments of Return on Investments should be produced to monitor the value for money of consultants.	Significant
6	Where contracts for consultants are estimated to be below £10,000 the general Contract Procedure Rules apply in that as	Yes	Our discussions with managers involved in the engagement of consultants revealed that value for money is largely recognised as securing competitive rates for the smaller contracts. This	Proper audit trails should be maintained of managers' decisions and justifications for engaging consultants and a clear demonstration of their evaluation of the	Significant

	a minimum requirement value for money must be demonstrated (10.9) Contracts estimated to be in excess of £30,000 should always have a documented business case as outlined in CPR 35.1.		is not documented so can not be demonstrated retrospectively.	engagement being value for money as opposed to other alternatives. This should include having a documented business case in place following the criteria under CPR 35 for the engagement of all consultants. See Appendix 1	
7	There are inadequate processes to ensure a transfer of consultants' skills to internal staff to build internal capabilities. There are currently limited post performance reviews to influence future engagements.	No	Of the 12 consultants sampled, there were 4 cases where no consideration was given to the possibility of a skills transfer to internal staff. In 1 case this was not possible as the engagement was to supply software and to follow on with consultancy support for the software. Our enquiries with senior managers revealed that post performance reviews are not carried out as a matter of course.	Consideration should be given to carrying out post performance reviews, including the value added to internal skills from the work of consultants. There should be improved mechanisms to find appropriately skilled internal staff and make firm commitments to resource these posts on time. The priority should be on identifying core skills gaps in relation to medium and long term project requirements and using this to plan for recruitment and training.	Significant
8	There is no consistent policy applied to consultants' claims for travel and subsistence.	No	Our testing on consultants' invoices highlighted the fact that differing rates of mileage allowances are being used. Two invoices inspected had totals for travel and other items such as photocopying, documents and communications. There was no evidence of a breakdown of these figures or if they had been verified.	A consistent policy on travel, subsistence and miscellaneous costs should be applied when engaging consultants and be included in the terms and conditions of the contract. All claims for additional expenses should always be accompanied by the relevant receipts for inspection prior to the payment of invoices.	Significant
9	There is little procurement staff involvement in the buying process to provide commercial expertise and ensure compliance with CPRs	No	The Procurement Department had not been consulted prior to the engagement of any of the consultants in our sample.	Senior Managers should seek advice from the Procurement Department to ensure the correct procedures are being followed and compliance with CPR's is maintained.	Merits Attention
	Risk:	Damage to reputation due to adverse publicity.			
10	The engagement of consultants should always have the proper	No	Our review did reveal that the engagement of consultants has not always gone through any	The engagement of all consultants should be appropriately authorised and approved as per	Significant

	<p>approval prior to engagement.</p> <p>Segregation of duties should be maintained between the engaging of a consultant and the approval of their invoices for payment.</p>		<p>formal approval process in the first instance and in some cases it has been a case of having used the consultant previously and the same consultant being approached again rather than following the proper tendering processes.</p> <p>Our testing also revealed that in two cases the engager of the consultant is the approver of the invoices.</p>	<p>the CPR's and be documented for audit trail purposes.</p> <p>The senior officer approving consultants' invoices should be different to the senior officer engaging consultants to ensure proper segregation of duties.</p>	
11	<p>There isn't a clear framework of delegation of responsibilities to consultants</p>	No	<p>Our testing did reveal that In 1 case a consultant is the approver for other consultants' invoices (Practicus) for all consultants working on the North Wales Residual Waste Treatment Project (NWRWTP).</p> <p>Although it is recognised that generally Project Directors would have a certain level of control over projects, it is best practice with consultants to maintain independent control as a priority.</p>	<p>There should be a proper framework put in place that clearly sets out the responsibilities delegated to consultants, including a Procurement Plan documenting the scope of the work, objectives and responsibilities. The Authority's Financial Procedure Rules and Contract Procedure Rules should be amended to include procedures to ensure that no conflict of interests or special relationships can arise with consultants.</p>	Significant
12	<p>There is insufficient monitoring of the potential for implied employer /employee relationships developing</p>	No	<p>Six of the twelve consultants we looked at have been with the Authority over one year and in one case over four years. These individuals could accrue certain employment rights and it is important to ensure that the Authority is protected against any liability to Tax, National Insurance and employment.</p>	<p>Procedures should be in place to ensure the Authority is not placed at risk for claims of liability for payments of Tax and National Insurance for consultants.</p>	Significant

4 Background

4.1 Objectives and Risks

The audit considered the organisation's objectives for the area under review and the risks to the achievement of those objectives.

Objectives	Risks
Compliance with established policies, procedures, laws and regulations	Failure to comply with Contract Procedure Rules.
Safeguard the organisation's assets and interests from losses of all kinds	Value for money is not achieved. Damage to reputation due to adverse publicity.

4.2 Determination of Audit Approach

In determining the audit approach, we took into account:

- the assessed risk of the auditable area
- the outcome of any other form of assurance review, either internal or external.

Factors relevant to the selection of the audit approach:	
Audit tool selected:	Systematic Audit
Audit approach used:	An audit in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.

The conduct of this audit complied with the standards set in the CIPFA Code of Practice for Internal Audit.

4.4 Acknowledgement

The following staff gave their time and co-operation during the review and we would like to record our thanks:

Name	Position
Andy Roberts	Principal Planner
Nigel Parry	Legionella and Asbestos Officer
Helen Stappleton	Head of Human Resources
Alan Butterworth	Head of Development and Resources
Glyn P Jones	Head of Planning Control
Maureen Mullaney	Head of Social Services for Adults
Neal Cockerton	Head of Assets and Transportation
Dave Ledsham	Performance and Finance Manager
Sharon Carney	Human Resources Manager
Andy Argyle	Procurement Officer
Arwell Staples	Interim Head of Procurement (joint with Denbighshire)
Barry Davies	Head of Legal and Democratic Services

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 11

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **INTERNAL AUDIT STRATEGIC AND OPERATIONAL PLAN**

1.00 PURPOSE OF REPORT

1.01 To present the proposed Internal Audit plan for the three year period 2011/12 to 2013/14, for Members consideration.

2.00 BACKGROUND

2.01 Each year Internal Audit prepare a three year rolling audit plan, with the first year completed in more detail. The plan is designed to meet the professional standards required of us in order to review and evaluate the risk management, control and governance arrangements within the Authority.

2.02 There has been continuing progress within the Authority in developing the Strategic Assessment of Risks and Challenges. The Internal Audit plan which is attached is largely based on these strategic risks and challenges, along with operational risks.

2.03 The final plan was produced after consultation with each Directorate, the Chief Executive, CMT and with the external auditors. It includes work which is expected to be completed to satisfy regulators and also work arising from the consultation or from our involvement in development projects.

2.04 In line with the planned new structure and greater emphasis on advisory / consultancy work as outlined to the Committee in November, the plan for 2011/12 includes an increase in time allocated to projects such as Flintshire Futures and the Lean Team.

2.05 The change to the new structure will take place during 2011/12, which may result in the need to amend the plan to allow for changes in resources. Any such proposed amendments will be brought to the Committee as they arise.

3.00 CONSIDERATIONS

3.01 Does the strategy for Internal Audit as set out in Appendix A cover the Authority's key risks as they are recognised by the Audit Committee?

3.02 Does the audit strategy include all those areas that the Audit Committee would expect to be subject to internal audit coverage, in terms of our

Date: 29/03/2011

professional responsibilities as well as covering areas of concern flagged by management?

3.03 Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?

3.04 Does the plan for the coming year reflect the areas that the Audit Committee believe should be covered as a priority?

4.00 RECOMMENDATIONS

4.01 The Committee is requested to consider the report and to make comments on its content.

4.02 The Committee is recommended to approve the report.

5.00 FINANCIAL IMPLICATIONS

5.01 None.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Strategy for Internal Audit 2010/11 to 2012/13.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None

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Strategy for Internal Audit

2011/12 – 2013/14

For presentation at the Audit Committee meeting of 24th March, 2011

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1 Introduction

1.1 Overall Approach

This strategy sets out the approach we have taken to develop the internal audit plan for 2011 / 2014.

1.2 The Purpose and Function of Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

(Chartered Institute of Internal Auditors)

Our professional responsibilities as internal auditors are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland.

As such, our approach to internal audit also meets the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

In line with these requirements, we perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, in particular to how those elements help Flintshire County Council achieve its objectives.

2 Developing your Internal Audit Strategy

2.1 Developing the Strategy and the Detailed Plan for 2011/12

Flintshire County Council's (FCC) objectives are the starting point in the development of the strategy for internal audit for the organisation.

2.2 To develop your strategy for internal audit, we have considered the following:

- The core objectives of the organisation (as agreed by the Executive Committee) and the specific risks associated with those objectives;
- The Strategic Assessment of Risks and Challenges,
- Areas of concern or requests for coverage from management and the Audit Committee;
- Areas where external audit will wish to place reliance on the testing performed by internal audit;
- Other sources of assurance available to the organisation;
- Any recent significant changes within the organisation and its operations;
- Regulatory requirements for internal audit coverage;
- The timing for each internal audit review to maximise the benefit of assurance provided; and
- Results of previous internal audit coverage.

We also met with management across the organisation to further understand the risk areas where internal audit assurance is appropriate.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy includes:

- a contingency allocation, which will only be utilised should the need arise, for example, for unplanned and ad-hoc work;
- an audit management allocation, used at Audit Manager and Principal Auditor level for quality control, internal and external liaison and for preparation for and attendance at Audit Committee;
- an allocation for investigations into potential fraud.

The strategy will be revisited each year to confirm current priorities for internal audit coverage and to develop a detailed internal audit plan for the forthcoming year.

The commentary in the following sections is intended to highlight key areas of the plan, and particularly to explain new areas of work. Comments refer particularly to areas that are proposed for coverage in 2011/12.

3 Corporate

- 3.1 In 2011/12 the department will concentrate on contributing to major areas of development within the Authority through involvement in Flintshire Futures projects and Lean Team work
- 3.2 We will continue to conduct work in support of the Annual Governance Statement which includes reviewing the effectiveness of the Authority's risk management processes and corporate governance arrangements.
- 3.3 We will examine performance indicators to give assurance on the accuracy of information that is reported.
- 3.4 We will review the input from Flintshire into collaborative work projects.

4 Finance

- 4.1 A key area of risk for the Authority is developing a robust Medium Term Financial Strategy. Our audit work in 2010/11 highlighted that limited progress had been made towards establishing a Medium Term Financial Strategy but a timetable is now in place for its production. The focus of our review in 2011/12 will be testing the rigour of the approach to setting the Medium Term Financial Strategy and supporting financial plan and challenging the assumptions which have been made in its preparation.
- 4.2 Previous Internal Audits have highlighted significant weakness in debt management. Our audit will review whether progress has been made in improving the debt management arrangements and the impact that this has had on performance.
- 4.3 Financial Management and control remains a key risk of the Authority. Our audit of this area will concentrate on the adequacy of financial reporting and the robustness of management accounts.
- 4.4 An audit of leasing arrangements will consider how compliant the Council is with Financial Procedure Rules. The Head of Finance is responsible for the appraisal of capital financing options, and arrangement of operating and finance leases; this is to ensure that the Council's borrowing powers are not exceeded, and that the Council complies with IAS17. As part of the review value for money of leasing arrangements will be evaluated.
- 4.4 In line with the UK Auditing Standard (SAS 500) 'Considering the work of Internal Audit' we have determined our annual coverage of core financial systems to enable External Audit to place reliance on our work which should reduce the time and cost of the External Audit for the

Authority. Our work programme will include the design of core financial accounting and internal control systems, operational compliance, and recommended improvements to the systems. We will maintain our liaison with External Audit on the areas identified to ensure that our work programme is sufficient to enable them to place reliance on our work.

- 4.5 We also undertake reviews in our role as internal auditors to the Clwyd Pension Fund. We intend to extend our approach to auditing the Clwyd Pension Fund in 2011/12 to include the verification of the contributions received from admitted bodies.

5 Legal and Democratic Services

- 5.1 There are no auditable strategic risks, but we will continue to assist management with operational concerns around compliance with Data Protection.
- 5.2 We will continue to provide management with assurance regarding Electoral Registration, and RIPA compliance.
- 5.3 We will follow up a review of Registration of Charges to confirm that recommendations around the arrangements with Community Services to place a legal charge on a property to cover the costs of nursing care have been implemented.

6 Human Resources and Organisational Development

- 6.1 Payroll system continues to be included annually as part of the on-going need to review systems which are the subject of external regulation. Closely allied to this will be a review of any new functionalities introduced within Phase 2 of the Midland Trent System.
- 6.2 We will review the accounting mechanism for Agency Staff when covering for vacancies, to consider the value for money impact, and researching the utilisation of the MATRIX system.
- 6.3 Applications received for vacancies forms an important part of the People Strategy, and processes will be reviewed for compliance and good practice.
- 6.4 We will review the processes engaged in the outcome of the costing model for Single Status.
- 6.5 A follow up of a report published in 2009/10 will look at the way that absenteeism is being managed and reported.

7 Information and Communications Technology and Customer Services

- 7.1 A review will be carried out of the IT governance arrangements in place which will include the IT security framework and compliance with policies and procedures. The effectiveness of the self service password facility will also be verified.
- 7.2 Compliance with software licences will be reviewed for both compliance with the terms of the licence and establishing (from a value for money perspective) if the licence is required.
- 7.3 The training unit operation will be reviewed to establish how effective the unit is in helping to deliver corporate priorities.
- 7.4 IT operations management will be reviewed to include all aspects of the service.
- 7.5 A fundamental review will be carried out of the Registrars service as this area has not been reviewed for a considerable time.
- 7.6 A compliance review will be carried out of the customer complaints procedure. The review will also include consideration of how this process helps to drive improvement.

8 Lifelong Learning

- 8.1 A review is planned of pupil statistics to ensure that pupil funding is correct.
- 8.2 Schools corporate governance will be examined to ensure compliance with the relevant legislation
- 8.3 Youth and Community is included in the plan which will include all areas of operation.
- 8.4 The operation of all catering facilities will be reviewed, including the provision of free meals and the use of the ticketless meal system. Similarly, the operational controls for school transport will be examined.
- 8.5 A review will be undertaken of the CRB checks to ensure that all relevant checks are completed.
- 8.6 As in previous years time has been assigned to carry out reviews of grant claims as required by the Wales Audit Office.
- 8.7 To ensure good practice is shared throughout schools an audit presence is to be developed on the schools infonet.
- 8.8 The traditional audits carried out in schools on a cyclical basis will be replaced by a combination of
- Central reviews in County Hall
 - Risk based reviews on specific themes across a range of schools
 - Self Assessment questionnaires completed by all schools
- 8.9 To support the introduction of self assessment there will be presentations to Headteachers and Governors.

9 Community Services

- 9.1 Within Housing Services, management seeks assurance that new policies are improving the turn-round of empty properties, and that improved control of rental arrears has been achieved.
- 9.2 Community Services has designed it's own Humanitarian Response Plan, and management is seeking assurance that, in the event of a local disaster, a variety of procedures can be effectively implemented.
- 9.3 A periodic review of Homelessness will provide management with assurance that statutory obligations are being met. This is an identified corporate risk.
- 9.4 We will review private sector homeowners to look at housing advice and support, and initiatives to increase the supply and choice of new affordable accommodation.
- 9.5 A Lean working group has initiated a more streamlined procedure for validating work tickets. This review will look to support management by giving assurance that the system is operating effectively.
- 9.6 We have included first-time reviews which will provide management with assurance on issues around Disabled Blue Badge Parking Permits, Family Information Service, and Child Care Development.
- 9.7 Following discussion with management it was agreed to include the following in this year's programme to provide assurance that procedures and processes are operating effectively:

- Asset Management (Non HRA)
- Section 33 governance arrangements – integration of services with the NHS
- Day Services
- Appointeeships

10 Environment

- 10.1 The strategic risk register identifies a number of risks assigned to the Environment Directorate. In addition to the strategic risks we considered the operational risks identified in the Directorate Service Business Plans when drawing up our internal audit plan for the year.
- 10.2 Climate change is an area of risk for the Authority with a particular emphasis on flood risk. Our audit will consider what steps the Authority is taking to alleviate flood risk and evaluate the effectiveness of arrangements which have been established to respond to flooding when it occurs.
- 10.3 Regeneration is a key priority of the Authority and our review will consider two elements of the regeneration strategy. One strand will be to review the role and contribution of the Regeneration Partnership and the second strand will be an evaluation of the effectiveness of the Town Centre Partnerships.
- 10.4 During 2011/12 Street Scene services will be reorganised and the approach to procurement will be fundamentally changed. Our review will evaluate and test the controls which have been put in place by management as a consequence of the organisational changes.
- 10.5 The cleanliness of the public realm has been identified as a key priority of members. Our review will examine what steps the Authority is taking to improve this aspect of Streetscene and the effectiveness of existing enforcement strategies.
- 10.6 The audit of Asset Management will link with the Flintshire Futures Programme. Our contribution to this will be developed with the aim to provide an 'audit approach' which can be adopted for other Flintshire Futures Projects. Initial discussions about the role of Internal Audit have focussed around the testing of the rigour of business cases and financial assumptions.
- 10.7 Planning is an area which has reported weaknesses in procedures, to improve this situation a Development Control Procedures Manual has been produced. Our audit will test compliance with this manual. In addition there are two specific areas, enforcement and appeals, where performance has been poor when measured against other Authorities in Wales. Separate audits of these areas will be conducted to evaluate processes and controls.
- 10.8 Under the Traffic management Act 2004 the Authority must set up a permit scheme which requires utilities, highway authorities wishing to dig up particular roads to apply for permission to carry out works. This is with a view to reducing the disruption and inconvenience which works cause. Local authorities must treat their own works on an equal footing to those carried out by others. Our audit will review the effectiveness of this scheme with particular focus on the Authority's own works.
- 10.9 Nationally, in Wales, the Communities First initiative has received a considerable amount of negative press in 2010/11. At the request of management, Internal Audit conducted governance reviews of all Community First partnerships in Flintshire; we will follow up our recommendations in 2011/12 to assess the extent of implementation.

- 10.10 An audit of third party claims will assess the steps the Authority is taking to minimise the number of claims and also review the processes in place for dealing with claims when they are received.
- 10.11 We intend to carry out a value for money review of subsidised bus services. Previous audit work has identified the lack of a formalised strategy for subsidised bus services and has highlighted the significant cost of providing some services.
- 10.12 With increasing pressure on Council budgets the need to ensure that income is maximised from fees and charges is more important than ever before. Our review will consider income streams across the Directorate, assess whether they are being maximised within existing policies, and where possible benchmark these against other Authorities.

11 Other Areas

- 11.1 We propose an annual allocation in the region of 275 days, to allow for a range of important activities including:
- Anti-fraud initiatives
 - Investigations
 - Ad-hoc requests for support

12 Resources

- 12.1 The resources required to deliver the proposed plans are summarised in Appendix A, which demonstrates that an annual allocation of around 1600 productive working days is required in 2011/12. This is slightly less than last year, in accordance with the service review brought to the committee in November 2010.
- 12.2 The plan will be delivered by the Flintshire in house team. If necessary there is the option of using resource from RSMTenon. Some specialist IT audit may be required to cover some of the more technical IT work.
- 12.3 The role of internal audit within the Authority is changing as a result of the service review with more emphasis on advisory / consultancy work, in particular Flintshire Futures and the Lean Teams. This is reflected in the plan. The implementation of the department restructure will take place during 2011/12. Inevitably there will be some disruption within the team. This will be kept to a minimum, but may necessitate the revision of the audit plan during the year.
- 12.4 The unallocated figures in the second and third years of the plan reflect uncertainty over the audits required at those times. The days can be allocated in later planning cycles according to the current priorities.
- 12.5 The analysis shows the breakdown between the category of work undertaken within the directorates.

13 Considerations Required of the Audit Committee

- Does the Strategy for Internal Audit (as set out at Appendix A) cover the organisation's key risks as they are recognised by the Audit Committee?
- Does the audit strategy include all those areas that the Audit Committee would expect to be subject to internal audit coverage, both in terms of our professional responsibilities as well as covering areas of concern flagged by management?
- Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?

- Does the detailed internal audit plan for the coming financial year reflect the areas that the Audit Committee believe should be covered as priority?

All Assignments sorted by Directorate

CORPORATE

Risk Based Coverage

Risks / Source	Risk Area	Auditable Area	2011/12	2012/13	2013/14
Council Governance					
4	Risk Management. Effective corporate systems for risk management and business continuity	To provide assurance to Directors and members that the Authority has effective arrangements for risk management and business continuity management and that risks identified by the Authority are being effectively managed.	10	10	10
18	Procurement Effective and cost efficient local, regional and national procurement	Review the relevance and comprehensiveness of the Procurement Strategy, and performance against it.	20		

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	2011/12	2012/13	2013/14
Performance Indicators	To provide assurance that the reporting of performance is accurate	20	20	20

Other Internal Audit Coverage

Topic	Source / Rationale	2011/12	2012/13	2013/14
Corporate Governance	Review the application of the Corporate Governance principles in support of the Annual Governance Statement.	10	10	10
Collaborative Working	Confirm that business cases for Flintshire input to collaborative projects are being tested.	10		
Theatre Clwyd	The need and scope for the review to be arranged.	10		

Advisory / Consultancy work

Topic	Source / Rationale	2011/12	2012/13	2013/14
Flintshire Futures	Participation in project with the Flintshire Futures teams	50		
Lean Team	Participation in Lean Team projects.	50		

Total	225	40	40
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FINANCE

Risk Based Coverage

Risks/ Source	Risk Area	Auditable Area	2011/ 12	2012/ 13	2013/ 14
Council Governance					
CG06	Medium Term Financial Strategy and Plan	To review the rigour of the medium term financial strategy for the Authority in terms of its comprehensiveness and the quality and accuracy of forecasting of the pressures and efficiencies in the MTFP.	20		

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	2011/ 12	2012/ 13	2013/ 14
Main Accounting	General Ledger, Income and Debtors, Accounts Payable, Cash and Bank, taxation External audit to place reliance on testing undertaken by internal audit.	40	40	40
Housing Benefit	To satisfy external requirements of Department of Work and Pensions.	20	20	20
Council Tax and NNDR	External audit to place reliance on testing undertaken by internal audit.	20	20	20
Capital Programme	Review capital programme strategy. To review whether the Authority effectively prioritises capital expenditure to gain value for money for the resources available.	20	20	20
Treasury Management	To verify that effective Treasury Management arrangements are in operation which ensure the security of the Councils cash.	15		15
Cash and Banking	To verify that cash and banking controls are effective and operated in accordance with procedures.	20		10

Other Internal Audit Coverage

Topic	Source / Rationale	2011/ 12	2012/ 13	2013/ 14
Enforcement	Systematic audit of debt management and enforcement arrangements.	20		
Housing Benefit Subsidy	Advisory review of systems and controls for housing benefit to provide assurance to management that problems identified with previous years subsidy claims have been adequately addressed.	15		
Financial Management and Control	Review of financial reporting and management accounts.	15		
Insurance	Review the Authority's insurance processes	10		
Corporate Grants	Systematic audit of the arrangements which have been established by the Authority to record, monitor and report external grants.	15		

Leasing	Review compliance with Financial Procedure Rules. The audit will consider the rigour of appraisal of capital financial options and how this ensures that value for money is achieved. The audit will also review the effectiveness of controls around approval and monitoring of leases.	15		
Total		245	100	125

PENSION FUND

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	2011/ 12	2012/ 13	2013/ 14
Pensions Administration	External audit to place reliance on testing undertaken by internal audit.	20	20	20
Pension Contributions	Verification of the contributions made from admitted bodies.	20		

Other Internal Audit Coverage

Topic	Source / Rationale	2011/ 12	2012/ 13	2013/ 14
Clwyd Pension Fund Management	Corporate Governance			10
Pensions Investment and Accounting	To review the performance and management of the Clwyd investment fund.			20
Total		40	20	50

LEGAL AND DEMOCRATIC SERVICES

Other Internal Audit Coverage

Topic	Source / Rationale	2011/ 12	2012/ 13	2013/ 14
Commons Register	Management concern.		10	
Electoral Register	Management concern. Review procedures and processes in relation to the maintenance of an accurate and up to date register.	10		
Data protection	Management concern. To review compliance with external regulation. Reviews cover different parts of the organisation each year.	10	10	10
Freedom of information	To review compliance with external regulation.			15
RIPA Compliance	Management concern. To review compliance with external regulation.	10		

Registration of Charges	Management has requested a follow up review following a review in 2009/10. The review will look at arrangements between Community Services and Legal to place a charge on a property to cover the costs of providing individual nursing care.	15		
Members Allowances	Management concern. This area should continue to be reviewed bi-annually.		10	
Total		45	30	25

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

Risk Based Coverage

Risk / Source	Risk Area	Audit	2011/12	2012/13	2013/14
Council Governance					
CG11	Terms and Conditions of Employment. Implementation of Single Status	To provide assurance to the Authority that the outcomes from the Single Status initiative are being correctly and consistently applied. The review will also provide assurance that no local agreements outside the scope of Single Status agreements have been negotiated and implemented.		20	

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source / Rationale	2011/12	2012/13	2013/14
Payroll & HR System	Regulatory annual audit. Forms part of the overall external audit opinion on the application of controls.	30	30	30

Other Internal Audit Coverage

Topic	Source / Rationale	2011/12	2012/13	2013/14
Absence Management and Return to Work	This will follow-up the review undertaken in 2009/10 which looked at the way absence is being managed and reported. It will concentrate on triggers, long-term absences, referrals to Occupational Health, return to work interviews, and use of management information	10		
Agency Staff	To review the accounting mechanism. To look at costs especially when covering vacancies, especially in Social Services (one particular Agency being used). To consider value for money alternatives such as utilising MATRIX to administer consultancy staff	15		

Criminal Records Bureau	Review CRB compliance in the light of changing legislation		10	
People Strategy	Review of the Application processes	10		
Corporate Training	To look at how training needs are being met, both internally and through the use of external training providers		15	
Midland Trent: Phase 2	Review any new functionalities which may be introduced during the year.		15	
Single status – costing of pay model	Review the processes engaged in the costing of the Pay Model	15		

Advisory / Consultancy work

Topic	Source / Rationale	2011/ 12	2012/ 13	2013/ 14
Midland Trent: Phase 2	Review any new functionalities which may be introduced during the year.	15		
Total		95	45	

INFORMATION AND COMMUNICATIONS TECHNOLOGY

Risk Based Coverage

Risks / Source	Risk Area	Auditable Area	2011/ 12	2012/ 13	2013/ 14
Council Governance					
8	ICT Strategy. The Council's ICT Strategy that defines the use of ICT to support the Council and services in delivering their priorities for change and improvement.	Ensure strategy includes all key areas, reflects priorities of corporate plan and that there is a process in place to monitor and review the strategy		5	
9b	Information Governance Information protects and manages the Councils information assets.	All aspects of IT governance including information management practices, accuracy and completeness of information and security and electronic document management	30	30	30

Other Internal Audit Coverage

Topic	Source / Rationale	2011/ 12	2012/ 13	2013/ 14
Change Management	Review of new system.		10	

Help Desk	Review of performance against customer requirements. Use outcomes of customer satisfaction survey to inform scope.		10	
Software Licences	Review arrangements for ensuring all business software has a current licence and that value for money is achieved	10		
IT Procurement	Ensure all purchases are in line with best practice, value for money is achieved and contract procedure rules/financial procedure rules are followed		10	
Networks	Establish and review the arrangements to ensure the secure and efficient operation of the networks to include wireless networking		20	
Disaster Recovery	Management concern. Review to provide assurance in support of Business Continuity.		15	
Self Service Passwords	Review new procedure to enable users to reset their own passwords	5		
Development Standards	Establish development standards used for in-house developments and review compliance	15		
IT Training Unit	Review service provided and how service helps deliver corporate priorities	10		
Registrars	Establish systems in place and review service area based on key risks	10		
Customer Complaints	Review compliance with complaints procedure	20		
Operations Management	Consider all functions of Operations Management and prioritise coverage based on risk.	20		
Total		120	105	

LIFELONG LEARNING

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	2011/ 12	2012/ 13	2013/ 14
Grants	WAG requirement for Internal Audit to review specified grants e.g. community schools	20	20	20
Funding formula and 6 th form allocations	Review the funding formula and the allocation of 6 th form funding		5	

Other Internal Audit Coverage

Topic	Source / Rationale	2011/ 12	2012/ 13	2013/ 14
Pupil Statistics – Central Control	Ensure the processes in place provide assurance that pupil funding is correct (based on statistical data provided by the schools)	15		
Schools Budgetary Control	Review the procedures for providing accurate and timely information to schools to ensure they have the correct information to control their budgets. To also review how schools manage and plan their budgets.			20
Leisure Centres - operation	Review of vending and catering income.			20
Youth & Community	Review operational controls	15		
Libraries	Review the operation of public libraries, mobile libraries and the school library service			5
ICT Unit	Review the operation of the unit to include procurement			15
Facilities Services – Cleaning Services	Review of the operation of cleaning services		10	
Facilities Services – Catering Services	Review operation of catering services to include ticketless meals and free meals.	20		
Pupil Referral Unit	To review operational controls at sites occupied by the unit.		10	
Schools Corporate Governance	Cross cutting review to assess compliance with relevant legislation of both the central function and in schools.	15		
CCTV	Consider control issues raised as a result of the regional review.		10	
CRB Checks	Compliance review to ensure all relevant checks completed.	10		
Transport	Review operational controls	15		

Advisory / Consultancy work

Topic	Source / Rationale	2011/ 12	2012/ 13	2013/ 14
Leisure Strategy	Provide advice on controls within relevant actions specified in the strategy.	5	5	5
Control Awareness Sessions New Heads and Governors	Annual presentations to both new Headteachers and Governors to make them aware of control requirements and the audit process	15	15	15
Develop audit presence on schools infonet	To establish a presence on the schools infonet to share good practice and highlight any common control issues	5		

Schools Audits				
Central reviews	Reviews carried out within County Hall	30	30	30
Risk based thematic reviews	Reviews carried out across a range of schools	30	30	30
Control and Risk Self Assessment	Completed by all schools	10	10	10
Total		195	140	165

COMMUNITY SERVICES

Risk Based Coverage

Risks / Source	Risk Area	Auditable Area	2011/12	2012/13	2013/14
Council Delivery					
CD12d	Homelessness	To ensure that the Authority's statutory obligations are being met		15	
CD12e	Sheltered Housing	Periodic review of the systems		10	
CD19	Gypsy Sites	To review the provision of sites within Flintshire			15

Other Internal Audit Coverage

Topic	Source / Rationale	2011/12	2012/13	2013/14
Blue Badges	The review will look at the controls exercised over the issue of disabled Blue Badge parking permits.	5		
Asset Management non-HRA	There are management concerns regarding sustainability issues with energy consumption, repairs, and leases.	10		
Humanitarian Response Planning	This is distinct from the Council's Emergency Plan. This plan is owned by Community Services to be able to bring in a variety of procedures in the event of a local disaster. Management are seeking assurance regarding the robustness of the planned response.	10		
Public Information	The directorate are seeking assurance that national standards are being followed.		15	
Governance Arrangements	Management request for assurance regarding integration of services with NHS, and specifically Section 33 compliance.	5		
Cash Control	There are many schemes operated by the Directorate. The review will identify the schemes and look at the controls exercised over them to ensure a uniform and appropriate standard.		10	
Day Services	A Quality Assurance audit is requested.	10		

Homecare	Cyclical examination of compliance with procedures within council operated residential care homes.	10		
PARIS system	First review of system following additional enhancements		10	
Appointeeships	Periodic review of the system regarding the establishment of Appointees to administer financial affairs of clients	15		
Supporting People	To review how Supporting People is being delivered following the transfer of WAG funding (Supporting People Revenue Grant) directly to the control of the Authority		15	
Mobile Working	First review following the introduction of this significant change in working practices		15	
Work Ticket Validation	First review following introduction of new working practices	10		
Services Provided by Other Directorates	To review services provided by other directorates are in accordance with SLA's in place e.g. services provided by Environmental Services.		15	
Allocations	Review the new allocations policy		10	
Private Sector Housing	Housing advice and support is offered to all private sector home owners. This review will look at the processes to ensure that systems are operating satisfactorily	15		
Gas Servicing	New procedures are being developed to ensure that the Authority operates a sound gas servicing programme		10	
Rent Arrears	To review the control of arrears and the recovery of outstanding debts	15		
Private Rented Sector	Review the processes to increase the supply and choice of new affordable accommodation in locations throughout Flintshire in accordance with housing need and aspiration.	10		
Family Information Service	The Family Information Service Flintshire provides free and impartial expert advice, information and guidance on childcare and early education places. This review will examine the processes	10		
Child Care Development	First review of this topic	15		
Re-letting Empty Properties	To review the turnaround of empty properties following the introduction of a lean working initiative.	10		
Total		150	125	15

ENVIRONMENT

Risk Based Coverage

Risks/ Source	Risk Area	Auditable Area	2011/ 12	2012/ 13	2013/ 14
Community Leadership					
CL08	Climate Change and flood risk management.	What leadership role does the Council take in both preventing flooding occurring, and responding to flooding when it occurs? Assessment of the arrangements underpinning current flood risk management and flood prevention in Flintshire.	5		
CL09	Regeneration	Review of the operation and effectiveness of the Regeneration Partnership.	5		15
CL10	County Town Network Regeneration and Protection	Town Centre Partnerships have been established to support the regeneration of the Town Centres. The audit will review the effectiveness of the Town Centre Partnerships	20		10
Council Delivery					
CD02	Public Protection Statement of the Priorities of the Administration 2010-12: To improve Council enforcement particularly in environmental services, the cleanliness of the 'public realm' and in planning development control	What enforcement activities does the Council undertake to protect and enhance the Street Scene and could these be further developed to support the Community Strategy aim to create safe, well-maintained and attractive public spaces? The focus of the review will be on the cleanliness of public realm.	20		
27c	Waste Management	Review how the Authority is addressing waste management in terms of recycling and participation.		20	
Council Governance					
CG05	Asset Management	To examine the Council's approach to fixed asset (property) management to ensure that assets are managed in such a way as will best benefit the Council in the short and the long term.	25		15
Operational					
	Planning	Internal audit of compliance with standard procedures as set out in Development Control Procedures Manual.	20		20

	Traffic Management Act	Implementation identified as a weakness in the Service Plan.	15		
	Communities First	Follow up	10		

Other Internal Audit Coverage

Topic	Source / Rationale	2011/ 12	2012/ 13	2013/ 14
Streetscene	Procurement/contract management arrangements will change with the introduction of the new Streetscene arrangements. The audit will evaluate and test the controls which have been established for procurement and contract management.	20		20
3 rd Party Claims	Systematic review of 3 rd party claims.	10		
Planning	Appeals National Indicator PLA/003 which measures the % of appeals determined that upheld the Authority's decision in relation planning application decisions and enforcements notices for 2009/10 was 56.36% with the Authority ranked 21 out of 22 in Wales. The audit will review what action is being taken to improve performance in this area.	15		5
Planning	Enforcement National Indicator PLA/005 which measures the % of enforcement cases resolved during the year within 12 weeks of receipt was 38.37% in 2009/10 with the Authority ranked 21 out of 22 in Wales. The audit will review what action is being taken to improve performance in this area.	15		5
Subsidised Bus Services	Management Concern. Value for Money review of Subsidised Bus Services.	10		
Income from Fees and Charges	Management Concern. Is the Directorate maximising income to support frontline services? The audit will review income generation across the Directorate, benchmarking income levels against other Authorities where possible.	15	15	15
Total		205	35	105

Investigations, Provisions and Development

	2011/ 12	2012/ 13	2013/ 14
Pro-active fraud work and NFI	50	50	50
Provision for investigations	100	100	100
Provision for ad-hoc requests from Directorates	100	100	100
Audit Development - IDEA	30	30	30
Total	280	280	280

Unallocated days – see Para 12 680 795

Overall Total	1600	1600	1600
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FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 12

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT**

1.00 PURPOSE OF REPORT

1.01 To inform members of the level of compliance of the Internal Audit section with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the UK.

2.00 BACKGROUND

2.01 In December 2006 CIPFA published an updated Code of Practice for Internal Audit departments operating within Local Government, including a checklist to show compliance with the Code of Practice. This is completed for Flintshire County Council on an annual basis.

2.02 The checklist has now been completed again to show the up to date position. This is part of the preparation for the Annual Governance Statement for 2010/11, which will be presented to the Committee at the next meeting.

3.00 CONSIDERATIONS

3.01 The completed checklist shows a high level of compliance with the Code of Practice, with further work required in a few areas which will be addressed over the coming months.

4.00 RECOMMENDATIONS

4.01 The Committee is requested to note the report.

5.00 FINANCIAL IMPLICATIONS

5.01 None.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 CIPFA Code of Practice checklist

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None

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CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT IN LOCAL GOVERNMENT IN THE UNITED KINGDOM

Key: Y = Yes, P = Partial, N = No

References relate to the Code of Practice

Ref	Adherence to the Standard	Y	P	N	Evidence
1	Scope of Internal Audit				
1.1	Terms of Reference				
1.1.1	<p>Do terms of reference:</p> <p>[a] establish the responsibilities and objectives of Internal Audit?</p> <p>[b] establish the organisational independence of Internal Audit?</p> <p>[c] establish the accountability, reporting lines and relationships between the Head of Internal Audit and:</p> <p style="padding-left: 20px;">[i] those charged with governance?</p> <p style="padding-left: 20px;">[ii] those parties to whom the Head of Internal Audit may report?</p> <p>[d] recognise that Internal Audit's remit extends to the entire control environment of the organisation?</p> <p>[e] identify Internal Audit's contribution to the review of the effectiveness of the control environment?</p> <p>[f] require and enable the Head of Internal Audit to deliver an annual audit opinion?</p> <p>[g] define the role of Internal of Internal Audit in any fraud-related or consultancy work (see also 1.3.2)?</p> <p>[h] explain how Internal Audit's resource requirements will be assessed?</p> <p>[i] establish Internal Audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?</p>	√			<p>The Internal Audit Charter includes the responsibilities, independence, role and rights of access. These are also included in the Council's Financial Regulations. The position of Head of Internal Audit is contracted out to RSM Tenon, the contract specifies the reporting lines and the requirement for an annual report. The annual plan includes the resource requirements, this is presented to the Audit Committee.</p> <p>√ Terms of reference to be updated to include right of access to partner organisations.</p>
1.1.2	Does the Head of Internal Audit advise the organisation on the content and the need for subsequent review of the terms of reference?	√			The Internal Audit Charter was updated and approved by the Audit Committee on 4 th April 2007. It is being reviewed in 2011 with the implementation of the service review.
1.1.3	Have the terms of reference been formally approved by the organisation?	√			As above.
1.1.3	Are terms of reference regularly reviewed?	√			The Charter will be reviewed during 2011, then every two years.

Ref	Adherence to the Standard	Y	P	N	Evidence
1.2	Scope of Work				
1.2.1	Are the organisation's assurance, risk management arrangements and monitoring mechanisms taken into account when determining Internal Audit's work and where effort should be concentrated?	√			The planning process is closely linked to the Authority's Strategic Assessment of Risks and Challenges and the Operational Risk Register.
1.2.3	Where services are provided in partnership had the Head of Internal Audit identified : [a] how assurance will be sought? [b] agreed access rights where appropriate?		√		Where appropriate we work with External Audit. Ways of working are agreed at the time. With the proposed increase in collaboration with other Authorities this will be included in agreements.
1.3	Other Work				
1.3.1	Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the: [a] skills, and [b] resources to do this?	√			The department includes trained and experienced investigators. Where appropriate, we will arrange for a specialist from the RSM Tenon consulting team or for a specialist investigator to have involvement in any fraud or corruption work. As a large professional services firm RSM Tenon employ a wide range of specialists and consultants that can be brought in to add specific skills or experience to the internal audit team as required. Resources to deliver the annual plan are agreed by the Audit Committee.
1.3.2	Do the terms of reference define Internal Audit's role in: [a] fraud and corruption? [b] consultancy work?	√			Defined in the Charter.
1.4	Fraud and Corruption				
1.4.2	Has the Head of Internal Audit made arrangements, within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	√			The Anti Fraud and Corruption Strategy, Fraud Response Plan and Whistleblowing Policy were reissued in 2007. They make it clear that Internal Audit will be notified of any suspected or detected fraud, corruption or impropriety. They will be reviewed in 2010.
2	Independence				

Ref	Adherence to the Standard	Y	P	N	Evidence
2.1	Principles of Independence				
2.1.1	Is Internal Audit: [a] independent of the activities it audits? [b] free from any non-audit (operational) duties?	√ √			As a provider of internal audit services we do not have operational management responsibilities within the Authority.
2.1.2	Where internal audit staff have been consulted during system, policy or procedure development, are they precluded from reviewing and making comments during routine or future audits?	√			The department is of sufficient size to make this practicable.
2.2	Organisational Independence				
2.2.1	Does the status of Internal Audit allow it to demonstrate independence?	√			The independent status of Internal Audit is specified in Council Financial Procedure Rules and Constitution, and the Internal Audit Charter.
2.2.2	Does the Head of Internal Audit report in his or her own name to members and officers?	√			The Internal Audit department issues individual reports for each assignment. Summary reports are issued to the Audit Committee, along with detailed findings of limited assurance reports. An annual head of internal audit opinion and report is issued by RSM Tenon; this is approved by the Director.
2.2.2	Does the Head of Internal Audit have direct access to: [a] officers? [b] members?	√ √			There are no restrictions on access to officers or members.
2.2.3	[a] Is there an assessment that the budget for Internal Audit is adequate? [b] Does any budget delegated to service areas ensure that: [i] Internal Audit adherence to the Code is not compromised? [ii] the scope of Internal Audit is not affected? [iii] Internal Audit can continue to provide assurance for the Statement on Internal Control?	√			The budget is sufficient to provide for the staffing levels that are required to meet the annual plan. None of the budget is delegated to service areas.
2.3	Status of the Head of Internal Audit				
2.3.1	Is the Head of Internal Audit managed by a member of the corporate management team?	√			The Head of Internal Audit reports to the Head of Finance (Section 151 Officer). He also reports to an RSM Tenon Director.

Ref	Adherence to the Standard	Y	P	N	Evidence
2.5	Independence of Internal Audit Contractors				
2.5.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?	√			Some work can be performed by RSM Tenon staff, where necessary to meet the plan. This is managed to prevent any possible conflict of interest.
2.6	Declaration of Interest				
2.6.1	Do audit staff make formal declarations of interest?	√			Formal declarations of interest are made by all audit staff annually.
2.6.2	Does the planning process take account of the declarations of interest registered by staff?	√			Appropriate staff are used for each audit, ensuring there is no conflict of interest. Staff are also instructed to raise any possible conflict of interest as they arise.
3	Ethics for Internal Auditors				
3.1	Purpose				
3.1.1	Does the Head on Internal Audit regularly remind staff of their ethical responsibilities?	√			The importance of objectivity, ethical responsibilities and integrity is outlined in the constitution and set out in the internal audit manual. It is known by all staff. Staff are reminded whenever a potential issue arises.
3.2	Integrity				
3.2.1	Do internal auditors demonstrate integrity in all aspects of their work?	√			The importance of objectivity, ethical responsibilities and integrity is outlined in the constitution and is set out in the internal audit manual. All of our work is subject to our internal quality control processes to ensure the quality and integrity of all internal audit work.
3.2.1	Has the internal audit team established an environment of trust and confidence?	√			The team is trusted and respected throughout the Authority.
3.3	Objectivity				
3.3.2	Are internal auditors perceived as being objective and free from conflicts of interest?	√			Internal Audit is known to be independent and impartial.

Ref	Adherence to the Standard	Y	P	N	Evidence
3.3.3	Is a time period set by the Head of Internal Audit for staff where they do not undertake an audit in an area where they have had previous operational roles?	√			As audit staff have not recently held operational roles this is not an issue. However, the Principal Auditors are tasked with ensuring that there is no conflict of interest in the staff involved in delivering the internal audit service.
3.3.4	Are staff rotated on regular/annually audited areas?	√			We do not have a formal rotation system; previous work in the audited area is taken into account when planning reviews.
3.4	Competence				
3.4.1	Does the Head of Internal Audit ensure that staff have sufficient knowledge of: [a] the organisation's aims, objectives, risks and governance arrangements? [b] the purpose, risks and issues of the service area? [c] the scope of each audit assignment? [d] relevant legislation and other regulatory arrangements that relate to the audit?	√			<p>This is achieved on three levels:</p> <ul style="list-style-type: none"> • <i>Flintshire County Council</i> – all internal audit staff have access to all published strategies, plans and policies and are required to review them in preparation for audit assignments. • <i>RSM Tenon</i> – the Head of Internal Audit has access to the RSM Tenon Internal Audit Knowledge Base which is maintained by their dedicated Technical Team. Audit guides, sector specific circulars and publications as well as technical releases are prepared by RSM Tenon to keep staff up to speed with emerging issues and legislation impacting the sector. These are available to FCC audit staff. • <i>Locally</i> – the audit management team is responsible for ensuring that all staff are fully briefed relating to individual audit assignments.

Ref	Adherence to the Standard	Y	P	N	Evidence
3.5	Confidentiality				
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	√			All staff are aware of the need for confidentiality. This is also set out in the Internal Audit Manual, which all internal audit staff are required to refer to. Staff are reminded whenever a potential issue arises.
4	Audit Committees				
4.1	Purpose of the Audit Committee				
4.1.1	Does the organisation have an independent audit committee?	√			The Audit Committee is set up within the Constitution.
4.2	Internal Audit's Relationship with the Audit Committee				
4.2.1	Is there an effective working relationship between the audit committee and Internal Audit?	√			The Head of Internal Audit attends all committee meetings, has access to all members and can meet with the Audit Committee Chair if necessary.
4.2.2	Does the committee approve the internal audit strategy and monitor progress?	√			The three year Audit Strategy and one year Audit Plan are presented annually. Progress against the plan is reported to each committee meeting.
4.2.2	Does the committee approve the annual internal audit plan and monitor progress?	√			The three year Audit Strategy and one year Audit Plan are presented annually. Progress against the plan is reported to each committee meeting.

Ref	Adherence to the Standard	Y	P	N	Evidence
4.2.4	<p>Does the Head of Internal Audit:</p> <p>[a] attend the committee and contribute to its agenda?</p> <p>[b] participate in the committee's review of its own remit and effectiveness?</p> <p>[c] ensure that the committee receives and understands documents that describe how Internal Audit will fulfil its objectives?</p> <p>[d] report on the outcomes of internal audit work to the committee?</p> <p>[e] establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa?</p> <p>[f] present the annual internal audit report to the committee?</p>	√			<p>Attendance at Audit Committee is usually by the Internal Audit Manager and RSM Tenon Director. The Internal Audit Manager prepares the committee agenda in consultation with the Chair, officers and external auditors.</p> <p>The committee completes a self assessment annually.</p> <p>The committee receives and approves the annual Strategic Audit Plan which outlines how Internal Audit will fulfil its objectives.</p> <p>At audit committee meetings during the year we present a progress report on performance against the internal audit plan, a report highlighting the most significant findings of recent audit reviews and a report on current investigations.</p> <p>The audit plan is flexible and is changed as necessary to accommodate anything arising in the committee.</p> <p>RSM Tenon attend the audit committee to present the annual internal audit report at the end of the financial year.</p>
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the audit committee?	√			There is a private meeting annually. The Internal Audit Manager has full and free access to the audit committee.
5	Relationships				
5.1	Principles of Good Relationships				
5.1.2	<p>Is there a protocol that defines the working relationship for Internal Audit with:</p> <p>[a] management?</p> <p>[b] other internal auditors?</p> <p>[c] external auditors?</p> <p>[d] other regulators and inspectors?</p> <p>[e] elected members?</p>	√		√	<p>Internal Audit Charter N/A</p> <p>Protocol to be agreed after change of external auditors.</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
5.2	Relationships with Management				
5.2.1	Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?	√			The Internal Audit Manager and the internal audit management team seek to make and maintain good working relationships with key managers across the organisation.
5.2.2	Is the timing of audit work planned in conjunction with management?	√			We set out the proposed timing of audit work in the annual periodic plan, which is discussed with management as well as being presented to the audit committee. We then agree the specific timing of each audit with the appropriate manager for each audit area.
5.3	Relationships with Other Internal Auditors				
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?				N/A Collaboration will increase and formal arrangements will be agreed as necessary.
5.4	Relationships with External Auditors				
5.4.2	Is it possible for Internal Audit and External Audit to rely on each other's work?		√		We always allow External Audit access to our internal audit working papers. It is not standard practice for internal auditors to be permitted access to external audit working papers which we would need to be able to place reliance on their work. Meetings take place with the WAO (external auditors) to ensure that internal and external audit plans are complementary.
5.4.3	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?	√			
5.4.3	Are the internal and external audit plans co-ordinated?	√			
5.5	Relationships with Other Regulators and Inspectors				
5.5.1	Has the Head of Internal Audit sought to establish a dialogue with the regulatory and inspection agencies that interact with the organisation?	√			Dialogue takes place with agencies as appropriate, e.g. DELLS, CSSIW, Estyn, WAG.
5.6	Relationships with Elected Members				
5.6.1	Do the terms of reference for Internal Audit define the channels of communication with members and describe how such relationships should operate?			√	Members can contact the Head of Internal Audit at any time. To be included in the updated audit charter.
5.6.1	Does the Head of Internal Audit maintain good working relationships with members?	√			Members refer areas of concern to the audit team.

Ref	Adherence to the Standard	Y	P	N	Evidence
6	Staffing, Training and Continuing Professional Development				
6.1	Staffing Internal Audit				
6.1.1	Is Internal Audit appropriately staffed (numbers, grades, qualifications, personal attributes and experience) to achieve its objectives and comply with these standards?	√			There is currently a team of 12 in place, 9.4 FTE, with appropriate qualifications and experience to meet the plan. Staff are supported in studying for professional exams. The staff appraisal system is used to identify development needs. The Internal Audit Manager is contracted out to RSM Tenon, and has access to specialist and general RSM Tenon staff as necessary to complete the plan.
6.1.1	Does the Head of Internal Audit have access to appropriate resources where the necessary skills and expertise are not available within the internal audit team?	√			The Internal Audit Manager has access to RSM Tenon resources. As a large professional services firm, they can provide a wide variety of skills and expertise outside of the core internal audit team.
6.1.2	Is the Head of Internal Audit professionally qualified and experienced?	√			FCIIA, MCIIA, with more than 25 years internal audit experience. Backed up by an RSM Tenon Director who has many years experience in managing teams and internal audit services.
6.1.2	Does the Head of Internal Audit have wide experience of internal audit and management?	√			
6.1.3	[a] Do all internal audit staff have up to date job descriptions? [b] Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for internal audit staff?	√ √			Job descriptions and person specifications are maintained for all positions within the department. Currently being updated as part of the service review. The department is currently undergoing a restructure as part of a service review. The numbers, grades, qualifications, attributes and skills and experience necessary to meet the new departmental needs have been defined in that review.

Ref	Adherence to the Standard	Y	P	N	Evidence
6.2	Training and Continuing Professional Development				
6.2.1	<p>[a] Has the Head of Internal Audit defined the skills and competencies for each level of auditor?</p> <p>[b] Are individual auditors periodically assessed against these predetermined skills and competencies?</p> <p>[c] Are training or development needs identified and included in an appropriate ongoing development programme?</p> <p>[d] Is the development programme recorded, regularly reviewed and monitored.</p>	√			<p>Job descriptions and person specifications include accountabilities and skills required for each level of auditor. These have been revised as part of the service review. This is used to help assess and develop staff. These relate to various attributes including qualifications, experience, technical expertise and people skills.</p> <p>Key competencies have been defined for all staff, which will be used to focus training.</p> <p>All staff will participate in an annual appraisal, as well as a mid-year review, leading to a personal development plan for each individual.</p>
6.2.2	Do individual auditors maintain a record of their professional training and development activities?	√			All members of staff are required to maintain a record of all of their training and development activities
7	Audit Strategy and Planning				
7.1	Audit Strategy				
7.1.1	<p>[a] Is there an <i>internal audit</i> strategy for delivering the service?</p> <p>[b] Is it kept up to date with the organisation and its changing priorities?</p>	√ √			<p>We prepare an internal audit strategy for the organisation based on risk and the needs of the organisation.</p> <p>The internal audit strategy is reviewed on an annual basis and updated to reflect changing priorities and subsequent changes on the risk profile of the organisation.</p>
7.1.2	<p>Does the strategy include:</p> <p>[a] Internal Audit objectives and outcomes?</p> <p>[b] how the Head of Internal Audit will form and evidence his or her opinion on the control environment?</p> <p>[c] how Internal Audit's work will identify and address local and national issues and risks?</p> <p>[d] how the service will be provided, i.e. internally, externally, or a mix of the two?</p> <p>[e] the resources and skills required to deliver the strategy?</p>	√ √ √ √ √			<p>Our internal audit strategy sets out the purpose of internal audit, and maps the Authority's audit needs to its strategic objectives as well as to risks facing the Authority and to national emerging issues.</p> <p>The strategy also sets out the use of internal resource supported by RSM Tenon specialists where necessary.</p>

Ref	Adherence to the Standard	Y	P	N	Evidence
7.1.3	Has the strategy been approved by the audit committee?	√			We submit the audit strategy to the audit committee for approval annually.
7.2	Audit Planning				
7.2.1	Is there a risk-based plan that is informed by the organisation's risk management, performance management and other assurance processes?	√			The internal audit strategy and periodic plan are derived from discussions with senior management, a review of the Authority's risk management framework, the consideration of key objectives for the Authority and other assurance processes that are in place.
7.2.1	Where the risk management process is not fully developed or reliable, does the Head of Internal Audit undertake his or her own risk assessment process?	√			The risk management process within the Authority has been developed during the last few years. We use the information from the Strategic Assessment of Risks and Challenges to prepare the audit plan.
7.2.1	Are stakeholders consulted on the audit plan?	√			Our planning process includes meeting and discussing audit needs with key members of management across the organisation. We also meet with the external auditors to agree where internal audit work will be relied upon by external audit.
7.2.2	Does the plan demonstrate a clear understanding of the organisation's functions?	√			The plan includes audit work in each Directorate and the Corporate Centre, as well as the Authority as a whole.

Ref	Adherence to the Standard	Y	P	N	Evidence
7.2.3	Does the plan: [a] cover a fixed period of no longer than one year? [b] outline the assignment to be carried out? [c] prioritise assignments? [d] estimate the resources required? [e] differentiate between assurance and other work? [f] allow a degree of flexibility?	√ √ √ √ √ √			Our periodic plan covers a financial year. It lists the assignments to be carried out, with a brief overview of the work to be completed and an estimate of the number of days to be allocated to them. Risk based reviews are shown separately from regulatory work and advisory work. It also includes a provision for requests from management. Where any changes are required to the periodic plan, this is discussed with management and proposed changes to the audit plan taken to the audit committee for approval. This can be done at any time during the year to address a change in audit need or risk profile.
7.2.4	Has the plan been approved by the audit committee	√			We take our strategic plan and the periodic plan for the year to the Audit Committee for their approval at the start of the financial year.
7.2.4	If there is an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions?	√			A progress report is submitted to each audit committee meeting. This includes amendments to the plan, including the need for any additional resources.
7.2.5	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	√			A progress report is submitted to each audit committee meeting. If significant matters arise impacting delivery of the plan, these are reported in the progress report.
8	Undertaking Audit Work				
8.1	Planning				
8.1.1	[a] Is a brief prepared for each audit? [b] is the brief discussed and agreed with relevant managers?	√			Following a planning meeting or discussion, an Assignment Planning Sheet is issued to

Ref	Adherence to the Standard	Y	P	N	Evidence
8.1.1	Does the brief set out: [a] objectives? [b] scope? [c] timing? [d] resources? [e] reporting requirements?	√			the manager in advance of the audit commencing, setting out the scope and timing of the audit, as well as other details such as the manager responsible for that audit. This provides the relevant managers and staff with an opportunity to comment on the brief.
8.2	Approach				
8.2.1	Is a risk-based audit approach used?	√			RSM Tenon's internal audit methodology is used, which is a risk based internal audit methodology.
8.2.3	Does the audit approach show when management should be informed of interim findings where key (serious) issues have arisen?	√			All staff members are encouraged to liaise with management to keep them appraised of significant issues arising from internal audit work as well as providing formal feedback at the audit debrief meeting.
8.2.4	Does the audit approach include a quality review process for each audit?	√			A quality review process is built into our internal audit methodology. This is set out in the internal audit manual. Principal Auditors review each audit file.
8.3	Recording Audit Assignments				
8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	√			The internal audit manual sets out the standards for audit documentation and working papers.
8.3.1	Do quality reviews ensure that the defined standard is followed consistently for all audit work?	√			Management review of working papers, and the internal quality review process, encompass the standard and consistency of internal audit work. This is set out in the internal audit manual.

Ref	Adherence to the Standard	Y	P	N	Evidence
8.3.2	Are working papers such that an experienced auditor can easily: [a] identify the work that has been performed? [b] re-perform it if necessary? [c] see how the work supports the conclusions reached?	√			Our automated working papers, 4Audit, are used by all of our internal audit team. They have been developed by RSM Tenon to include fields to record key data so that testing is re-performable. Standards for the completion of working papers and audit files are set out in the internal audit manual.
8.3.3	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	√			Audit documentation is retained according to FCC's retention policy.
8.3.3	Do all retention and access policies conform to appropriate legislation, i.e. Data Protection Act, Freedom of Information Act, etc and any organisational requirements?	√			Audit documentation is retained according to FCC's retention policy.
8.3.3	Is there an access policy for audit files and records?	√			Access to audit files is specified in the audit charter.
9	Due Professional Care				
9.2	Responsibilities of the Individual Auditor				
9.2.1	Are there documents that set out the requirements on all audit staff in terms of: [a] being fair and not allowing prejudice or bias to override objectivity? [b] declaring interests that could be perceived to be conflicting or could potentially lead to conflict? [c] receiving and giving gifts and hospitality from employees, clients, suppliers or third parties? [d] using all reasonable care in obtaining sufficient, relevant and reliable evidence on which to base conclusions? [e] being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest? [f] having sufficient knowledge to identify indicators that fraud or corruption may have been committed? [g] disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice? [h] disclosing any non-compliance with these standards? [i] not using information they gain in the course of their duties for personal use?	√			Ethical standards for internal auditors are set out in the internal audit manual. In addition, FCC's code of conduct for officers applies to all auditors. New internal auditors are provided with training on due professional care, objectivity and quality as part of their induction. Declaration of Interest forms are completed by all staff annually.

Ref	Adherence to the Standard	Y	P	N	Evidence
9.3	Responsibilities of the Head of Internal Audit				
9.3.1	Has the Head of Internal Audit established a monitoring and review programme to ensure that due professional care is achieved and maintained?	√			Our procedures and expectations for supervision, quality review and management are set out in the internal audit manual. All reports and working papers are reviewed before the issue of a draft report.
9.3.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	√			All audit staff members are provided with guidance on actions to take if they have any suspicions of fraud or corruption.
10	Reporting				
10.1	Principles of Reporting				
10.1.1	Is an opinion on the control environment and risk exposure given in each audit report?	√			We only issue an opinion for assurance work. Some assignments are advisory reviews and a formal opinion is not provided, although those reports will still highlight the issues that the organisation needs to address, and the risk implications of those issues.
10.1.3	Has the Head of Internal Audit determined the way in which Internal Audit will report?	√			We have a defined reporting format that all members of our internal audit team are required to use. This has been developed to meet the various internal audit standards we are required to meet, as well as to provide a useful and meaningful audit report to the Authority.
10.1.4	Has the Head of Internal Audit set out the standards for internal audit reporting?	√			Standards for internal audit reporting are set out in the internal audit manual. Reporting templates are generated from the working papers to provide consistency.
10.1.5	Are there laid-down timescales for reports to be issued?	√			Draft reports should be issued within 20 working days of the end of the fieldwork.

Ref	Adherence to the Standard	Y	P	N	Evidence
10.2	Reporting on Audit Work				
10.1.4 10.1.4 10.2.2 10.2.1 10.1.4 10.2.1	Do the reporting standards include: [a] format of the reports? [b] quality assurance of reports? [c] the need to state the scope and purpose of the audit? [d] the requirement to give an opinion? [e] process for agreeing reports with the recipients? [f] an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	√			The internal audit manual provides staff and managers with requirements on all of these areas. All audit reports contain an action plan to record the action that management have agreed to take to address the issues identified by internal audit.
10.2.3	Does the audit reporting process include discussion and agreement of reports?	√			Our methodology includes a debrief stage, where the findings of the audit, and our proposed recommendations are discussed with auditees. Our internal audit reports are then issued in draft to the auditee(s). Our report will not be finalised until management comments have been received; these are recorded in the action plan of each report.
10.2.4	Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	√			All recommendations made in reports providing assurance are categorised in line with our risk based audit methodology. The categorisation of recommendations and an explanation of each category is provided within our automated audit working papers and in the internal audit manual.
10.2.5	Are areas of disagreement recorded appropriately?	√			Where possible disagreements are resolved. However, if that were not possible, they would be recorded within the report and referred to Directors.
10.2.5	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention to senior management?	√			Where possible disagreements are resolved. However, if that were not possible, they would be recorded within the report and referred to Directors.
10.2.6	Is the circulation of each audit report determined when preparing the audit brief?	√			The report distribution is set out in the Assignment Planning Sheet that is issued before the audit commences.

Ref	Adherence to the Standard	Y	P	N	Evidence
10.2.6	[a] Does the reporting process include details of circulation of that particular audit report? [b] Is this included in the brief for each individual audit?	√			Our internal audit reports record to whom the report has been issued, and whether the report is in draft or final form as well as the date of issue at each stage.
10.2.7	Does the Head of Internal Audit have mechanisms in place to ensure that: [a] recommendations that have a wider impact are reported to the appropriate forums? [b] risk registers are updated?	√		√	Reports are circulated as necessary, according to their scope and findings. The risk management process within the Authority is still being developed. Updating registers from audit findings will be started in 2011/12.
10.3	Follow-up Audits and Reporting				
10.3.1	Has the Head of Internal Audit defined the need for and the form of any follow-up action?	√			Recommendations from each audit are followed up as part of the next audit in that area. Specific follow up reviews are scheduled as necessary.
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures for internal audit recommendations not implemented by the agreed date?	√			Recommendation tracking takes place on an ongoing basis. Reports are submitted to each audit committee on the status of recommendations.
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	√			Each follow up report includes an audit opinion, based on the level of implementation of recommendations from the original report.
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	√			All previous internal audit reports are available to staff to help them plan and undertake the next audit.
10.4	Annual Reporting and Presentation of Audit Opinion				
10.4.1	Does the Head of Internal Audit provide an annual report to support the Statement on Internal Control?	√			RSM Tenon provide an annual internal audit report. This is used to inform the Annual Governance Statement.

Ref	Adherence to the Standard	Y	P	N	Evidence
10.4.2	<p>Does the Head of Internal Audit's annual report:</p> <p>[a] include an opinion on the overall adequacy and effectiveness of the organisation's control environment?</p> <p>[b] disclose any qualifications to that opinion, together with the reasons for the qualification?</p> <p>[c] present a summary of the audit work from which the opinion was derived, including reliance placed on work by other assurance bodies?</p> <p>[d] draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Statement on Internal Control?</p> <p>[e] compare that actual work undertaken with the planned work and summarise the performance of the internal audit function against its performance measures and targets?</p> <p>[f] comment on compliance with the standards of the Code?</p> <p>[g] communicate the results of the internal audit quality assurance programme?</p>	√			RSM Tenon's Local Government Sector Group and Technical Team advises our internal audit team on the required content of internal audit reports. The annual report is designed to meet the requirements of both the Code and to meet best practice.
10.4.3	Has the Head of Internal Audit made provisions for interim reporting to the organisation during the year?	√			A summary of audits completed is presented to each audit committee meeting. This includes detailed findings from reports where there is limited assurance.
11	Performance, Quality and Effectiveness				
11.1	Principles of Performance, Quality and Effectiveness				
11.1.1	Is there an audit manual?	√			An internal audit manual is available to all members of the internal audit team. It was updated and reissued in 2007/08.
11.1.1	Does the audit manual provide guidance on: [a] carrying out day-to-day audit work? [b] complying with the Code?	√			The internal audit manual provides guidance to staff on how to perform audit work, and compliance with the Code and other internal audit standards with which we are required to comply.

Ref	Adherence to the Standard	Y	P	N	Evidence
11.1.1	Is the audit manual reviewed regularly and updated to reflect changes in working practices and standards?	√			The internal audit manual was updated and reissued in 2007/08 after RSM Tenon issued their own updated manual. This was re-issued by the RSM Tenon Technical Team to reflect current best practice. The manual will be reviewed and re-issued in 2011.
11.1.2	Does the Head of Internal Audit have arrangements in place to assess the performance and effectiveness of: [a] each individual audit? [b] the internal audit service as a whole?	√		√	Our internal audit methodology includes a formal quality control process for each audit. It is intended to make use of the RSM Tenon quality assurance review process where internal audit services of their clients are reviewed by an independent team.
11.2	Quality Assurance of Audit Work				
11.2.1	Does the Head of Internal Audit have a process in place to ensure that work is allocated to auditors who have the appropriate skills, experience and competence?	√			The skills and experience that we need to deliver the internal audit plan is planned at the start of the year. Where appropriate, we will draw on specialists to bring particular skills or experience to the delivery of the periodic plan.
11.2.2	Does the Head of Internal Audit have a process in place to ensure that all staff are supervised appropriately throughout all audits?	√			The Internal Audit Manager and the Principal Auditors are responsible for ensuring that all staff are appropriately supervised.
11.2.2	Does the supervisory process cover: [a] monitoring progress? [b] assessing quality of audit work? [c] coaching staff?	√			

Ref	Adherence to the Standard	Y	P	N	Evidence
11.3	Performance and Effectiveness of the Internal Audit Service				
11.3.1	Does the Head of Internal Audit have a performance management and quality assurance programme in place?	√			<p>The internal audit department has in place a formal quality assurance programme that covers all of our internal audit work</p> <p>There is a formal appraisal and development programme in place within the Authority; all internal audit staff participate in an annual appraisal, and a six-monthly review.</p> <p>Performance indicators are in place to monitor the internal audit service. These are reported to each audit committee meeting. They are also reported to the Finance SMT and then to CMT.</p>
11.3.2	<p>Does the performance management and quality assurance framework include as a minimum:</p> <p>[a] a comprehensive set of targets to measure performance:</p> <p>[i] which are developed in consultation with appropriate parties?</p> <p>[ii] which are included in service level agreements, where appropriate?</p> <p>[iii] against which the Head of Internal Audit measures, monitors and reports appropriately on progress?</p> <p>[b] user feedback obtained for each individual audit and periodically for the whole service?</p> <p>[c] a periodic review of the service against the strategy and the achievement of its aims and objectives, the results of which are used to inform the future strategy?</p> <p>[d] Internal quality reviews to be undertaken periodically to ensure compliance with this Code and the audit manual?</p> <p>[e] an action plan to implement improvements?</p>	√			<p>Targets for performance management have been developed with the audit committee, and are reported to each meeting.</p> <p>The department has a Service Plan, which includes overall targets for the year. This is reviewed periodically and updated annually.</p> <p>Feedback questionnaires are issued after each individual audit.</p> <p>Internal quality is maintained by ongoing monitoring, with improvements made where necessary.</p>
11.3.3	Does the Head of Internal Audit compare the performance and effectiveness of the service over time, in terms of both the achievement of targets and the quality of the service provided to the user?	√			Performance against targets is compared with previous years.

Ref	Adherence to the Standard	Y	P	N	Evidence
11.3.1	Do the results of the performance management and quality assurance programme evidence that the internal audit service is: [a] meeting its aims and objectives? [b] compliant with the Code? [c] meeting internal quality standards? [d] effective, efficient, continuously improving? [e] adding value and assisting the organisation in achieving its objectives?	√			Most of the targets set in the Service Plan and with the audit committee have been met.
11.3.4	Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report?	√			We report on the performance measures agreed within the annual internal audit report.
11.3.5	Does the Head of Internal Audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	√			We report on the performance measures agreed within the annual internal audit report.

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 13

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **AUDIT COMMITTEE SELF ASSESSMENT**

1.00 PURPOSE OF REPORT

1.01 To request members and statutory officers to complete the attached self assessment as part of the preparation for the Annual Governance Statement 2010/11.

2.00 BACKGROUND

2.01 The Chartered Institute of Public Finance and Accountancy (CIPFA) published Audit Committees - Practical Guidance for Local Authorities in 2006, followed by A Toolkit for Local Authority Audit Committees, with the aim of providing a set of advice and suggestions on good practice in the operation of Audit Committees. The toolkit included a self assessment questionnaire. This is completed by members of the Audit Committee and statutory officers annually.

2.02 The Audit Committee is part of the governance framework for the Authority, so that as part of the preparation for the Annual Governance Statement for 2010 it is appropriate for the self assessment questionnaire to be completed again by the committee and statutory officers. The completion of the self assessment forms in itself forms part of the evidence behind the production of the Annual Governance Statement. It also identifies areas where it is felt that the committee would benefit from additional training, which will be arranged during 2011.

3.00 CONSIDERATIONS

3.01 The questionnaire and supporting information are shown in the Appendix. In order to be included within the preparation for the AGS the questionnaires should be completed and returned to the Head of Internal Audit by the end of April 2011.

3.02 The results could also show areas for the future development of the Committee, which will be implemented during 2011.

Date: 29/03/2011

4.00 RECOMMENDATIONS

4.01 That the committee agrees on the completion of the questionnaires, with the results to be reported back to the next meeting.

5.00 FINANCIAL IMPLICATIONS

5.01 None.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Audit Committee Self Assessment Checklist
Counter Fraud Publication

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS**

None

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Notes to aid completion.

The first page refers to the core functions of an Audit Committee as identified by CIPFA. These core functions are

- Constitution
- Membership
- Attendance at meetings
- Frequency of meetings
- Authority
- Duties
- Reporting procedures

The section on Internal Control refers to the document “Managing the Risk of Fraud – Actions to Counter Fraud and Corruption”. That document is attached. Although it has not been adopted by Flintshire, there is in place within the Authority a Corporate Anti-Fraud and Corruption Strategy and a Fraud Response Plan. These have been in place for some time and are regularly updated.

COMPLETED BY _____

AUDIT COMMITTEE
SELF-ASSESSMENT CHECKLIST

ESTABLISHMENT, OPERATION AND DUTIES					
Role and Remit					
Priority	Issue	Yes	No	N/A	Comment/Action
1.	Does the Audit Committee have written terms of reference?				
1.	Do the terms of reference cover the core functions of an Audit Committee as identified in the CIPFA guidance?				
1.	Are the terms of reference approved by the Council and reviewed periodically?				
1.	Has the Audit Committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?				
1.	Can the Audit Committee access other committees and full Council as necessary?				
1.	Does the Authority's Statement of Internal Control include a description of the Audit Committee's establishment and activities?				
1.	Does the Audit Committee periodically assess its own effectiveness?				
2.	Does the Audit Committee make a formal annual report on its work and performance during the year to full Council?				
Membership, Induction and Training					
1.	Has the membership of the Audit Committee been formally agreed and a quorum set?				

Priority	Issue	Yes	No	N/A	Comment/Action
1.	Is the Chair independent of the Executive function?				
1.	Has the Audit Committee Chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?				
1.	Are new Audit Committee Members provided with an appropriate induction?				
1.	Have all Members' skills and experiences been assessed and training given for identified gaps?				
1.	Has each Member declared his or her business interests?				
2.	Are Members sufficiently independent of the other key committees of the Council?				
Meetings					
1.	Does the Audit Committee meet regularly?				
1.	Do the terms of reference set out the frequency of meetings?				
1.	Does the Audit Committee calendar meet the Authority's business needs, governance needs and the financial calendar?				
1.	Are Members attending meetings on a regular basis and, if not, is appropriate action taken?				
1.	Are meetings free and open without political influences being displayed?				
1.	Does the Authority's S.151 Officer or Deputy attend all meetings?				
1.	Does the Audit Committee have the benefit of attendance of appropriate Officers at its meetings?				

Priority	Issue	Yes	No	N/A	Comment/Action
INTERNAL CONTROL					
1.	Does the Audit Committee consider the findings of the annual review of the effectiveness of the System of Internal Control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?				
1.	Does the Audit Committee have responsibility for review and approval of the Annual Governance Statement (AGS) and does it consider it separately from the accounts?				
1.	Does the Audit Committee consider how meaningful the AGS is?				
1.	Does the Audit Committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?				
1.	Has the Audit Committee considered how it integrates with other committees that may have responsibility for risk management?				
1.	Has the Audit Committee (with delegated responsibility) or the full Council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption"?				
1.	Does the Audit Committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?				
2.	Is the Audit Committee made aware of the role of risk management in the preparation of the internal audit plan?				

Priority	Issue	Yes	No	N/A	Comment/Action
2.	Does the Audit Committee review the Authority's strategic risk register at least annually?				
2.	Does the Audit Committee monitor how the Authority assesses its risk?				
2.	Does the Audit Committee's terms of reference include oversight of the risk management process?				
FINANCIAL REPORTING AND REGULATORY MATTERS					
1.	Is the Audit Committee's role in the consideration and/or approval of the annual accounts clearly defined?				
1.	Does the Audit Committee consider specifically: <ul style="list-style-type: none"> the suitability of accounting policies and treatments major judgements made large write-offs changes in accounting treatment the reasonableness of accounting estimates the narrative aspects of reporting?				
1.	Is an Audit Committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?				
1.	Does the Audit Committee review management letter of representation?				
2.	Does the Audit Committee annually review the accounting policies of the Authority?				

Priority	Issue	Yes	No	N/A	Comment/Action
2.	Does the Audit Committee gain an understanding of management's procedures for preparing the Authority's annual accounts?				
2.	Does the Audit Committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?				
INTERNAL AUDIT					
1.	Does the Audit Committee approve, annually and in detail, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the Authority's significant risks?				
1.	Does internal audit have an appropriate reporting line to the Audit Committee?				
1.	Does the Audit Committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?				
1.	Are follow-up audits by internal audit monitored by the Audit Committee and does the Committee consider the adequacy of implementation of recommendations?				
1.	Does the Audit Committee hold periodic private discussions with the Head of Internal Audit?				
1.	Is there appropriate co-operation between the internal and external auditors?				
1.	Does the Audit Committee review the adequacy of internal audit staffing and other resources?				

Priority	Issue	Yes	No	N/A	Comment/Action
1.	Has the Audit Committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal Audit in Local Government in the UK.				
2.	Are internal audit performance measures monitored by the Audit Committee.				
2.	Has the Audit Committee considered the information it wishes to receive from Internal Audit?				
EXTERNAL AUDIT					
1.	Do the external auditors present and discuss their audit plans and strategy with the Audit Committee (recognising the statutory duties of external audit)?				
1.	Does the Audit Committee hold periodic private discussions with the external auditor?				
1.	Does the Audit Committee review the external auditor's annual report to those charged with governance?				
1.	Does the Audit Committee ensure that officers are monitoring action taken to implement external audit recommendations?				
1.	Are reports on the work of external audit and other inspection agencies presented to the Committee including the Audit Commission's annual audit and inspection letter?				
1.	Does the Audit Committee assess the performance of external audit?				
1.	Does the Audit Committee consider and approve the external audit fee?				

Priority	Issue	Yes	No	N/A	Comment/Action
ADMINISTRATION					
Agenda Management					
1.	Does the Audit Committee have a designated secretary from Committee/ Member Services?				
1.	Are agenda papers circulated in advance of meetings to allow adequate preparation by Audit Committee Members?				
2.	Are outline agendas planned one year ahead to cover issues on a cyclical basis?				
2.	Are inputs for Any Other Business formally requested in advance from Committee Members, relevant officers, internal and external audit?				
Papers					
1.	Do reports to the Audit Committee communicate relevant information at the right frequency, time, and in a format that is effective?				
2.	Does the Audit Committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?				
Actions Arising					
1.	Are minutes prepared and circulated promptly to the appropriate people?				
1.	Is a report on matters arising made and minuted at the Audit Committee's next meeting?				
1.	Do action points indicate who is to perform what and by when?				

CIPFA Better Governance Forum

**MANAGING THE RISK
OF FRAUD**

Actions to Counter Fraud
and Corruption

INTRODUCTION



“This guidance should be at the heart of any counter-fraud strategy.”

Peter Dorrington, Head of Fraud Solutions, SAS UK and Ireland



“A robust, holistic and professional lead has to be taken to ensure new levels of probity, efficiency and honesty.”

Jim Gee, Managing Director, NHS Counter Fraud and Security Management Service



“The Audit Commission believes that the risks of fraud and the damaging financial, reputational and operational consequences that can flow from fraud are such that they demand a corporate response.”

Steve Bundred, Chief Executive, The Audit Commission

This guidance describes what action is needed for an organisation to be effective in countering fraud and corruption. It is intended to provide support to organisations and individuals in all sectors of the economy.

The guidance is shaped in accordance with best practice and, therefore, addresses the following crucial areas:

- The key elements of a proper strategic approach
- The accurate identification of risks
- The creation and maintenance of a strong structure
- The range of action needed to tackle the problem
- The definition of success

This is the first time that such guidance has been issued and it is deliberately framed as a series of questions so that answers can be developed which meet the specific circumstances of each organisation or sector. Affirmative answers would tend to indicate the existence of appropriate arrangements. If no answers can be provided then more work may be needed to address the issues concerned.

Addressing each area of the guidance and using the common ‘language’ of countering fraud which is provided by common professional, accredited training, organisations can ensure they adopt a comprehensive, professional and integrated approach to combating fraud.

This guidance was developed by the CIPFA Better Governance Forum Counter Fraud Advisory Panel. It was then enhanced following wide consultation including:

- Government Departments
- Local Authorities
- The NHS Counter Fraud and Security Management Service
- Police, Fire, Housing Associations
- The Audit Commission
- The National Anti-Fraud Network
- The Institute of Counter Fraud Specialists

The CIPFA Audit Panel endorses this guidance.

ADOPTING THE RIGHT STRATEGY

ACCURATELY IDENTIFYING THE RISKS

1.0

Key elements of a strategic approach

- 1.1** Does the organisation have a counter fraud and corruption strategy that can be clearly linked to the organisation's overall strategic objectives?
- 1.2** Is there a clear remit to reduce losses to fraud and corruption to an absolute minimum covering all areas of fraud and corruption affecting the organisation?
- 1.3** Are there effective links between 'policy' work (to develop an anti-fraud and corruption and 'zero tolerance' culture, create a strong deterrent effect and prevent fraud and corruption by designing and redesigning policies and systems) and 'operational' work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where it is found)?
- 1.4** Is the full range of integrated action being taken forward or does the organisation 'pick and choose'?
- 1.5** Does the organisation focus on outcomes (i.e. reduced losses) and not just activity (i.e. the number of investigations, prosecutions, etc.)?
- 1.6** Has the strategy been directly agreed by those with political and executive authority for the organisation?

2.0

Measuring fraud and corruption losses

- 2.1** Are fraud and corruption risks considered as part of the organisation's strategic risk management arrangements?
- 2.2** Is the organisation seeking to identify accurately the nature and scale of losses to fraud and corruption, using a:
 - proper definition of fraud based in civil law for making accurate estimates?
 - professional statistical methodology for making accurate estimates and building in a proper level of independent validation?
- 2.3** Does the organisation use accurate estimates of losses to make informed judgements about levels of budgetary investment in work to counter fraud and corruption?

CREATING AND MAINTAINING A STRONG STRUCTURE

3.0

Having the necessary authority and support

- 3.1** Do those tasked with countering fraud and corruption have the appropriate authority needed to pursue their remit effectively, linked to the organisation's counter fraud and corruption strategy?
- 3.2** Is there strong political and executive support for work to counter fraud and corruption?
- 3.3** Is there a level of financial investment in work to counter fraud and corruption that is proportionate to the risk that has been identified?

Specialist training and accreditation

- 3.4** Are all those working to counter fraud and corruption professionally trained and accredited for their role?
- 3.5** Do those employees who are trained and accredited formally review their skills base and attend regular refresher courses to ensure they are abreast of new developments and legislation?
- 3.6** Are all those working to counter fraud and corruption undertaking this work in accordance with a clear ethical framework and standards of personal conduct?

Propriety checks

- 3.7** Is an effective propriety checking process – implemented by appropriately trained staff – in place that includes appropriate action where individuals fail the check?
- 3.8** Does the organisation regularly review its propriety checking and are random checks carried out to ensure that it is implemented?

Developing effective relationships with other organisations

- 3.9** Are there framework agreements in place to work with other organisations and agencies?
- 3.10** Are the framework agreements focussed on the practicalities of common work?
- 3.11** Are there regular meetings to implement and update these agreements?

TAKING ACTION TO TACKLE THE PROBLEM

4.0

Taking the full range of action and integrating different strands

- 4.1** Is the organisation undertaking the full range of necessary action (see also 1.3)?

Culture, deterrence and prevention framework

Culture

- 4.2** Does the organisation have a clear programme of work attempting to create a real anti-fraud and corruption and zero tolerance culture (including strong arrangements to facilitate whistleblowing)?
- 4.3** Are there clear goals for this work (to maximise the percentage of staff and public who recognise their responsibilities to protect the organisation and its resources)?
- 4.4** Is this programme of work being effectively implemented?
- 4.5** Are there arrangements in place to evaluate the extent to which a real anti-fraud and corruption culture exists or is developing throughout the organisation?
- 4.6** Are agreements in place with stakeholder representatives to work together to counter fraud and corruption?
- 4.7** Have arrangements been made to ensure that stakeholder representatives benefit from successful counter fraud and corruption work?

Deterrence

- 4.8** Does the organisation have a clear programme of work attempting to create a strong deterrent effect?
- 4.9** Does the organisation have a clear programme of work to publicise the:
- hostility of the honest majority to fraud and corruption;
 - effectiveness of preventative arrangements;
 - sophistication of arrangements to detect fraud and corruption;
 - professionalism of those investigating fraud and corruption and their ability to uncover evidence;
 - likelihood of proportionate sanctions being applied; and
 - likelihood of losses being recovered?
- 4.10** Has the organisation successfully publicised work in this area?
- 4.11** Has the publicity been targeted at the areas of greatest fraud losses?

TAKING ACTION TO TACKLE THE PROBLEM

Prevention

- 4.12 Does the organisation seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses?
- 4.13 Do concluding reports on investigations include a specific section on identified policy and systems weaknesses that allowed the fraud and corruption to take place?
- 4.14 Is there a system for considering and prioritising action to remove these identified weaknesses?

Detection

- 4.15 Are there effective 'whistleblowing' arrangements in place?
- 4.16 Are analytical intelligence techniques used to identify potential fraud and corruption?
- 4.17 Are there effective arrangements for collating, sharing and analysing intelligence?
- 4.18 Are there arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation?
- 4.19 Are arrangements in place to ensure that identified potential cases are promptly and appropriately investigated?
- 4.20 Are proactive exercises undertaken in key areas of fraud risk or known systems weaknesses?

Investigation

- 4.20 Is the organisation's investigation work effective?
- 4.21 Is it carried out in accordance with clear guidance?
- 4.22 Do those undertaking investigations have the necessary powers, both in law, where necessary, and within the organisation?
- 4.23 Are referrals handled and investigations undertaken in a timely manner?
- 4.24 Does the organisation have arrangements in place for assessing the effectiveness of investigations?

Sanctions

- 4.25 Does the organisation have a clear and consistent policy on the application of sanctions where fraud or corruption is proven to be present?
- 4.26 Are all possible sanctions – disciplinary / regulatory, civil and criminal – considered?
- 4.27 Does the consideration of appropriate sanctions take place at the end of the investigation when all the evidence is available?
- 4.28 Does the organisation monitor the extent to which the application of sanctions is successful?

DEFINING SUCCESS

Redress

- 4.29 Does the organisation have a clear policy on the recovery of losses incurred to fraud and corruption?
- 4.30 Is the organisation effective in recovering any losses incurred to fraud and corruption?
- 4.31 Does the organisation use the criminal and civil law to the full in recovering losses?
- 4.32 Does the organisation monitor proceedings for the recovery of losses?
- 4.33 What is the organisation's successful recovery rate?

5.0

Focusing on outcomes and not merely activity

- 5.1 Are there clear outcomes described for work to counter fraud and corruption?
- 5.2 Do the desired outcomes relate to the actual sums lost to fraud and corruption?



“The on-going battle against fraud and corruption can only be won if organisations have in place robust strategies and frameworks. Taking actions to proactively stop fraud occurring in the first place is a far better remedy than merely managing the risk. The step-by-step actions identified in this invaluable guide will go a long way to helping organisations achieve this.”

Steve Freer, Chief Executive, CIPFA

The Chartered Institute of Public Finance and Accountancy particularly wishes to thank the following people for their contribution to this guide:

Derek Elliott

Head of Good Conduct and Counter Fraud Network, The Audit Commission

Jim Gee

Chair, CIPFA Better Governance Forum, Counter Fraud Advisory Panel

Greg Marks

Senior Governance Manager, CIPFA Better Governance Forum

Paul Tiffen

Vice Chairman, Institute of Counter Fraud Specialists

Rachael Tiffen

Chief Internal Auditor and Anti-Fraud Manager, London Borough of Waltham Forest

The CIPFA Better Governance Forum Counter Fraud Advisory Panel has the following members:

Neil Billing

NHS Scotland Counter Fraud Services

Cajetan Chukwulozie

Bedfordshire County Council

Derek Elliott

The Audit Commission

Richard Fennelly

HM Treasury

Allen Gales

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Jim Gee

NHS Counter Fraud and Security Management Service

Tarique Ghaffur

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Greg Marks

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Rachael Tiffen

London Borough of Waltham Forest

Martin Veale

National Assembly for Wales

Jim Wilkinson

Birmingham City Council

The CIPFA BGF Counter Fraud Advisory Panel is developing further guidance to support this framework, including workshops to gain practitioner input, good practice examples, training, independent assessment and advice.

For further information regarding this and any other anti-fraud initiatives or guidance please contact:

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SAS is proud to support the CIPFA Better Governance Forum

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 14

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **OPERATIONAL AUDIT PLAN AND RECOMMENDATION**
 TRACKING

1.00 PURPOSE OF REPORT

1.01 To inform Members of the revised operational plan for the remainder of the financial year. The plan is attached (Appendix A). A summary of the changes from the original plan is attached (Appendix B). This also shows amendments reported to previous Audit Committee meetings. The results of the current recommendation tracking since the previous Audit Committee are also attached (Appendices C and D).

2.00 BACKGROUND

2.01 The status of all projects at 14th March 2011 is included in the operational plan. The plan shows the agreed timing for the individual projects where it is known. The recommendation tracking provides details of all recommendations tracked since the previous Audit Committee.

3.00 CONSIDERATIONS

3.01 A revised Operational Plan was presented to the Audit Committee in December 2010. Progress has been good against this plan with most projects commenced and many completed.

3.02 Details of a few changes are given in Appendix B. The Appendix also shows the changes to the original plan previously reported to the committee, including all additions.

3.03 A summary of recommendation tracking is given in Appendix C. All responses have been received from management and the detailed responses are given in Appendix D. This also includes the test results that led to the recommendations and the date of the original audit report.

3.04 Two of the uncleared recommendations has now been tracked more than five times. These are for the Youth Service Strategy, where the Delivery Plan was presented to LSG on 2nd March and the Leisure Management Debt Management Policy, which is awaiting the outcome of a service review and a new staff structure.

Date: 29/03/2011

4.00 RECOMMENDATIONS

4.01 The Committee is requested to consider the report and approve the amended Operational Plan.

5.00 FINANCIAL IMPLICATIONS

5.01 None.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Operational Plan 2010/11
Amendments to the plans
Audit Tracking Summary
Audit Tracking Detail

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None.

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APPENDIX A

Internal Audit Operational Plan

CORPORATE

Risk Based Coverage

Risks / Source	Risk Area	Days	Status
Council Governance			
2	Performance Management/ Business Planning.	20	DRAFT
4	Risk Management / Business Continuity	15	WIP

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Corporate Governance	10	WIP
Collaborative Working	10	MAR
Theatr Clwyd	10	DEFERRED
Consultants	10	FINAL

Total

75	
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FINANCE

Risk Based Coverage

Risks/ Source	Risk Area	Days	Status
Council Governance			
CG06	Medium Term Financial Strategy	10	DRAFT
CG07	Financial Management and Control	1	FINAL

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Days	Status
Main Accounting (General Ledger, Income and Debtors, Accounts Payable, Cash Receipting)	46	WIP
Housing Benefit	15	FINAL
Council Tax and NNDR	12	WIP
Capital Programme	20	WIP

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Benefit Fraud	10	FINAL

Total

114	
-----	--

PENSION FUND

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Days	Status
Pensions Administration	20	WIP

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Clwyd Pension Fund Management	5	WIP
Pensions Investment Management and Accounting	15	WIP

Total	40	
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LEGAL AND DEMOCRATIC SERVICES

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Electoral Register	10	DEFERRED
Data protection	10	MAR

Total	20	
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HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Days	Status
Payroll & HR System	30	WIP
Payroll Overpayments		DRAFT

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Official Establishment	3	ONGOING
People Strategy: Appraisals	13	DRAFT
Midland Trent: Phase 2	5	ONGOING

Total	51	
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INFORMATION AND COMMUNICATIONS TECHNOLOGY

Risk Based Coverage

Risks / Source	Risk Area	Days	Status
Council Governance			
8	ICT Strategy	8	WIP
9a	Information management Strategy	5	WIP
9b	Security of Portable Data Storage Devices	1	FINAL
	Masterpiece	5	DRAFT

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Change Management	20	MAR
Telephony	20	DEFERRED
Networks	20	WIP
Systems Development	5	ONGOING
Total	84	

LIFELONG LEARNING

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Days	Status
Grants – WAG requirement to review specific grants	5	ONGOING
Funding formula and 6 th form allocations	5	WIP

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Schools Budgetary Control	15	WIP
Libraries	15	WIP
ICT Unit	10	WIP
Control Awareness Sessions New Heads and Governors	2	ONGOING
College Transport	6	DRAFT

Schools Audits

Primary School Audits	6	ONGOING
Total	64	

COMMUNITY SERVICES

Risk Based Coverage

Risk / Source	Risk Area	Days	Status
Council Delivery			
CD 23	Children out of county care & education	15	DEFERRED

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Taxis	1	FINAL
Commissioning Legal Services	11	WIP
Complaints Procedure (Social Services)	8	DRAFT
Rental Income	15	WIP

Total

50	
----	--

ENVIRONMENT

Risk Based Coverage

Risks/ Source	Risk Area	Days	Status
Council Delivery			
CD02	Street Scene	30	DRAFT
CD06	Transport arrangements for service users.	1	DRAFT
Operational			
	Follow up of PWC Fleet Management	1	DRAFT
	Section 106 agreements	1	FINAL

Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Communities First	10	DRAFT
TAITH	3	FINAL
Environmental Information	1	FINAL

Total

47	
----	--

Other Internal Audit Coverage

	Days
Strategic Audit Planning	20
Liaison with Directorates and other audit groups	20
Preparation and attendance at audit committees	5
Pro-active fraud work and NFI	20
Provision for investigations	70
Provision for ad-hoc requests from Directorates	30

Total 165

Overall Total 710

Amendments to the Operational Plan

Audits added to the plan

Payroll Overpayments – following a request from the Audit Committee for a further review. Currently at draft report stage.

Audits deferred

Theatr Clwyd – audit deferred until 2011/12.

Electoral Register – audit deferred because of the referendum on 3rd March.

Telephony – This audit has been deferred until April/May due to delays in implementing the new telephony system (IP solution) within Flintshire.

Children out of County care and education – external consultants have been brought in to advise on the delivery of out of county care. This audit has therefore been deferred to prevent the possibility of any potential duplication.

Amendments reported to previous Audit Committee meetings

Audits added to the plan

Childrens Services Control of Files – Following a potential Data Protection breach a review of the physical movement of files within Childrens Services has been completed.

Payroll – Further work carried out to provide assurance for year end.

Housing Benefit – Internal audit have conducted testing on housing benefit to support the work of the Wales Audit Office.

Payroll overpayments – review of the causes and processes for recovery of payroll overpayments.

Consultancy – an audit on controls in place for the appointment and management of consultants.

Lifelong Learning – grant schemes audited in addition to those included in the plan.

TAITH – audit deferred from 2009/10, a review of financial and administrative processes

College Transport

Access controls – Finance system

Audits deferred

Criminal Records Bureau /Independent Safeguarding Authority – Central Government announced that introduction of the Independent Safeguarding Authority has been scrapped.

Corporate

- Project Management
- Voluntary Sector Grants
- DSO Performance

Finance

- Enforcement

Legal and Democratic Services

- Land Registration

HR & OD

- Human Resources Strategy Management

ICT

- ICT Procurement

Lifelong Learning

- Youth and Community
- Records Management

Community Services

- Contract Monitoring
- Humanitarian Response Plan
- Cash Control
- Re-letting Empty Properties

Environment

- Climate Change and Flood Risk Management
- Waste Management
- Planning
- Highways
- AD Waste
- North Wales Waste Treatment Project

Other work completed

E Procurement – Internal audit are involved in a working group to develop a 'purchase to pay' system for the authority.

E-Trading – Internal audit are involved on a group established to progress a project for procurement in schools.

Establishment Control – Internal audit are involved in a group to develop the process for establishment control.

Implementation Status of Limited Assurance Reports issued

	Report Reference	Date Issued	Recommendations			Response Received	Recommendations			
			Category	Made	Previously implemented		Previously deferred	Due By 25.02.11	Imp	NOT Imp
CORPORATE										
FINANCE										
General Ledger	FL0030L3	18.04.08	Fundamental	1	0	1	YES	0	0	0
			Significant	6	2	4		1	1	0
Procurement	FL0070M1	23.09.09	Fundamental	0	0	0	YES	0	0	0
			Significant	9	5	4		4	0	4
Main Accounting	FD0080N1	25.03.10	Fundamental	1	0	1	YES	0	0	0
			Significant	6	1	5		3	1	2
Housing Benefits - WAO	FD0615P1	25.08.10	Fundamental	0	0	0	YES	0	0	0
			Significant	2	0	2		1	0	1
LEGAL & DEMOCRATIC										
Employment Practice Codes	LD0220N1	25.03.10	Fundamental	3	0	3	YES	3	2	1
			Significant	25	13	12		10	6	4

	Report Reference	Date Issued	Recommendations			
			Category	Made	Previously implemented	Previously deferred
HUMAN RESOURCES						
Payroll	HR0150N3	27.09.10	Fundamental	0	0	0
			Significant	16	9	7
Payroll	HR0155N1	18.06.10	Fundamental	0	0	0
			Significant	10	7	3
Holiday Entitlements	HR0220N1	08.09.10	Fundamental	0	0	0
			Significant	6	1	5
LIFELONG LEARNING						
Leisure Centres Catering Income	LL0070P1	30.09.10	Fundamental	0	0	0
			Significant	8	1	7
Youth & Community	EC0030K1	13.09.07	Fundamental	0	0	0
			Significant	6	5	1

Response Received	Recommendations		
	Due By 25.02.11	Imp	NOT Imp
YES	0	0	0
	1	0	1
YES	0	0	0
	3	1	2
YES	0	0	0
	2	0	2
YES	0	0	0
	6	6	0
YES	0	0	0
	1	0	1

	Report Reference	Date Issued	Recommendations			Response Received	Recommendations			
			Category	Made	Previously implemented		Previously deferred	Due By 25.02.11	Imp	NOT Imp
Leisure Management System	EC0070L1	11.12.07	Fundamental	0	0	0	YES	0	0	0
			Significant	4	3	1		1	0	1
Leisure Centres	EC0070K1	06.08.07	Fundamental	3	2	1	YES	1	0	1
			Significant	6	5	1		1	0	1
Cleaning Services	EC0080L1	14.08.08	Fundamental	0	0	0	YES	0	0	0
			Significant	13	12	1		1	1	0
C. Hall Contract Cleaning (Follow Up)	ED0086H1	24.05.06	Fundamental	2	2	0	YES	0	0	0
			Significant	5	4	1		1	1	0
COMMUNITY SERVICES										
Multi-Skilling	CS0033N1	23.08.10	Fundamental	0	0	0	YES	0	0	0
			Significant	4	1	3		1	1	0
Rent Recovery & Enforcement	CH0060M1	7.5.09	Fundamental	0	0	0	YES	0	0	0
			Significant	5	1	4		4	1	3

	Report Reference	Date Issued	Recommendations			Response Received	Recommendations		
			Category	Made	Previously implemented		Previously deferred	Due By 25.02.11	Imp
ENVIRONMENT									
Business Enterprise Units	EN0010N1	25.05.10	Fundamental	0	0	0	0	0	0
			Significant	8	2	6	5	1	4
Public Transport	ER0030M1	20.03.09	Fundamental	0	0	0	0	0	0
			Significant	5	3	2	2	2	0
TASK	EN0040N1	19.02.10	Fundamental	0	0	0	0	0	0
			Significant	5	4	1	1	1	0
Data Management – Public Protection	EN0080N1	04.03.10	Fundamental	4	2	2	0	0	0
			Significant	18	0	18	9	7	2
Taxi Contracts	EN0090N1	18.12.09	Fundamental	0	0	0	0	0	0
			Significant	7	6	1	1	1	0

	Report Reference	Date Issued	Recommendations			Response Received	Recommendations			
			Category	Made	Previously implemented		Previously deferred	Due By 25.02.11	Imp	NOT Imp
Technology Forge	EN0100N1	13.04.10	Fundamental	0	0	0	YES	0	0	0
			Significant	5	0	5		3	2	1
Affordable Housing	EN0120N1	24.02.10	Fundamental	0	0	0	YES	0	0	0
			Significant	15	2	13		9	5	4
Waste Management	HS2090J1	31.07.06	Fundamental	0	0	0	YES	0	0	0
			Significant	6	5	1		1	1	0

Project Ref:	FL0030L3
	General Ledger

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Directorate:	Finance
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DATE OF AUDIT 18th April 2008

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	<p>The practise of re-keying data from General Ledger should be eliminated as it is an inefficient use of resources and increases the chance of errors being introduced. Alternative methods of populating the spreadsheets should be explored such as using ACE or Query.</p> <p>Where spreadsheets are relied upon controls need to be in place to ensure the accuracy and integrity of the information held within the spreadsheet.</p>	S	<p>Recommendation: A spreadsheet policy should be developed to control the use of high risk spreadsheets and the practise of populating those spreadsheets by manual input should be eliminated.</p> <p>Management Comment: Agreed – A policy will be produced and communicated through Finance Officer's Group.</p>	June 08	1	Revised Date: 31.12.08	New software will remove the need for spreadsheets.
						Revised Date 1: 30.06.09	See comments at 5 above
						Revised Date 2: 31.03.10	Implementation of software is underway.
						31/12/10	Implementation delayed. Performance issues currently being investigated with the supplier.

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Research shows that most spreadsheets contain substantial errors with an average error rate of between 2% and 5% (source: Institute of Internal Auditors - October 2007).</p> <p>Whilst the existing General Ledger is in use, it is appreciated that spreadsheets will continue to be in operation and therefore an agreed set of controls need to be implemented to mitigate the risk of errors.</p> <p>Documentation - defining spreadsheet owner, data sources and how spreadsheet is constructed so that it can be maintained.</p> <p>It should be noted that this policy is only aimed at those high risk spreadsheets which are relied upon to provide management information</p>						Through the use of ACE reporting tool there is now minimal re-keying of data onto spreadsheets.

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	FL0070M1
	Procurement

Directorate:	Finance
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DATE OF AUDIT 23rd September 2009

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1 a)	<p>There is no list in place in each Directorate detailing relevant officers properly authorised to carry out the Council's contract functions and no directorate contact officers responsible for matters relating to procurement.</p> <p>Therefore there are no designated officers with clearly defined roles and responsibilities.</p> <ul style="list-style-type: none"> • Ideally these officers should : be able to provide general advice • be sufficiently trained 	S	<p>Recommendation: There should be a list of officers compiled by Heads of Service who are properly authorised to carry out the Council's contract functions in each directorate.</p> <p>Management Comment: All Heads of Service will be asked to provide an up to date list of Officers authorised to carry out contract functions.</p>	30 Sept 2009	2	<p>To be co-ordinated within the e-procurement project plan. A draft outline plan will be drawn up within the next couple of months and will be refined and updated on the appointment of the Project Manager. A Governance</p>	<p>The actions as they are described here are unlikely to achieve the higher level procurement objectives, which in this specific area are better managed by Procurement Professionals operating within the CPU. There appears to be over 200 people that could be named as having some degree of responsibility relating to procurement. Consequently the information is very difficult for the Directorates to gather and equally as difficult for us to know what to do with it if we ever received it.</p> <p>Therefore would suggest that a fewer number of individuals are targeted, i.e. 4 per Directorate that would be easily identified and subsequently contacted to provide information as to the position within their Directorate.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<ul style="list-style-type: none"> • possess the relevant experience. • have their roles and responsibilities for procurement clearly defined and communicated across the Authority • record how many staff are involved in the procurement process and document the systems in place • consider if there is duplication of effort and whether efficiencies could be achieved • record what management information is produced to monitor the efficiency of purchasing arrangements in their Directorate and aim to ensure that segregation of duties 					<p>Structure will be provided by the formation of a Project Team and a high level Project Board Initial outline plan – end July 2010</p>	<p>As part of the E-Procurement initiative we intend to gather information from Directorates, relating to “Procurement” responsibility, i.e. those committing and authorising expenditure. These actions will form part of an agreed Project Plan with timed deliverables reported to the E-Procurement Project Board within a defined Governance structure.</p> <p>It is the intention subject to CMT approval to amend the CPR’s introducing a mandatory threshold figure of £100,000, reducing over time to £40,000, where all contracts of that value will require to be fully supported by Procurement Professionals. This approach provides an effective means to improve procurement.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<ul style="list-style-type: none"> is present within the purchasing and procurement procedures. <p>Without such officers the risk/implication is that it could lead to:</p> <ul style="list-style-type: none"> Inconsistent practice and duplication of resource, poor value for money and non-achievement of agreed objectives. Inconsistent practice and breach of EU Directives and legislation. Policies and procedures being circumvented resulting in the procurement objectives not being achieved. 					January 2011	This objective is still valid but the means to achieve it has changed due to the implementation of the e-procurement initiative which will radically change the way in which the Authority authorises its ordering and contract functions. Consequently the timetable for implementation of this objective will merge with the e-procurement project timetable.
						October 2011	The award of the e-procurement solution provider has now been completed. A e-procurement project plan will be developed within next 3-4 weeks, which will include a task to collate officer names that are involved in procurement activities.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2	<p>Financial Procedure Rule 9.18 states that "Chief Officers will: (a) Ensure that only those staff authorised by him or her sign orders, and maintain an up-to-date list of such authorised staff, including specimen signatures, identifying in each case the limits of their authority". However, such a list only exists in the Environment Directorate (however, this does not include specimen signatures).</p> <p>Purchase order books are obtained from Business Support. Officers of all levels from all Directorates collect and sign for these books. The books are sequentially numbered and as such it is possible to attribute and order book with a particular section.</p>	S	<p>Recommendation:</p> <p>An up-to-date list of staff eligible to authorise orders including specimen signatures, identifying in each case the limits of their authority should be held in each Directorate or centrally within the Authority.</p> <p>To aid compliance, reference should be made to the supporting FPR 9.18 on the Purchase Order Books.</p> <p>Internal check should be in evidence on all Purchase Orders.</p> <p>The budget holder should authorise Purchase Orders.</p> <p>Management Comment::</p> <p>Each Director to be asked to compile an up to date list of authorised officers and limits to their authority. At the same time Directors will be requested to ensure that internal checks are made on all purchase orders and that there is a requirement for the budget holder to provide authorisation.</p>	30.09.09	2	Outline plan – end July 2010	As above all of this will be provided as part of the Project Plan as part of the E-Procurement Initiative. The Project plan would aim to rationalise the numbers considerably but either way the e-procurement system will provide very strict controls.
						January 2011	As above.
						October 2011	As response to Para 1 a)

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3	CPR 1.1 states "Heads of Service must keep a register of all contracts completed". However, no such register of contracts completed is in place all.	S	<p>Recommendation:</p> <p>Each Head of Service must keep a Register of all Contracts completed. (CPR 1.1)</p> <p>To ensure that there is consistent practice across the Authority consideration should also be given to prescribing a specific format for the capture of this information.</p> <p>Management Comment::</p> <p>The contact officer group referred to in recommendation 1 will meet to consider adopting a threshold for contracts that need to be entered on a corporate register. This should relate to all contracts entered into by all Directorates and Corporate Services.</p>	30.10.09	2	End August 2010	No Compliance on this. The aim will be to gather this information from the nominated 4 per Directorate officers. We would also have to provide a useful threshold contract figure.
						January 2011	See point 1a)
						June 2011	An e-mail request has been sent in January 2011 to all service areas, requesting details of their contracts, in order to compile a corporate contract register. Further reminders will be sent out w/c 21 March 2011

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5	<p>Contract Procedure Rules are in place to guide staff making a purchase, entering into and or extending contracts on behalf of the Council.</p> <p>The Contract Procedure Rules were last updated in December 2008.</p>	S	<p>Recommendation:</p> <p>In order for staff to comply with the Contract Procedure Rules. Consideration should be given to inserting a paragraph into the Contract Procedure Rules stating that non compliance may result in disciplinary action against the officers concerned.</p> <p>Training should be given by the Central Procurement Unit on the application of the Contract Procedure Rules and Procurement issues generally. (However, such training was carried out via a series of "Contract Procedure Road shows" in 2007).</p> <p>Contract Procedure Rules should be simplified.</p>	31.12.09	2	End July 2010 subject to CMT approval to other key amendments	<p>A review is currently being undertaken and certainly with a view to simplification.</p> <p>The suggested paragraph has been drafted and will be inserted in the appropriate place within the revised CPR's and also in a very prominent position on the revised PASS system. CMT commented on the draft changes to the CPR's (June2010)</p>
						January 2011	<p>Now need to consult with Directorates to agree members</p> <p>Procurement Training is available on request. However by promoting such training conveys the message that the Council is content that procurement activity is controlled and managed within the Directorates. I would propose that the provision of training remains but only on request.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			<p>Management Comment:</p> <p>This recommendation will be implemented in the next review of Contract Procedure Rules to clarify that non compliance could result in disciplinary action.</p> <p>The contact officer group referred to in paragraph 1 will meet to consider the most appropriate training methods to complement the PASS system which provides advice and guidance in relation to procurement procedures.</p> <p>The contact group will also consider how best to deal with the recommendations to simplify CPRs. This might be by clearer reference to the PASS guidance, the production of a flow chart or an Executive summary of CPRs.</p>			September 2011	Revised Contract Procedure Rules are being developed nationally by a WLGA led working Group. It's expected that a Draft version of the CPR's will be sent out for wider consultation during April. It's expected that this work will be completed during August 2011, with the option to incorporate local variations. Hence, the need to consider the work of the national group prior to changing local CPR's

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	FD0080N1
	Main Accounting

DATE OF AUDIT: 25th March 2010

Directorate:	Finance
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3	<p>A sample of 10 construction payments was tested at random. The test confirmed: -</p> <p>-4/10 had a VAT invoice which would be classed as the authenticated receipt.</p> <p>-6/10 did not have an authenticated receipt or VAT invoice.</p> <p>The payments were checked to masterpiece and the VAT sub ledger and confirmed that payments had been made to each contractor and the VAT had been reclaimed.</p>	S	<p>Recommendation:</p> <p>A full review should be undertaken of payments made to contractors via authenticated receipts within the Construction Industry Scheme to ensure compliance with HMRC VAT Notice 708.</p> <p>Management Comment::</p> <p>A review of procedures will be undertaken and appropriate (refresher) guidance provided to staff involved in related procedures</p>	31.10.10	1	<p>31.12.10</p> <p>31.01.11</p>	<p>Review ongoing</p> <p>VAT rate changed at 4.1.11 to 20%. Special transitional rules were introduced. Advice sent to relevant officers and queries addressed. Further review to be undertaken when the basic rules re-apply.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Failure to provide an authenticated receipt or VAT invoice is an offence.</p> <p>A review of the system highlighted the following concerns:</p> <ul style="list-style-type: none"> -There is a risk that input tax is claimed without authenticated receipts being obtained and not in compliance with HMRC VAT Notice 708. Staff in directorates involved in the process do not have adequate knowledge of the process. -There are concerns regarding the communication process and responsibilities relating to authenticated receipts in Community Services. -Staff within Community Services do not distinguish between an authenticated receipt and an invoice. -Authenticated receipts are not being adequately monitored in Community Services. 						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	duplicate payments and the Principal Systems and Performance Officer has had a demonstration of its capabilities.		The implementation date will depend on gaining the necessary approval to proceed and the timescales given by the software supplier.				
20	<p>A sample of 3 bad debt write offs actioned in 2009/10 (covering 85% of the total value of write offs in the period from April 2009 to January 2010) were reviewed to ensure the write off requests had been appropriately authorised and the reason for the write off was included on the write off request.</p> <p>For all three bad debt write offs tested it was noted that the write off was debited against the original income code (Revenue account) and not to a separate bad debt write off account on the Revenue account.</p>	S	<p>Recommendation:</p> <p>New codes should be set up on the general ledger chart of accounts for the write off of bad debts to ensure all bad debt write offs debited to the ledger are identifiable.</p> <p>Directorate Management need to determine where responsibility for the recovery of debt from deceased service users currently lies, to establish whether this is a function of the Directorates, the Enforcement team or the Legal team.</p> <p>A statement of policy and an operational procedure should be developed for the management of deceased with debt, which sets out;</p>	31.12.10.	1	Revised arrangements confirmed 05/01/11, to commence w.e.f. 01/04/11	<p>Coding Arrangements</p> <p>The consensus from Finance Managers across Corporate Finance is that impairment (bad debt) write offs should be charged directly to the already existing bad debt provision codes, in preference to setting up new detail codes. The agreed procedure will commence w.e.f. 1st April 2011.</p> <p>Responsibility for the Recovery of Debt from Deceased Service Users</p> <p>This aspect is being dealt with as part of the Flintshire Future Programme. The scheduling of such, within the overall programme, is yet to be determined.</p>
					2	30/09/11 (but see related management comment)	

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>As the principle risk around bad debt is the risk that unauthorised write offs are posted to the ledger, the sample for detailed testing should have been selected from the ledger, and tested back to source documentation for evidence of approval. However it was not possible to identify all bad debts written off to the ledger as the write offs are not posted to specific general ledger bad debt write off accounts. As a result the sample for detailed testing had to be selected from the register of approved write offs maintained by the Systems and Performance team.</p> <p>Testing from the register of approved write offs does not provide adequate evidence that all bad debts written off to</p>		<p>-Responsibility for the notification of deceased with debt to the relevant recovery team;</p> <p>-Responsibility for the identification of next of kin and Executors of the Estate;</p> <p>-Responsibility for the submission of claims against the Estate.</p> <p>-The arrangements for monitoring and managing deceased with debt accounts</p> <p>Management Comment: Coding arrangements will be reviewed and revised as necessary to accommodate user and audit requirements; this exercise will be progressed in conjunction with the Finance Officers' Group (FOG).</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>the general ledger have been appropriately authorised. A number of the bad debts reviewed related to community services - financial assessments, with the debts written off on the death of the service users. No formal claims had been made against the estates of the deceased services in any of the cases reviewed on the basis that it was 'never clear' who was responsible for making the claims against the estates. As a result of failing to submit claims against the estates of deceased service users the Authority is failing to collect on debt which is potentially recoverable.</p>						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	FD0615P1
	Housing Benefits - WAO

Directorate:	Finance
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DATE OF AUDIT: 25th August 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3.1	<p>A sample of 25 Housing Benefit Claims was selected at random from the payment run dated 14th June 2010. These were checked to the live IBS system for accuracy and correct application</p> <p>Our testing revealed: 9/25 claims had been assessed correctly</p> <p>8/25 had resulted in underpayments as the new applicable LHA rates had not been updated from the anniversary of the date of the claim. The system had failed to update these claims on the due</p>	S	<p>Recommendation: It is recommended that following the large number of inaccuracies found by both Wales Audit Office and Internal Audit on a relatively small sample of claims, the Housing Benefit Section review their processes to ensure that input errors are minimised and that assessors are reminded of the importance of thoroughly checking the information available to them on the system prior to processing claims.</p> <p>Management Comment: For the claims where there were system problems, this has now been fixed.</p>	31.12.10	2	30 th April 2011	<p>A full process review for new claims and changes in circumstances is currently under way. This will identify the current way that we are working and the processes and procedures that are in place to administer claims. We are also looking at the way that we are using our IT systems and the reporting tools that we are using. Once this review is undertaken we will be identifying what management controls are missing to ensure that errors are minimised and that benefit claims are paid as efficiently and effectively as possible.</p> <p>A robust accuracy regime is also being put in place. This will be based on risk assessment . The section will use the CRA system and also other high risk areas that have been/ will be Identified going forward. These will include high risk areas around subsidy such as Rent Officer decisions and classification of overpayments. It</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>dates. The system has since been rectified and is now automatically updating LHA claims on the anniversary of the claims.</p> <p>1/25 the claim had the incorrect maternity allowance on the system resulting in an overpayment of £5.85.</p> <p>1/25 the change in LHA rate had not been picked up on a report of updates requiring action.</p> <p>1/25 the claim had adjustment payments because of a system error altering the rent allowance and LHA rate in error.</p> <p>3/25 the incorrect rent figures had been input to the system, one resulting in a large underpayment, one not affecting the claim and one resulting in a small underpayment. Also on one of these claims only one non</p>		<p>The results of our quality control checking will be fed into individual meetings and/ or team sessions to highlight problem areas and to introduce amended processes or procedures as required minimising future occurrence.</p>				<p>will also include areas identified in audits both internal and from the WAO.</p> <p>This accuracy process will be co-ordinated on a weekly basis by Benefit team Managers. All staff in benefits will be held individually responsible for critical and non-critical errors and checks will be made both pre- notification and post notification. Management information will be collated for reporting purposes against targets that are to be set. It is envisaged that targets will be set over a 3 year period. For 2011/12 90%, 2012/13 92% & 2013/14 95%.</p> <p>Individual targets for staff will also be set and individual case monitoring will also be based on risk.</p> <p>All errors that are found are to be amended by the individual member of staff who made it and all targets and performance against those targets will be reported to staff at their monthly one to ones and also will form part of the appraisal process.</p> <p>The cases that are were identified as part of the Original testing form IA and the WAO are currently being analysed and risk assessed.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>dependent is shown on the system and the DWP letters show two. The dependent shown on the system was not one of the two disclosed on the DWP letter.</p> <p>1/25 Housing Benefit had been paid for a month after the claimant had vacated the property and had not been picked up, resulting in an overpayment.</p> <p>1/25 although the claim was correctly assessed there had been no clarification of the bank details supplied by the claimant in the name of another person.</p> <p>In summary 16% of claims sampled had errors due to incorrect input of data, 8% of claims had errors due to the assessor not picking up all the information available from the system, 4% of claims had</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>adjustment payments resulting from a system error altering the rent allowances, 36% of claims had resulted in underpayments because of the system not automatically picking up the changes due in the LHA rate and finally, 36% of claims sampled were found to be correctly assessed.</p>						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	LD0220N1
	Employment Practice Codes

DATE OF AUDIT: 25th March 2010

Directorate:	Legal & Democratic
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1.2.3	The application form states that short listed candidates will be asked to complete a "Disclosure of Criminal Convictions" form with disclosure being sought in the event of a successful application. There is inconsistency between the application form and CRB policy Disclosure forms (along with a request for subsequent disclosure) are only completed by candidates when they have accepted posts which are deemed within the CRB policy to require disclosure. No disclosure forms are	S	<p>Recommendation:</p> <p>The procedure for obtaining information relating to criminal convictions should be reviewed to ensure consistency is achieved between the CRB policy and application form.</p> <p>Management Comment::</p> <p>Application form is due for review and recommendations will be incorporated in scope</p>	01.07.10	2	31.12.10	<p>Application process and form has been reviewed and a report relating to the changes to the application form has been created and is currently awaiting approval before proceeding further – due 1 November 2010.</p> <p>CRB process is also being reviewed with the intention of ensuring consistency between the CRB policy and application form.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>completed at short listing or offer stage.</p> <p>The CRB policy (5.2) states that anyone applying for a post should disclose details of any convictions (including spent) and cautions, reprimands or warnings. There is no section on the application form for this to occur, details are only obtained upon receipt of the CRB results</p>					01.06.2011	Further changes in legislation relating to absence will require further amendments to the application form. Currently we are sending out an addendum relating to this whilst the final changes to the application form are being approved.
1.2.6	<p>On line application forms are password protected on line; we have not been informed where they are held upon receipt. Postal applications are sent to home address, upon receipt applications are opened in the HR area but are not kept in a locked drawer. Not all managers have been provided with data protection training.</p>	S	<p>Recommendation: Applications should be held securely upon receipt</p> <p>Management Comment: It has been recognised that we need to produce guidance around document storage and retention</p>	1.07.10	1	<p>1.12.10</p> <p>31.12.10</p> <p>Complete</p>	<p>In progress, filing cabinet obtained to store applications securely, draft guidelines have also been written by Service Centre Manager. Waiting approval of draft guidelines prior to roll out</p> <p>A comprehensive document is being drafted to provide guidance around document storage and retention. This has been extended this to include clear desk guidelines (to be applied within HR Operations offices) and reference disclosure guidelines.</p> <p>All applications are now kept in a lockable cabinet and in lockable draws.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1.7.1	<p>Recruitment records are included within the County Council's retention schedule. Currently paper records are held centrally for seven months. We have not been informed how long accredited information is retained. On line applications are not deleted. No review has been undertaken to ascertain whether the current retention periods equate to those detailed in the County Council retention schedule.</p> <p>Recruitment records should not be held beyond the statutory period in which a claim arising from the recruitment process may be brought unless there is a clear business reason. On line applications are therefore being held in excess of the statutory period.</p>	F	<p>Recommendation: Retention periods for all records within HR should be reviewed to ensure that they comply with the County Council retention schedule.</p> <p>Management Comment: See 1.2.6 regarding guidance</p>	01.07.10	2	31.12.10	A draft document has been developed relating to retention guidelines for all records held within HR. We are currently seeking advise from legal dept re retention of contracts of employment.
						31.03.2011	As above
1.7.4	The CRB database states the results of the disclosure (whether a conviction or warning) but does not include	S	<p>Recommendation: The CRB policy should be updated to include the fact that disclosure results (conviction</p>	Nov-10	2	End of Jan 2011	ISA implementation has been put on hold so a new policy has not been developed. The CRB policy is being revised and a form of words will be agreed and incorporated into revised CRB policy.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	the details of any convictions. The CRB policy includes a list of field headings which are contained within the CRB database; information relating to the results of the disclosure is not included in the list.		or warning) are held within the CRB database. Management Comment: To be reviewed alongside ISA Review			End of March 2011	As above
1.7.6	Personal information received during recruitment is processed by HR and other staff (for vacancies below SO1 grade). Information held by HR is retained in unlocked filing cabinets in a locked room. We have not been informed of to the security procedure with regard to records held at a local level.	S	Recommendation: The procedure for retaining and destroying records locally should be documented and disseminated to managers. Management Comment:: See 1.2.6 regarding guidance	01.07.10	1	31.12.10	A comprehensive document is being drafted to provide guidance around document storage and retention. This has been extended this to include clear desk guidelines (to be applied within HR Operations offices) and reference disclosure guidelines. I would recommend that ALL records/documents are returned to HR and then disposed of by HR in the usual manner.
						Complete	A comprehensive document has been approved to provide guidance around document storage and retention. This has been extended this to include clear desk guidelines. This document has been added to the Infonet and emailed to relevant managers Recruitment packs are locked in a filing cabinet for 7 months before being destroyed.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2.1.4	The application form includes reference to the fact that information will be sought from the CRB and referees.	S	<p>Recommendation:</p> <p>As the last employee audit survey was carried out around May 2007 and the new self service facility within Payroll is not yet introduced, it would be best practice to carry out a survey providing each member of staff with a copy of the personal details which are held about them.</p> <p>Management Comment:</p> <p>Evaluate Current practice and agree action plan</p>	1 05 10	2	31/12/2010	With the current work being undertaken to improve the quality of data held, through various projects, Relief Workers, Establishment Control and CRB checks there is no current timetable to implement this specific piece of work. It is thought that this facility will be available through the implementation of Trent Self Service.
						31/06/2011	Pilot for Employee Self Service has now been rolled out and we are on schedule for roll out by the end of May 2011 – therefore employee audit via self service as referred to above would take place via self service and potentially could be completed by end June.
2.2.5	<p>Employment records that are taken off site may not be fully controlled.</p> <p>Access logs are not kept and files are not easily traceable.</p> <p>Security guidelines for staff are not in place.</p>	F	<p>Recommendation:</p> <p>A procedure should ensure the safeguarding of employment records once they are removed from their normal place of security. A set of guidelines should be in place for all staff to follow and this should be communicated across the organisation.</p> <p>Management Comment::</p> <p>See 1.2.6 regarding guidance</p>	01.07.10	1	31.12.10	Document has been produced by Service Centre Manager – waiting approval at next EPC meeting.
						Complete	A comprehensive document has been approved to provide guidance around document storage and retention. This has been extended this to include clear desk guidelines. This document has been added to the Infonet and emailed to relevant managers

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2.3.3	At present there is no policy relating to the disclosure of information from sickness or injury records about an identifiable worker's illness, medical condition or injury where there is a legal obligation to do so	S	Recommendation: A decision relating to the disclosure of information from sickness or injury records about an identifiable worker's illness should be made and should be documented and disclosed to Managers and staff within Human Resources. Management Comment:: See 1.2.6 regarding guidance	01.07.10	1	31.12.10	We recognise the need to take further advice around disclosure of information from sickness or injury records about an identifiable worker's illness.
						Complete	Information relating to sickness absence and reasons for sickness is produced but only shared with the relevant personnel i.e. line manager and HR manager
2.13.2	We have been advised that the revised draft disciplinary policy has been produced with this practice as a guiding principle. This principle has not been formally included within the policy.	S	Recommendation: The revised draft disciplinary policy should formally record this principle. Management Comment:: Addressed in new Policy	Jan 2011	1	Complete	Addressed in new Policy

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2.13.3	There is no procedure in place on how spent disciplinary warnings should be handled.	S	<p>Recommendation:</p> <p>A procedure on how spent disciplinary warnings should be treated should be implemented. A review of the files should be carried out, and spent disciplinary warnings should then be removed in accordance with the procedures in place.</p> <p>Management Comment:: Addressed in new Policy</p>	Jan 2011	1	Complete	Addressed in new policy
3.3.1	The cameras contained within the County Hall complex are all situated in areas of particular risk and are confined to those areas where expectations of privacy are low e.g. visitor entrances, car parks and corridors. Continuous monitoring of individuals would not be carried out without RIPA authorisation.	S	<p>Recommendation:</p> <p>An exercise should be undertaken to determine the location of all CCTV operated by County Council establishments; compliance with the Employee Practices Code should then be determined.</p>	01.10.10	2	14.01.11	<p>This exercise has commenced and is ongoing.</p> <p>The Data Protection Team will be provided with the location of CCTV systems operated by County Council establishments once the database is finalised but no later than 14.01.11.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	CCTV has been installed in other buildings but these have not been examined within this review. No central log of CCTV systems exists. Audio monitoring does not occur.		Management Comment: Sherryl Burrows is in the process of ascertaining the location of CCTV operated by County Council establishments. The Data Protection Team will advise CCTV Managers on compliance with employment practices code.			07.03.11	This exercise has commenced and is nearing completion. Delays in getting replies have caused the exercise to overrun, a final reminder has been sent with a deadline of 04.03.11 after which the database will be passed to the Data Protection Team informing them of any non-returns.
4.1.1	Collection of information about workers' health is only carried out by Occupational Health Professionals. All non medical staff, working in the Occupational Health Unit (OHU) sign a confidentiality agreement every year as part of the annual appraisal process. The translation Unit also sign confidentiality agreements when documents are sent for transcription (only affects one school).	S	Recommendation: Management should be issued with a procedure regarding the retention of information relating to workers' health. Management Comment:: Create Procedure relating to Data Protection Act and Employment Practices Code	30.6.10	1	31.12.10	Procedure relating to Data Protection Act and Employment Practices code to be developed.
						Complete	The retention scheduled has been reviewed; There is a list in the shared drive and on the intranet.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
4.3.5	<p>The retention of medical information is contained within County Council's retention schedule; this has not been recently reviewed. Any information obtained during medical assessments, which was deemed irrelevant to the current situation, would not be retained.</p> <p>The OHU are not always informed if staff, who have undergone medical assessments at pre-employment stage, do not subsequently take up the post. Information is also retained relating to supply staff who may not undertake any work for the County Council.</p>	F	<p>Recommendation:</p> <p>The OHU should review the information held to ascertain compliance with the records management system to ensure it is current and accurate.</p> <p>HR should liaise with OHU regarding staff appointments to ensure OHU are not retaining information in contravention of the Employment Practices Code and Data Protection Act.</p> <p>Management Comment::</p> <p>Review current practice of storage and retention of data in OHU</p>	1.6.10	1	31.12.10	Occupational Health will review current practice of storage and retention of data in OHU
						Complete	The retention scheduled has been reviewed; There is a list in the shared drive and on the intranet. A new process does not need to be introduced because the organisation cannot ask anyone to complete a pre-employment health questionnaire unless they are recruiting them and they fall in an at risk group. Because of the changes in legislation (Equality Act 2011) it can be assumed all the health questionnaires received do take up post.

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	HR0150N3
	Payroll

DATE OF AUDIT: 27th September 2010

Directorate:	HR
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
11a)	<p>New starter forms had been used in all cases. All had a line manager signature but this is not checked by HR staff. It was noted that a different new starter form has been used for education staff and this form does not include the requirement to submit an NI number.</p> <p>The information on three of the new starter forms did not exactly match that held within the payroll system.</p>	S	<p>Recommendation: The new starter form for education staff should be examined to ensure it includes all details required; the form should include space for an NI number to be submitted.</p> <p>Management Comment:: Draft new starter form including the NI Number was agreed by Payroll & Internal Audit in August 2010.</p>	31.12.10	2	31.08.11	HR Service Centre forms currently being revised following completion of the new format, Forms for school based staff will be developed to mirror the revised Service Centre design (including the National Insurance number).

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			Form to be revised to include the additional pay details needed for teaching staff. Schools to be advised of the new requirement to complete form.				

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	HR0155N1
	Payroll

Directorate:	HR
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DATE OF AUDIT: 18th June 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2a)	The following issues have been raised: The audit sample revealed that seven positions (from a sample of eleven) did not have the corresponding establishment control forms. We have been advised that these positions have been created following receipt of a new starter form in the HR Service Centre thus avoiding the establishment control procedure. We have been informed that since the sample was extracted, the HR	S	Recommendation: The procedure for appointing all staff should be defined with regard to establishment control. Management Comment:: Guidelines being developed for managers, to be published on Infonet.	July 2010	2	Dec 2010	An Establishment control Project has been underway since July 2010 – we are currently reviewing the forms, processes and guidelines for managers. In the interim existing forms and processes have been highlighted on the infonet by the creation of a new section called “Your Recruitment” – this will enable managers to access all forms in one place. Data cleanse work relating to the establishment is due to take place in October with support from finance officers. New electronic establishment control forms have been designed and IT resource has been identified to work on this during September/October.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Service Centre staff have been verbally advised to return any new starter forms which do not contain a position reference. Previously, HR Service Staff have entered new positions (upon receipt of a new starter form - omitting establishment control as described above) without the need to assign a position reference number. A report has been extracted which lists all positions on the system without position reference numbers. There are just under 400 of these positions referring to a variety of job titles including supply teachers, actors, supply cashiers and one-off payments.</p>					January 2011	<p>We hope to roll out the new process, forms and guidelines with effect from November.</p> <p>Update 1.12.10 – R Noble Roll out of the new process has been delayed due to a delay in delivery of IT training which is necessary to support the development of the automated forms.</p> <p>An interim trial is to be rolled out during December to HR Operations, Leisure Services and Community Services – this will be a trial using the revised forms (paper based) to test out both the forms and new authorisation process.</p> <p>Automated forms should be ready for roll-out 31 Jan 2011.</p> <p>Workshops being delivered to all managers in January.</p> <p>Data cleanse reports were sent out and returned by 5th November and work is underway to implement corrections/changes. Proposed end date for this is 31st Dec.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>We have subsequently been advised that certain groups of staff (e.g. facilities services and actors), are currently outside the establishment control procedure and therefore establishment control forms will not have been completed for these groups.</p> <p>It has also been noted that 50%+ staff are recorded within the system as status "not recorded" (ie it has not been determined whether these positions are established or non-established). We have been advised that directorates have been contacted to determine these statuses.</p> <p>Thirteen one-off payments were also noted which do not include end dates.</p>					1 March 2011	<p>Workshops have been held</p> <p>Paper versions of the forms trialled</p> <p>Automated forms developed and due to be finished w/c 21 Feb.</p> <p>Roll out of automated forms 1 March.</p> <p>Data cleanse work due to be completed 1 March</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>We were advised that relief staff have been originally assigned at post level, some have now been given position numbers (approx. 70 in Holywell Leisure Centre).</p> <p>It was noted that a report is being run to ascertain employees who have not received pay for some time.</p> <p>Establishment information is included within quarterly workforce information reports. This information contains positions by directorate and a headcount per directorate. Reports are currently sent to Directors and have recently been sent to the Heads of Service. It is currently unclear as to whether all positions are included within these figures (e.g. the positions without reference numbers and one off payments with no end date). These issues could result in inaccurate establishment figures impacting on directorate's management of establishment control.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Further reports are due to be produced relating to each managers employees pay and allowances. This will allow managers to ascertain whether all staff are valid and have the correct remuneration.</p> <p>A Project definition workshop was held on 26.2.10 to consider the establishment control issues. The draft project brief was discussed which included the objectives and scope of the project. The brief acknowledged that there is a lack of clarity with regards to establishment control with processes unclear. It also highlighted a lack of management understanding and buy in with regard to the maintenance, processes and control of the establishment. The ability to support financial control over pay expenditure was questioned due to the lack of control over the establishment.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2b)	As 2a)	S	<p>Recommendation: Information contained within workforce reports should be verified as accurate.</p> <p>Management Comment:: To be addressed within remit of Establishment Control & Relief Workers Projects.</p>	December 2010	2	1 March 2011	See above.
8b)	<p>The procedure for entering timesheets using the fast input process has several manual steps involving file transfer, file conversion and file verification routines.</p> <p>The level of manual intervention for both the fast input process and other feeders systems gives potential for errors. Additionally there is direct involvement of development staff in the validation of data and editing of live files.</p>	S	<p>Recommendation: Development staff should not be involved in the process for the receipt and processing of feeder data.</p> <p>Management Comment:: Eteach now undertaken by System Management, roles and responsibilities will be further reviewed within context of HR Service review.</p>	December 2010	1	August 2010	Processing of all Feeder Systems i.e. Eteach, Highways Bonus, Home Care & Project Workers has transferred from Systems Administration to Payroll.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Eleven staff members' timesheets were reconciled from the fast input spreadsheets to payslips. One related to an overpayment which was subsequently corrected the following month.</p> <p>Initial discussions have been held with development staff to explore the feasibility of data being input and validated directly. This would be feasible if an intermediate database were to be used to capture and validate the data.</p> <p>The control of feeder system data is by a manual control list of expected systems. The receipt of the data can be accepted from specified individuals.</p> <p>Control totals are not used for acceptance and processing of data received from feeder systems. The feeder data is input by a direct</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	interface with the payroll system on a record by record basis and does not provide a total of all data accepted eg. by number of records or values. If the data does not meet the requirements of the payroll then it is rejected eg. employee reference is invalid.						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	HR0220N1
	Holiday Entitlements

Directorate:	HR
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DATE OF AUDIT: 8th September 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
7a)	<p>A sample of 10 employees was selected and their holiday entitlement cards reviewed. Testing revealed:</p> <p>9/10 cards had been appropriately approved when holiday days had been taken.</p> <p>1/10 the card had been approved on occasion but in eleven instances the card had not been initialled as approved.</p> <p>9/10 the holiday entitlement days had been calculated correctly according to the date of commencement although it should be noted that in 3 cases there was no copy of</p>	S	<p>Recommendation:</p> <p>HR should send a reminder to all managers that all holidays requested should be authorised by a manager and the carry forward of leave days be properly monitored to ensure adequate staffing levels and be consistent with the rest of the Authority.</p> <p>Management Comment:</p> <p>This was done towards the end of the previous annual leave year and will be repeated again this year.</p>	Dec 2010	2	March 2011	Changes in the method of requesting authorisation of holidays ie via Wintime have preceded this action.. Clarification on the carry over of leave .will be issued at the beginning of March – document has been produced awaiting approval

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>the contract of employment on their personnel file to agree the start date.</p> <p>One employee's entitlement was in hours rather than days and it was not possible to verify the total number of hours given to the number of hours worked and length of service. This employee has now been allotted 18 days leave for 2010/11 based on 29 days full time equivalent and works 3 days per week</p> <p>All 10 holiday cards had been initialled by the Assistant to the General Manager as having noted the days taken for monitoring purposes.</p> <p>Copies of the spreadsheets maintained for the Theatr were obtained and reviewed. Our review highlighted that several of the officers at the Theatr are carrying forward a significant number of days to the next</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>holiday year, in thirteen cases 10 days or over with 3 in excess of 20 days carry over. In addition, 4 officers have taken more leave than they were entitled to in the year with one taking 5 extra days. deducted from the current year's entitlement.</p> <p>These have been deducted from the current year's entitlement.</p>						
7b)	As above	S	<p>Recommendation: As above</p> <p>Management Comment: Reminder message to all manager re ensuring employees holidays are signed off/authorised and a record of the approval kept. Also that employees are taking regular holidays in line with working time regulations. Carry forward of holidays should be exceptional rather than normal practise.</p>	Oct 2010	2	<p>Jan 2011</p> <p>March 2011</p>	<p>Reminder message will be sent out as per recommendations, Action RN</p> <p>Changes in the method of requesting authorisation of holidays ie via Wintime have preceded this action.. Clarification on the carry over of leave .will be issued at the beginning of March – document has been produced awaiting approval.</p>

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	LL0070P1
	Leisure Centres Catering Income

Directorate:	Lifelong Learning
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DATE OF AUDIT: 30th September 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2	<p>Discussions were held with senior officers at each leisure centre and documentation was obtained from seven of the nine centres. No visits were undertaken to Hope and Saltney centres due to time restrictions.</p> <p>VENDING MACHINE INCOME</p> <p>A review of the procedures for collecting income from each vending machine was undertaken. It was identified that each centre operates to their own procedures and no formal approach exists. It was also noted that documentation used for recording and</p>	S	<p>Recommendation: The service should ensure that a uniform approach is taken for monitoring vending machine and cafeteria income and that clear documentation is maintained.</p> <p>Management Comment:: Agreed will inform catering supervisor at next meeting (06.09.10) to make all forms generic across all leisure sites</p>	01.11.10	1	<p>23/12/2010</p> <p>10/01/2011</p>	<p>The adoption of standard vending record forms across all centres will be completed by 23/12/2010.</p> <p>Complete</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>reconciling income is specific to each centre.</p> <p>An overall view was undertaken of the vending machine income collection and examples of weaknesses were identified as;</p> <ul style="list-style-type: none"> • Incomplete records • No signatures obtained • One person collecting income • No blind counts undertaken • No reconciliation of income • Lack of security of cash box keys • Inappropriate documentation <p>Examples of good practice were also identified and these should be shared across all centres.</p>					<p>10/01/2011</p> <p>10/01/2011</p> <p>23/12/2010</p> <p>10/01/2011</p> <p>10/01/2011</p>	<p>Complete - All employees have been reminded of the responsibility through team meetings, and additional secondary checking is now completed junior / middle management.</p> <p>Complete - Income from all vending is now collected by a minimum of two employees.</p> <p>All vending income for each machine is now compared with machine readings and Income from all vending is now collected by a minimum of two employees.</p> <p>Complete - Cashbox keys are now stored in a secure location at all sites.</p> <p>The adoption of standard vending record forms across all centres will be completed by 04/01/2011</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<ul style="list-style-type: none"> • Separation and security of cash box keys • Joint working from collection to banking • Clear reconciliation process • Blind count of income received • Recorded hospitality, damages and waste • A checklist for management to check completion of documents • A complete audit trail <p>A wide range of documents used for recording vending machine income were identified which have been tailored to each specific centre. There is no reason for these documents to be centre specific and there should be a uniform approach for collecting and recording vending machine income across all centres. Access to</p>					<p>23/12/2010</p> <p>04/01/2011</p>	<p>The adoption of standard vending record forms across all centres will be completed by 23/12/2010</p> <p>The adoption of standard vending record forms across all centres will be completed by 04/01/2011</p>
				325			

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>machine income across all centres. Access to vending cash box keys should also be restricted to the minimum number of staff involved.</p> <p>Expected information to be recorded should include date of collection, officers involved in collecting income, details of machines collected from, machine readings for blind count, total income collected from each machine, reconciliation process inc. variances, investigations where appropriate, signatures of both officers involved and evidence of submitting income to reception for banking.</p> <p>CAFETERIA INCOME</p> <p>A review of the procedures for collecting income from each cafeteria was also undertaken. It was established that cafeterias exist at four centres (Deeside, Flint, Holywell and Mold). It was identified that each cafeteria</p>					<p>01/12/2010</p> <p>23/12/2010</p> <p>10/01/2011</p>	<p>Complete - Access to cash box keys has been restricted to junior management.</p> <p>The adoption of standard vending record forms across all centres will be completed by 23/12/2010 which will meet the recommendation.</p> <p>The adoption of standard vending record forms across all centres will be completed by 04/01/2011 which will meet the recommendation.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>also appears to operate to their own procedures and no formal approach exists. It was also noted that documentation used for recording and reconciling income is specific to each cafeteria.</p> <p>An overall view was undertaken of the cafeteria income collection and examples of weaknesses were identified as;</p> <ul style="list-style-type: none"> • Incomplete records • No joint signatures obtained • One person reconciling income • No blind counts undertaken • Inappropriate documentation <p>There should also be a uniform approach for collecting cafeteria income including documentation. Expected information to be</p>					01/02/2011	Formal working instructions are currently in development and will be adopted by all sites early in 2011

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	recorded should include date of collection, officers involved in reconciling income, cash register readings for blind count, total income collected, reconciliation process inc. variances, investigations where appropriate, signatures of both officers involved and evidence of submitting income to reception for banking.					23/12/2010 10/01/2011	The adoption of standard cafeteria record forms across all centres will be completed by 23/12/2010 which will meet the recommendation. The adoption of standard cafeteria record forms across all centres will be completed by 04/01/2011 which will meet the recommendation.
4	An examination of the procedures followed by each centre for controlling cash registers and the use of floats was undertaken. It was identified that only five (Deeside, Flint, Buckley, Hope and Saltney) of the nine centres have documentation in place to monitor the checking of cash floats. Discussions were held with staff from the four (Holywell, Mold, Connahs Quay Sports Centre and Swimming Pool) centres and it was noted	S	Recommendation: Documentation should be maintained for all cash floats held at the centres. Management Comment: Agreed. Will form part of head office reorganisation.	31.10.10	1	23/12/2010 10/01/2011	The adoption of standard cash reconciliation forms and procedures across all centres will be completed by 23/12/2010 which will meet the recommendation in relation to the monitoring and checking of cash floats. The cost of implementing this recommendation at centres where there is no change overtime between shifts far out way the benefit that would be received. We will introduce twice daily checks before and after change over and random blind counts which will be documented.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>that all cash floats are checked however, these checks are not documented</p> <p>Documentation was obtained from the five centres currently recording the reconciling of cash floats on site. Although variances were identified in the documentation used at each site, similar procedures are used for ensuring that the floats are accurate at the start and end of each day</p> <p>It was noted however that where a cashier's shift change occurs, two centres (Deeside and Holywell) do not currently provide for a formal handover to take place when the cashiers are changing shifts. This is a key process as each cashier has a responsibility to ensure that their cash float is correct at the start of each shift.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	A clear audit trail is not in place across all centres when handling cash from the start of the day to the end. Procedures should be introduced to record the checking of all cash floats and when a change in shift occurs. Documentation should be maintained to confirm this process and the checking of cash should always be undertaken by two persons.						
7	<p>It was established that there is a process for monitoring all leisure centre income and this is undertaken by finance staff based at Deeside Leisure Centre.</p> <p>Cash is initially banked to one code (due to space on paying in slip). This requires a journal to be completed to allocate the cash to the relevant codes in the general ledger, masterpiece.</p>	S	<p>Recommendation: A reconciliation process should be introduced for all cafeteria income recorded to the relevant masterpiece income codes.</p> <p>Management Comment: The LMS matches masterpiece but as there is a delay with internal invoices and BACS from the time they are raised and</p>	01.12.10	1		Complete

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>A "Daily Cash Reconciliation Sheet" is completed by staff at each centre (which details the codes for the income to be allocated against) and a copy is sent to a finance officer for processing. A reading from the relevant cash register is also produced. The finance officer uses this information to compile the journal for entry into the authority's accounting system, masterpiece.</p> <p>A reconciliation process is undertaken prior to this data being input and a report is produced from the Leisure Management System showing all entries input for each centre. A list of all credit card payments received is also produced from the comms-idea system. This information is compared to the daily cash reconciliation sheets and any variances identified are immediately investigated with the relevant centre.</p>		<p>paid on the LMS till the time they are processed by FCC Finance there will never be a match between any given dates.</p> <p>This is the same for all income i.e. school swimming & court hire.</p> <p>All daily income for cash, cheque or card is always matched daily; A standard cross centre system to check all internal invoices have been paid would be a sensible improvement and provide a standard audit trail which is part of head office reorganisation.</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>As soon as this data has been reconciled to the leisure management system the entries are then recorded into masterpiece.</p> <p>A further reconciliation process is undertaken on a monthly basis and a period report is produced detailing all income received through the cash registers for the particular month. This information is compared to the entries recorded in masterpiece and any variances are investigated.</p> <p>The service also maintains a Journal Corrections log which details these variances from the reconciliation process and the actions taken.</p> <p>An exercise was undertaken identifying the total income received for vending machines and cafeteria income for the 2009/10 financial year. This was compared to the records maintained by Finance Staff</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>The variances identified from the vending machine income were minimal, however, significant variances were noted regarding the cafeteria income. This matter was discussed with the finance officer and it was established that only income received through the centres cash registers are reconciled and any additional income i.e. functions, internal transfers, outstanding debts are not currently monitored in the same way. The finance officer agreed that further monitoring will be required to reconcile this income.</p> <p>Suitable controls are in place for monitoring vending machine and cafeteria income being processed through the centres; however, further monitoring will be required to obtain a complete reconciliation.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
9a)	<p>Discussions were held with senior officers and it was identified that no profit margins are set for vending machine or cafeteria income.</p> <p>Monthly reports are produced by the external company, Ritestock which details income and expenditure, including profit and loss for vending machine and cafeteria income however, this is only produced for the vending machines at five centres and the four cafeterias. Reports are not produced for the remaining centres.</p> <p>It was established that these reports are provided to management, however, no regular monitoring of income and expenditure is undertaken.</p> <p>Financial records were obtained from the authority's accounting system to determine the margins for each site. Cost centre codes were obtained for each centre and data was produced for</p>	S	<p>Recommendation:</p> <p>Profit margins should be introduced and monitored to ensure that expected levels of income are being achieved and investigations are undertaken where levels are not being met.</p> <p>Management Comment::</p> <p>Agreed, require some guidance on the process to complete this.</p>	01.12.10	1		Target GP% has been set at 60% monitoring in place via rite stock audit.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>2009/10 financial year.</p> <p>Concerns were identified in that figures could not be obtained for vending machine stock expenditure for four centres (Flint, Holywell, Hope and Saltney) and income and expenditure had been incorrectly coded.</p> <p>The introduction of profit margins (including all costs) and regular monitoring of income and expenditure would provide the service with a level of expected income and should highlight both the suitability of providing these services and identify possible variances in stock.</p>						
9b)	As 9a)	S	<p>Recommendation:</p> <p>The service should ensure that all expenditure is appropriately coded within masterpiece.</p>	01.12.10	1		Complete

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			<p>Management Comment:</p> <p>Agreed, separate vending and café codes to be used 3802 & 3804 part of head office reorganisation.</p>				
10	<p>Discussions with staff identified varying levels of amounts prior to investigations commencing. These amounts ranged from £5 to £50 and some officers were unaware of any set limits and are generally re-checked when a variance of any amount exists.</p> <p>An exercise was undertaken examining income records for all vending machines for 2009/10. This work involved identifying the actual income received and comparing it to the expected income reported from each machine.</p> <p>It was established that variances had occurred across all vending machines at each centre.</p>	S	<p>Recommendation:</p> <p>Formal procedures should be introduced for investigating variances and documentation should allow for the evidencing of findings.</p> <p>Management Comment::</p> <p>Agreed. Will form part of head office reorganisation.</p>	01.12.10	1		Complete

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>From the total expected income of over £275K, £272K was actually received creating a total variance of approximately £3.5K. These figures are estimated as missing invoices were reported from Ritestock and accurate figures could not be obtained.</p> <p>Instances where variances over the value of £50 were also identified at each centre however no evidence could be obtained of investigations being undertaken. Further discussion with staff identified that variances would be investigated but not always documented.</p> <p>A review of the documentation used for recording income identified variances across all centres with some reconciliation sheets allowing for actions to be recorded when significant variances in income are identified. It</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	was also noted that no formal procedures exist for investigating such variances. The requirement for uniform documentation has been recommended within this audit review.						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

DATE OF AUDIT: 13th September 2007

Project Ref:	EC0030K1
	Youth & Community

Directorate:	Lifelong Learning
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ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2	Some of the youth clubs are operated by a management committee. The situation was last considered by Scrutiny Committee in 2005 when it was agreed that a review of the Youth Club Management Committee structure was to take place and a report was then to be presented to Scrutiny Committee in early 2006. The matter has not been fully resolved to date. The issue of Youth Club Management Committees will need to be agreed with Members. However, a full review of the service is being carried out	S	<p>Recommendation</p> <p>A decision on the issue of the existence of Youth Club Management Committees in the Youth Service should be made following the imminent review of the service.</p> <p>Management Comment</p> <p>This issue will be resolved as part of the new Plan for the Youth & Community Service.</p>	<p>Plan finalised: November 2007.</p> <p>Implemented: April 2008</p>	2	Revised date 1 1.4.09	Implementation of Youth Service Strategy delayed by elections, and the need for wider consultation with staff, trade unions, young people and key stakeholders.
						Revised date 2 1.9.2009	Review of Youth Service now linked to phase 2 of Organisational Redesign within FCC.
						Revised date 3 01.04.2010	New Youth Service Strategy is now part of Phase 2 or Organisational Redesign within FCC. Consultation Draft of new Strategy approved by Executive on 04.08.2009.

ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	during the autumn of 2007 which will include this issue. A period of consultation with the Youth Club Management Committees is currently underway.					Revised Date 4 31.12.2010	Youth Service Strategy now approved. New Service Plan detailing models of Service structure will be out for consultation between 1 Aug 2010 and 31 Oct 2010.
						Revised date 5 01.09.2011	Draft Youth Service Delivery Plan going to LSG on 02.03.2011 for approval as a consultation document.

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	EC0070L1
	Leisure Management

Directorate:	Lifelong Learning
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DATE OF AUDIT: 11th December 2007

ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
21	<p>Debt Management Policy.</p> <p>Processes were found to differ at each leisure centre.</p> <p>At Deeside a formal policy for bad debts was developed during the audit, which included issuing final demands after 20 days and proceeding with court action after a further 7 days.</p> <p>To chase bad debts a message is put on the members account so that the receptionist asks for payment when they next use the facilities. Letters are not usually sent. If a debt needs to</p>	S	<p>Recommendation</p> <p>A debt management policy should be introduced for all leisure centres and consideration should be given to the centralisation of the debt collection function to the Deeside Administration team. This would ensure that there is consistent treatment of all debtors.</p> <p>Management Comment</p> <p>The risk is acknowledged. Implementation as suggested is dependent on a restructure of current staffing establishment. Current practice will have to continue pro tem.</p>	December 2008	2	<p>Revised date 1 July 2009</p>	<p>We wish to proceed with this recommendation and are currently seeking to establish and fill a Clerical Assistant post to be based at Deeside Leisure Centre and which will focus on debt collection as a part of the duties. We have piloted this to good effect over recent months with a colleague who has now gone on Maternity leave. It also forms a part of our restructuring proposals for Centre based staff and which is one element of the Leisure Strategy proposal currently out to consultation. By Summer 2009 it is hoped we will be in a position to fully reflect this recommendation.</p>

ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>be cancelled (if a member had phoned to cancel a booking and the receptionist who took the call did not have access to amend the booking then it may occasionally get missed and appear as a debt) the booking has to be cancelled on the system in order to cancel the debt. They are intending to introduce letters threatening court action when an invoice is seven days overdue.</p> <p>At Holywell there is no policy for bad debts although in the past clubs have been prevented from making bookings without paying if money is owed.</p> <p>At Flint no chasing up of debts has happened yet. No bad debt policy in place.</p>					Revised Date 2: End October 2009	There have been delays in filling this Clerical Assistant post because of Welsh Language essential status being identified and at Level 4. We have now progressed beyond that point and are set to interview a number of internal candidates for the position which will be based at Deeside LC. I anticipate an appointment being made before end October 09.

ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						Revised date 3: 31.3.10	I confirm that with effect November 2009 this post has now been filled; the successful candidate has started work at Deeside LC. Fortunately the candidate had prior experience with us in this capacity as she was involved when we trailed the new position some time back. Thus, the learning curve is a good deal shorter and we look forward to a rapid and substantial impact. She will work on the production of the debt policy in the New Year.
						Revised Date 4 31.12 10	The officer has made significant impact on the level of debtors particularly on the swimming lessons programme. The work on the Leisure Service Review has taken precedence since the Spring and has meant that new policy development matters have been sidelined until the new staff structure is in place. It is anticipated this will mean that the issue of debt management policy will not be picked up again until the winter.
						Revised Date 5 01.11.2011	Part Complete Invoice debt will not be transferred to the Deeside admin team until the new staff structure is in place.

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	EC0070K1
	Leisure Centres

Directorate:	Lifelong Learning
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DATE OF AUDIT: 06th August 2007

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3	Signed contracts for funding, management and administration should be in place for all dual use centres. Contracts should include specific clauses detailing the basis of allocation of all repair and maintenance costs, and should include a clause for formal review on an annual basis, to ensure effective management of the centre in accordance with the terms of the agreement.	F	Recommendation: Signed contracts for funding, management and administration should be in place for all dual use centres. Contracts should include specific clauses detailing the basis of allocation of all repair and maintenance costs, and should include a clause for formal review on an annual basis, to ensure effective management of the centre in accordance with the terms of the agreement.	c.April 2008	2	April 2009	Comment Received: June 2008 This work is identified as a critical element of any process leading to the setting up of a Leisure Trust and transfer of any Dual User Centres; BUT no decision has yet been made on this issue of a Trust or not. The need for a detailed Agreement however is there whether or not a Trust/NPDO proceeds and the appointment of a new Head of Development and Resources in ECS&R will assist in moving matters forward; this is not likely before Sept.08.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			Management Comment: We agree in full. This will become a reality for all the Dual Use Centres which transfer to the proposed NPDO/Trust in 2008.			April 2009	The Leisure Services Strategy agreed in April 2009 identifies this issue of future management arrangements for Dual User Centres as an important element of the forward work programme. It identifies alternative models which may apply; and also that detailed Service Level Agreements will be needed where Dual management responsibilities remain. The target date agreed in the Strategy for implementation is end March 2010.
						April 2010	Discussions are underway with 3 High Schools which have Dual Use Centres based on the premises. Options for management arrangements have been tabled and will be the subject of close consideration. It is not anticipated that there would be final positions adopted until late 2010 and then fed into the Budget process for 2011/12.
						May 2011	SLA's produced, being discussed with the three sites.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5	<p>The existing structure of the leisure centre management teams should be formally considered to ensure the adequacy of staff management and supervision and to ensure adequate consideration is given to management succession planning.</p> <p>Assessment of the team structure should include formal consideration of the requirement for Assistant Manager posts at the leisure centres to address management succession planning issues.</p>	S	<p>Recommendation:</p> <p>The existing structure of the leisure centre management teams should be formally considered to ensure the adequacy of staff management and supervision and to ensure adequate consideration is given to management succession planning.</p> <p>Assessment of the team structure should include formal consideration of the requirement for Assistant Manager posts at the leisure centres to address management succession planning issues.</p> <p>Management Comment:</p> <p>Agreed. This has to await transfer to the proposed</p>	2008; date unknown	2	Possibly April 2009.	<p>Comment Received: March 2008</p> <p>Issue has been raised with the Interim Director; decision was that we would not be able to proceed at present because of the impending elections; and also because of the ongoing consideration of possible NPDO/Trust .If the latter is not to proceed either at all or for a lengthy period then this management restructure may be able to go ahead. It remains necessary and increasingly important to proceed.</p> <p>Revised Implementation Date: April 2009</p> <p>A structure was identified for Leisure Centres as part of the Strategy process; and action is underway ay to implement the proposals. The scoping document onder the Programme for Change has been approved; and we are moving forwards with the next stages together with HR colleagues. It is anticipated that allowing fot all due processes, full implementation will be met by end March 2010.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			NPDO/Trust.			December 2010	The Organisation Review process has been delayed both as a consequence of the Single Status position and also the detail involved in the procedures. We are on course now to present a number of JEQ's evaluation by late June; and to then commence implementation through the autumn up to Christmas 2010.
						End March 2011	Following reports to Executive in October, December 2010 and February 2011; with discussions also at LLOSC meetings, there has now been a decision that management operations at 3 Dual Use Centres at Connah's Quay, Saltney and Hope will continue in 2011/12 subject to the School Governing Body entering into a Service Level Agreement based on a revised management model using a single Attendant incorporating cleaning duties. The decision identified that this Agreement should be in place by end March 2011 which is a very tight timetable.

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	EC0080L1
	Cleaning Services

DATE OF AUDIT: 14 th August 2008

Directorate:	Lifelong Learning
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
10	The Operational Manual has not been issued to all cleaning staff. It is stored within the Cleaning Services section and is available to staff should they come into the section to view it.	S	<p>Recommendation</p> <p>The Operational Manual should be made available to all staff and training should be provided on its content.</p> <p>Management Comment</p> <p>Draft completed by 14/07/08 once approved will be issued to all sites.</p>	01/10/08	1	Revised date 1 01/04/09	A total new package of information and monitoring is being developed
						Revised Date 2: 01/07/08	95% complete
						Revised Date 3: 01/01/10	Operational manuals not yet issued to staff. Priority
						Revised Date 4 1/07/10	Operations manuals not yet issued to the team. The Cleaning manager is reviewing the manual with H & S and investigating the BISC Standard of working. This Standard requires training at all levels.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						Revised date 5 1/02/11	Operation Manager – Risk Ass & inventory have been sent to H & S for approval. The manual is in a draft format awaiting approval. BISC training to be scheduled awaiting a new Cleaning supervisor start date by the end of the year.
						01.02.11	Completed.

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

DATE OF AUDIT: 24th May 2006

Project Ref: ED0087J1 (ED0086H1)
 Contract Cleaning - Follow Up

Directorate: Lifelong Learning

ACTION PLAN

Para.	Original Test Result/Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3	Risk assessments should be completed and regularly reviewed and updated on all contracts. Suitable controls to mitigate risks should be incorporated into procedures.	S	Recommendation: Risk assessments should be regularly reviewed and updated accordingly. Management Comment: Currently the post of Manager has been used as a budget saving. Will be done when Cleaning Manager is appointed		1		Comment Received: October 2006 Cleaning Manager post not yet replaced
						Revised Date 1: October 2007	Comment Received: June 2007 Cleaning Manager post not yet replaced Revised Implementation Date: October 2007
						Revised Date 2: March 2008	Comment Received: November 2008 The post of Cleaning Manger has yet to be filled Revised Implementation Date: March 2008

ACTION PLAN

Para.	Original Test Result/Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						Revised Date 3: September 2008	Comment Received: June 2008 We have recruited an Interim Building Cleaning Manager who is starting work today, and part of his brief will be to pick up outstanding issues such as this. Revised Implementation Date: September 2008
						Revised Date 4: 01/03/09	New Risk Assessments are at proof reading stage, completion/publication March 2009
						Revised Date 5: 01/07/09	Completed for issue with new manual
						Revised Date 6: 1/1/10	Cleaning Manager commencing 21/9/09 introduction is a priority
						Revised Date 1/07/10	Cleaning manager in Post working on Risk assessments with H & S and manual
						Revised date 1/12/10	Risk assessment have been sent to H & S on 1/09/10

ACTION PLAN

Para.	Original Test Result/Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						31/1/2011	Risk assessments to be signed off at the end of January
						01.02.11	Completed.

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	CS0033N1
	Multi-Skilling

DATE OF AUDIT 23rd August 2010

Directorate:	Community Services
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5	<p>A review of the documentation held for assessing the tradesmen was undertaken. It was established that an assessment form should be used by each ADMO to assess the skills of each tradesman.</p> <p>When an assessment form is completed, both the tradesman and the ADMO are required to sign the document. This form should then be passed to Human Resources for processing and the respective tradesman is placed onto the new pay grading system.</p>	S	<p>Recommendation: The service should maintain an accurate record of assessments and training for all multi skilled staff.</p> <p>Management Comment:: Current records will be reviewed and future assessments will be recorded accurately.</p>	January 2011	1	August 2011	The review is part of the Annual appraisal of the operatives and as such it is ongoing. Relevant officers have been advised that the appropriate documentation must be completed.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>A discussion was held with a Human Resource manager to determine the processing procedures and it was identified that they are not currently provided with copies of the assessment forms and only a change of position data form is received as approval of the tradesman being placed on the payroll bands.</p> <p>A sample of assessment forms was provided to Human Resources at the auditor's request. A review of this sample identified a number of concerns in that assessment forms were not signed by the tradesmen, dates of assessment were incomplete, payment dates were left blank, re-assessment dates were not completed and the standard achieved had not been fully completed.</p>						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

DATE OF AUDIT: 7th May 2009

Project Ref:	CH0060M1
	Rent Recovery and Enforcement

Directorate:	Environment
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ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5	<p>Within the Procedures handbook it states that to apply for an eviction the Housing Officer completes a Request for Warrant of Possession of Land (N325). This is sent to the Chief Clerk of the County Court with a covering letter (AE). A copy of the letter AE is sent to the Directorates Finance Department.</p> <p>Each area office is responsible for controlling and monitoring their N325 forms to ensure that notification of eviction dates are received promptly from the County Courts.</p>	S	<p>Recommendation</p> <p>There needs to be joint training in place to enhance awareness of roles and responsibilities between Housing Officers and the Housing Options Team to ensure best practice prevails</p> <p>Management Comment</p> <p>Joint training will be planned and delivered as part of the new structures and responsibilities which will be introduced in January 2010.</p>	September 2009	2	September 2010	<p>A new dedicated Income Management team has now been agreed by Scrutiny and it is hoped that this team will be in place by September 2010.</p> <p>Part of this new team's responsibility will be to review in detail the current rent arrears policy and procedure with a view to updating and amending where necessary. As part of the review of the current processes, the court/eviction process will be looked at in detail to ensure that joint working with the Housing Options section (Homeless) is agreed at the relevant points in the arrears process. This will also include conducting joint training between Housing Officers and the Housing Options Team.</p> <p>The revised implementation date of September 2010 coincides with the expected date that the new Income Management team will be in place.</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Once the eviction date has been received the Housing Officer notifies the tenant by letter, sends a standard memo to Social Services with a copy to Housing Options Preventions Officers and any Tenant Support Worker.</p> <p>The Housing Officer arranges for the locks to be changed at the appointed time.</p> <p>The Senior Housing Officer and a Housing Officer arrange to meet the County Court Bailiff at the property to formally take possession.</p> <p>The two officers attending the eviction must make an inventory of the contents on a room by room basis completing an Eviction Form, leaving a copy on the property file.</p> <p>A sample of two evictions undertaken within the last 12 months from each area was selected for audit testing. The history of each eviction was compared to the procedures</p>					May 2011	As above but with revised date of May 11.

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>detailed within the handbook to ensure that all actions have been appropriately followed.</p> <p>In one case there was no record of a Notice of Eviction Date or Eviction Letter having been produced.</p> <p>It was noted from the review that Housing Officers are encountering a conflict of interest in pursuance of rent arrears through to possible evictions due to the interventions of Homeless Prevention and Welfare Rights. The Housing Officers expressed their frustrations over a duplication of duties between themselves and the Housing Options Team and that they felt that their efforts in recovering rent arrears has suffered a set back.</p> <p>Whereas costs of Bed and Breakfast have significantly reduced the amount of rent arrears has significantly risen from around £300,000 in 2004 to over £1,000,000 currently.</p>						

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
13	<p>Mold Office</p> <p>Testing on a sample of 10 secured tenancies revealed that action to generate letters informing tenants of their rent arrears and the need to bring their accounts up to date is not always taken on a timely basis. If payments are being made action is not always taken to inform the tenants that payments are not covering the arrears.</p> <p>A sample of 10 introductory tenancies was reviewed. Two of the tenancies were still showing as Introductory on the system although they had both passed the 12 months stage. In one case no real recovery action was taken until the arrears had reached £298.49three months after the start of the tenancy.</p> <p>One tenancy was approaching the end of the term with no letters generated regarding the</p>	S	<p>Recommendation</p> <p>Action should be taken immediately a tenant falls into arrears to establish the reasons and avoid unnecessary delays.</p> <p>Management Comment</p> <p>Guidance on dealing with arrears cases at the earliest possible time will be delivered to all staff responsible. Better relationships will be developed with HB teams, as the processing of claims is identified as a significant issue.</p>	June 2009	2	<p>Sep 09</p> <p>May 2010</p> <p>Jan 2011</p> <p>May 2011</p>	<p>Training in use of HB systems and accreditation for verification status has now been completed for all housing officers.</p> <p>A list of Introductory tenancies in arrears is now regularly produced. This list is checked and tenancies are amended or actioned as required.</p> <p>A new Rent Arrears Policy and procedure is currently being drafted and will be implemented by the new Income Management Team, once in place.</p> <p>As above</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>arrears although regular cash payments had been made but were insufficient to cover the debt.</p> <p>Connahs Quay Office</p> <p>Testing on a sample of 10 secured tenancies revealed that procedures are being followed with the issuing of the correct letters and that actions have been taken promptly when tenancies have fallen into arrears.</p> <p>A sample of 10 introductory tenancies was reviewed and in all cases the correct procedures had been followed. Letter had been issued on a timely basis when the tenancies had fallen into arrears.</p> <p>Holywell Office</p> <p>A sample of 10 secured tenancies was reviewed on the IBS system. In one case the debt had been steadily</p>						

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>increasing from March 2008 until October 2008 before any evidence of arrears action. Home visits and telephone conversations had been logged but there was no formal action until the debt had reached £1350.32 in October from £995.31 in March 2008. In all other cases timely actions had been taken to pursue the debts.</p> <p>A sample of 10 introductory tenancies was reviewed. In one case it was noted that 2 months elapsed before the issuing of the first reminder letter when the debt had reached £262.22. In all other cases timely actions had been undertaken to pursue the debts.</p>						

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
16	<p>A review of the current void properties report revealed that 41% of properties are taking over 100 days to turn around ready for re-let and .06% are taking over 1000 days.</p> <p>The reports reveal that keys are handed over for repairs as soon as they are received from the tenants but it is the time taken for repairs that is the problem.</p> <p>At the time of the review there were currently 237 empty properties.</p>	S	<p>Recommendation</p> <p>Maintenance work on empty properties must be carried out promptly to maximise rental income due to the Authority.</p> <p>Management Comment</p> <p>These issues are being addressed via the Voids Working Group, and will be impacted on by reorganisation in maintenance teams.</p>	July 2009	1	September 2010	<p>Detailed reports on Voids are being presented to Scrutiny on a quarterly basis. A detailed action plan was previously agreed by Scrutiny which includes:</p> <ul style="list-style-type: none"> • The introduction of mobile working. • A restructure and service redesign to increase management capacity and more flexibility across voids and responsive repairs. • Improving communications between the Voids Team and Neighbourhood Management Teams; • More detailed performance information. <p>A Voids Working Group has also been set up with the aim of driving forwards positive improvements to the Voids process, with the overall aim of improving the voids turnaround time and reducing the number of voids.</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						January 2011	<p>The vacant property Lean Process review has been completed. Following the completed Lean review, a new revised process has been agreed and is in the final stages of being implemented.</p> <p>Prioritisation of vacant properties has also been agreed earlier this year meaning that the easiest to let and cheapest properties to reach the Vacant Property Standard are prioritised first in the process.</p> <p>Following these initiatives, the number of vacant properties are now beginning to reduce.</p>
18	There is a set procedure in place detailed within the Former Tenants Rent Procedures Manual for the pursuance of rent arrears from former tenants and a number of processes have to be followed prior to arrears being written off.	S	Recommendation Debts must only be recommended for write-off when exhaustive measures have been clearly undertaken to recover them to ensure monies due to the Authority are not being lost unnecessarily.	July 2009	2	March 2010	<p>A new dedicated Income Management team has now been agreed by Scrutiny and will be in place in September 2010.</p> <p>Part of this new team's responsibility will be to review in detail the former tenant rent arrears procedure and process to increase the collection of former tenant arrears. One particular area that needs to be looked at is the methods of recovery used in collecting former tenant arrears i.e. looking to use an outside debt recovery company</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>It is the responsibility of each Rent Officer to consider if all avenues have been pursued before recommending a write off. Categories have been included within the IBS computer system to assist officers in making a recommendation.</p> <p>FW1 Uneconomical to pursue. All debts of less than £5.00 (or less than one weeks rent on garage tenancies) are to be listed for write off straightaway.</p> <p>FW2 Tenants deceased where there are no funds in the estate.</p> <p>FW3 Tenants who cannot be traced (NFA).</p>		<p>Management Comment</p> <p>Rents Working Group agreed to explore the potential for new arrangements for the tracing of debtors and for collection of former arrears as part of new write off procedures.</p>			<p>September 2010</p> <p>January 2011</p> <p>May 2011</p>	<p>The revised implementation date of September 2010 coincides with the expected date that the new Income Management team will be in place.</p> <p>The revised implementation date of January 2011 coincides with the expected date that the new Income Management team will be in place.</p> <p>As above – revised implementation date.</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>FW4 Tenants where a bankruptcy order has been attained.</p> <p>FW5 Debts over six years old are considered out of time (Statute Barred).</p> <p>FW0 All debts where the Councils debt collection service has failed to collect.</p> <p>FWC A Credit Balance.</p> <p>If a recommendation is made to write off rent arrears, agreement is sought from the Rents Manager who then compiles all data for approval.</p> <p>On a quarterly basis individual debts to be written off must be presented to the Head of Customer and Housing Services for approval and referral to the Head of Finance, Corporate Services. Individual debts in excess of £5000 also require the authority of the scrutiny committee.</p>						

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>On receipt of the authority from the Head of Finance to write off the accounts, the Rents Office makes the necessary adjustments to the individual accounts and the authority is filed for future auditing.</p> <p>A sample of ten accounts which had been recently approved for writing off were selected to establish what procedures had been followed and ensure that all avenues had been pursued prior to the arrears being written off.</p> <p>Concerns were identified in that a sample of debts appeared to be written off too quickly without further investigation. This occurred when the forwarding addresses have been known, the tenant was in known employment, pursuance letters have not been issued.</p>						

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>The Housing Estates Manager reported that a new Allocations Policy is to be adopted to prevent former tenants being allocated another property when they have outstanding debts.</p> <p>Debt Collection Agencies are also being considered to recover debts.</p>						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

DATE OF AUDIT: 25th May 2010

Project Ref:	EN0010N1
	Business Enterprise Units

Directorate:	Environment
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
13	<p>It was identified that no marketing plans are in place. It was also noted that a website is being developed for both business centres.</p> <p>From a discussion with the Enterprise Manager it was established that the Options review is in progress and the marketing for both sites will be reviewed.</p> <p>A marketing plan is a key document for promoting the services available and should be introduced.</p>	S	<p>Recommendation: Following the consultants Options review, the service should introduce and adhere to a suitable marketing plan.</p> <p>Management Comment:: A marketing plan will be prepared based on financial limitations and findings of the option review</p>	Aug 2010	1	October 2010	Grant Thornton Options Review is on-going. A Marketing Plan is being drafted and costed. Working with Joanne Purnell to develop dedicated FCC web pages for the Business Centres.
						January 2011	Grant Thornton Options Review is on-going. Advertising available office and workshop accommodation has been costed and authorised. FCC Business Web pages have been drafted for approval.
						Complete	Advertising in local media, newsletters, and magazines confirmed.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
15	<p>A review was undertaken of the costs for specifically operating the two business centres and data was examined covering the period from 2006 to 2009.</p> <p>It was identified that the business centres have continued to operate at a loss over the last three years and it is further expected to report a loss for 2010.</p> <p>Joint losses were reported in:</p> <p style="padding-left: 40px;">2006/07 - £72,468</p> <p style="padding-left: 40px;">2007/08 - £103,379</p> <p style="padding-left: 40px;">2008/09 - £12,235</p> <p style="padding-left: 40px;">2009/10 - £82,305</p> <p>(Estimated)</p> <p>A discussion was held with the Enterprise Manager regarding these losses and one main factor was reported. The rental costs were circa £40K when the management of both sites was undertaken externally by</p>	S	<p>Recommendation:</p> <p>Consider the findings within this report and the pending options review to determine how the service can operate more efficiently.</p> <p>Management Comment:</p> <p>Options Review will detail efficiencies and recommendations to be considered for implementation.</p>	Aug 2010	2	October 2010	Grant Thornton Report is on-going, options review will detail efficiencies.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Flintshire Enterprise Limited. The sites were re-valued by the District Valuer and a rental cost of £203K per annum was identified and charged to the services budget. It was understood that the previous rental had not been reviewed for a number of years and had remained at that level. The current rental costs have remained constant since 2009 and do not appear to have been reviewed. A further review could potentially result in increased rental charges to the service.</p> <p>There is concern regarding the operation of the centres as continuous losses are occurring. Increased occupancy and further investment will be required in order to operate more efficiently and the introduction</p>					January 2011	As above
						March 2011	As above

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>of marketing, business and investment plans should assist to address this.</p> <p>An Options review is due to be undertaken which will look to improve efficiencies in managing both business centres and it is expected that this work will be completed in March 2010.</p> <p>An Options review is due to be undertaken which will look to improve efficiencies in managing both business centres and it is expected that this work will be completed in March 2010.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
18	It was identified that a capital investment plan is not in place. This is a key document which formalises the investment plans and should detail the funding streams for each centre for both current and anticipated income, bids for funding, priorities and decision making. Introduction of this document should provide the service with a clear picture for the monitoring future investments.	S	<p>Recommendation: The service should compile a capital investment plan for the business centres.</p> <p>Management Comment: Investment Plan and associated budget to be determined by Corporate Property Services.</p>	Dec 2010	2	April 2011	Grant Thornton Report is on-going. An Investment Plan will be considered once the report is finalised.
19	<p>A discussion was held with the service manager who raised concerns regarding the unsigned service level agreement held with Corporate Maintenance.</p> <p>It was identified that an agreement was set up in 2007 for property services to be responsible for all matters relating to large and cyclical maintenance</p>	S	<p>Recommendation: The service should review the current service level agreement in place to ensure that value for money is obtained.</p> <p>Management Comment: Agreed recommendation</p>	Dec 2010	2	April 2011	Will be determined once the Grant Thornton report has been completed.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>For the client to provide compliance with the occupation agreement the service are charged on an annual basis a total of £27.5K. Concerns continue to exist regarding the annual charge of £27K as it is believed that the work undertaken is minimal and the agreement should be reviewed.</p> <p>In addition to this charge, a delegated budget of £60K was requested to cover estimated annual maintenance and servicing costs. This figure was then recalculated to £90K. As the service were operating with a maintenance budget of £68K it was not possible to agree to this charge and the service have arranged to undertake their own maintenance works with contractors.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	An examination of the service level agreement also identified that it was not signed by both parties.						
20	<p>It was established that Flintshire Business Services took over the operation of managing the two business centres from Flintshire Enterprise Limited in 2004/5. In October 2006, it was reported to the Executive Management Team that a rent review will be required as the level of rental income was significantly below market levels.</p> <p>It was further reported that a rent review had not been undertaken for a number of years however it has not been possible to identify precisely when the last rent review occurred due to a lack of evidence.</p>	S	<p>Recommendation: The service should ensure that rent is reviewed on an annual basis and that any adjustments made to the rent are appropriate and in line with market value.</p> <p>Management Comment: Rent review will be implemented as directed by Valuation and Estates.</p>	Dec 2010	2	April 2011	Will be determined once the Grant Thornton report has been completed.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>It was identified that the rent review had to be readdressed by the Corporate Management Team as the initial report had incorrect figures recorded. A report was presented to the Corporate Management Team in October 2007 recommending options to progress the rent recovery and for budgetary provision to be made available.</p> <p>A phased rental increase was introduced which was completed in 2009.</p> <p>A lack of regular rent reviews being undertaken by the previous organisation, Flintshire Enterprise Limited, and the challenges faced by Flintshire Business Services has resulted in below market value rental income being received. This has now been addressed to an extent, however the rent currently being received will only be at market value until the end of March 2010.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	There are no future rent reviews planned by the service and this will need to be introduced.						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	ER0030M1
	Public Transport

Directorate:	Environment
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DATE OF AUDIT 20th March 2009

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5b)	In the case of the tenders checked there was evidence of operators being selective as to which tenders they accepted. The tenders rejected were then offered to the next lowest tenderer or awarded on the basis of a negotiated contract. As this was an EU contract negotiations are not allowed other than in specific circumstances.	S	<p>Recommendation</p> <p>Negotiations under EU contracts must only be undertaken in accordance with the regulations.</p> <p>Management Comment</p> <p>This will be addressed at the next tender round. However it is difficult to prevent operators tendering for more work than they can operate and the being selective in what they chose.</p>	September 2009	1	Aug 2010	No tender for local bus services in recent months. I would reiterate the management comment last time concerning preventing operators effectively being selective. This has advantages for the Council as well as disadvantages.
						TBC	I am seeking advice on this from Procurement. No local bus tenders have been despatched since the original audit.
						March 2011	Tenders sought for the supply of bus services commencing in July 2011, but I would again reiterate the management comment concerning preventing operators effectively being selective. This has advantages for the Council as well as disadvantages.

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	The contract used for the tendering of the local bus service contracts commencing on the 1st September 2007 was examined. The contract is based on a standard template issued by the Procurement unit. It is intended that this template should be amended to suit the needs of individual contracts, but in the case of the contracts checked no amendments has been made. In particular section 3 of the contract refers to the contract being a framework contract for the supply of Paper and Board to the Design and Print Unit.	S	Recommendation	September 2009	1	Aug 2010	No local bus service tendering in recent months. Next due date August 2010. FCC officers are working collaboratively with partner authorities to move towards e-tendering that, under the auspices of the Procurement Section and NWPP should address this issue.
			The wording of the standard contract requires amendment to ensure that it refers to the specific requirements of bus service contracts.			TBC	Again, no tenders have been let for local bus services since the original audit. Changes have already been made for the recent school transport tender and the contract documentation checked with Legal. Collaborative working continues.
			Management Comment This will be addressed with the Procurement Unit when the next tender round takes place			March 2011	Actioned. Tenders sought for the supply of bus services commencing in July 2011. The procurement information sent does not contain this information but relates to the contract being a framework contract for the supply of Paper and Board to the Design and Print Unit

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	EN0040N1
	TASK

DATE OF AUDIT: 19th February 2010

Directorate:	Environment
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
10	<p>The procedures for processing time and job allocation were reviewed with the Depot Clerk at Halkyn Depot.</p> <p>It was established that the operative completes a timesheet for the week detailing their hours worked including leave taken. A worksheet is also completed which details the jobs worked on during the week and the hours for each job.</p> <p>The timesheet and worksheet are passed to the Depot Clerk who checks and balances the two documents to ensure that the hours claimed are correct.</p> <p>The timesheet is then recorded into TASK</p>	S	<p>Recommendation: A review of the TASK job costing data should be undertaken to ensure that accurate job costings are produced.</p> <p>Management Comment: To be progressed between system provider (Consilium) and Depot Clerk as part of an outstanding help desk call.</p>	31/03/2010	1	<p>31/07/2010</p> <p>31/10/2010</p>	<p>This help desk call is still outstanding. Consilium have subsequently offered for a Consultant to come on-site and go through the problem face to face. A date for this is currently being arranged but should hopefully be by the end of July.</p> <p>The Finance Officer dealing with the System Administration for TASK left the Authority in May. Due to recruitment delays, a temporary replacement only came into post in August and outstanding help desk calls are now being dealt with. During the training of the new Finance Officer in August, Consilium were informed that this payroll issue with the system would need to be addressed ASAP.</p> <p>Subsequently, Consilium have agreed to provide on-site provision of a Consultant to go through the problems with the relevant Depot staff and the temporary Finance Officer. This will be undertaken by the end of October.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>detailing the hours worked, leave taken, to specific codes (set by masterpiece).</p> <p>The worksheet is then recorded into TASK detailing the job numbers, dates, bonus codes and total hours.</p> <p>Payroll reports were produced from the TASK system which show a breakdown for each employee including a description of how the pay is calculated (Bonus, Average Bonus, Holiday Pay, Basic Pay).</p> <p>A report was also produced showing the job costing system for each employee. This report breaks down the payroll to individual jobs.</p> <p>The service does not operate to a schedule of rates. A review of composite work values for job codes was obtained in 1992-93 and the service used to work to these codes, however, this has been reduced and only particular codes are used</p>		<p>Initial meeting taken place with Consilium at Halkyn Depot.</p> <p>Action agreed and TASK software amended. Results to be monitored in dummy jobs and if change is successful changes will be implemented in forthcoming financial year.</p>			31/01/2011	<p>Consilium Hep Desk staff have been in contact with Depot colleagues on a regular basis to attempt to resolve the problems. In addition, the Consilium Account Manager visited County Hall on 22/11/10 and an Action Plan was agreed to resolve this. It has also since been agreed by the Head of Streetscene that Depot Staff will take direct responsibility for the TOTAL System going forward.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>and the document is not fully utilised.</p> <p>Concerns were identified with this process in that the total gross pay is allocated to the jobs worked on, including holiday pay. This was discussed with the Depot Clerk who confirmed that Holiday leave, Sick leave, Average Bonus and Standby Bonus are all currently costed to specific jobs. This issue has apparently been raised with Finance, however, is still outstanding.</p> <p>Therefore, the process currently being operated does not provide an accurate calculation for each job.</p>						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	EN0080N1
	Data Management – Public Protection

DATE OF AUDIT: 4th March 2010

Directorate:	Environment
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2	<p>Data quality is fundamental to data management. Discussions with APP users revealed that confidence in data quality is low.</p> <p>We reviewed the arrangements for collecting, inputting and sharing data across user departments. This demonstrated:</p> <ul style="list-style-type: none"> • significant amount of data being repeated for different purposes • poorly entered data 	S	<p>Recommendation:</p> <p>Process reviews should be conducted to enhance the detection and correction of errors.</p> <p>There should be regular reports on data quality submitted to an appropriate level of management.</p> <p>There should be clear responsibilities allocated for data quality.</p>	December 2010	1		<p>Implemented</p> <p>Process of random checking of data accuracy by administrators is in operation</p> <p>Names and addresses is the main area of duplication. This has been addressed by reporting on a quarterly basis and taking appropriate action</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<ul style="list-style-type: none"> • poor maintenance • data duplication • problems with merging of different data sources <p>The net effect of this being a huge amount of duplication, inaccurate and incomplete records, lack of consistency.</p> <p>There is inadequate design of systems and processes for capturing and sharing data across different users. For example:</p> <ul style="list-style-type: none"> • Trading Standards download data directly from Consumer Direct Wales. This has resulted in a number of duplicate records being introduced to the system. • In Planning electronic submissions of planning requests have to be printed off and scanned back into APP. Also, there are no links to e-mails or to the photograph library 		<p>Management Comment:</p> <p>Partially undertaken currently but not on a consistent basis. Requires a process procedure</p> <p>Partially undertaken currently but not on a consistent basis. Require process procedure as part of above</p> <p>Review by Service administrators</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<ul style="list-style-type: none"> • In Planning scanning of documents appears to be ad hoc. Pre-planning applications are not on the database and not all planning applications are scanned. Some applications are only part scanned if the document is too large. Amendments to applications are not always scanned because of time constraints. Not all correspondence is scanned and hence the APP database is not a full and complete record. • Where Planning conduct a consultation as part of a planning application they contact consultees. Public Protection is a consultee and they receive a memo from Planning requesting their observations. Despite the 						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<ul style="list-style-type: none"> • fact that a record will have already been established by Planning, Public Protection treat it as a service request and set up another master record on the system. • Building Control have encountered problems with using local authority numbers and not the unique APP numbering sequence which has resulted in duplications on the system. <p>We noted that systems in general are inefficient, poorly documented and heavily reliant on manual systems. The whole process of data input and data sharing would benefit from complete review and enhancement.</p> <p>Premises are the hub of the system and users are instructed to check to see if a record is already on the system before entering new details and to link information to the one record. However, in</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>practice this isn't happening.</p> <p>To ensure that all linkages are made associated names and addresses should be linked with activities or premises. Our review highlighted that this is not happening and further duplication of records is occurring. The database has the facility to assign a name and address to any number of types allowing a single record per person. A report drawn off the system on 23rd October 2009 shows that currently there are 3191 names and addresses records that have no links.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3b)	<p>There is a risk that coding systems are not adequate to support the business needs of the Directorate. The primary aim of a coding structure is to enable grouping and sequencing information to allow extraction of data for performance and management purposes.</p> <p>A comprehensive codes dictionary is provided with the APP system, which can be tailored to the authority's work practices. All users have access to the same code dictionary which consists of hundreds of codes. Each section using the APP system have set up codes and added to the dictionary. All users do not</p>	S	<p>Recommendation: Staff should be adequately informed about the coding structures and the importance of accurately and consistently coding input.</p> <p>Management Comment: Training Issue</p>	December 2010	1		<p>Complete</p> <p>Codes have been reviewed and are fit for purpose.</p> <p>NOTE: Controls are administered by existing Administrators. Changes cannot now be made due to loss of historical records</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	necessarily use the same codes for the same ancillary activities such as receiving telephone calls. As business requirements evolve it is essential to regularly review the initial and ongoing configuration, both at business and technical levels, of the systems otherwise the Authority risks serious loss of integrity over time in its data and document assets.						
3c)	As 3b)	S	<p>Recommendation: There should be periodic consistency and accuracy checking on a sample basis to ensure that staff are coding items correctly.</p> <p>Management Comment: Links to data quality above</p>	December 2010	1		<p>Completed</p> <p>See 2) above</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5a)	<p>The APP database takes up 17.3 GB of storage. The APP database is 92% utilised but IT reported that when this nears capacity it is easily resolved by adding more disk space and that there is always a reserve amount of disk for this purpose. IT reported that the data within the APP system is efficiently stored on disk using IBM fast disk.</p> <p>The Migration Project is underway to move the APP client through Citrix so all users will share one drive. Once implemented upgrades will be loaded centrally rather than on all computers as it the current practice.</p> <p>A number of problems have been experienced by different sections using APP. Building Control have reported the system as being slow and problems with the server capacity. They</p>	S	<p>Recommendation: There needs to be a method of ensuring that when the system is upgraded all users are informed of how this affects them.</p> <p>Management Comment: Upgrades are coordinated through corporate ICT. This will be the role of the new Business Systems and Performance Post.</p>	December 2010	1		<p>Completed</p> <p>Provision has been made in InfoPoint to provide users with Upgrade information</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>have also had a problem with the rebuilding of indexes. Problems have also been experienced when other users have had upgrades to the system. Planning also reported this as an issue.</p> <p>It is the responsibility of the Systems Administrators to assess how well the database is performing in their areas and report any issues. Civica are approached when additional capacity is required.</p> <p>The APP 'Train' system is used initially for bug fixes and when these have been resolved satisfactorily the system will upgrade and feed this to the 'Live' system.</p> <p>Civica offer an annual 'Health Check' which is included as part of the annual licence agreement but officers reported that there have been no Health Checks of the system for the</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>last three to four years and that this should be resolved when the Planning Department migrate to a windows server by October.</p> <p>Users of the APP database approach their Systems Administrators when encountering problems with the database and these are taken to Civica or Corporate IT for resolution.</p> <p>The Error Report facility within the database is not used. Users can access the APP User Management link within Lotus Notes for reporting problems and how to resolve problems for the benefit of other users.</p> <p>IT does not maintain any logs of problems experienced with the system.</p> <p>Officers interviewed highlighted that there are ongoing problems with day to day operations which staff find very frustrating.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>As there is no formalised method of recording and monitoring the problems tend to go unresolved.</p> <p>It is important that all problems are diagnosed and reviewed.</p> <p>Under the Licence Agreement APP state the provision of a monthly report of work carried out and time spent on maintenance. This has certainly not been provided on a monthly basis and regular general maintenance of the database has been limited.</p>						
5c)	As 5a)	S	<p>Recommendation:</p> <p>The Directorate should ensure that it annually maintains the database under their entitlement as stipulated in the terms and conditions of the licence</p>	December 2010	1		<p>Complete</p> <p>Entitlement is now utilised as per conditions of Licence. 2010 was taken up in the last quarter</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			<p>Management Comment:</p> <p>This has always been assumed to be the responsibility of Corporate ICT. New role for Business Systems and Performance Post.</p>				
7	<p>The audit highlighted the lack of document management. There are no formal policies on the archiving and retention periods for data. All departments need to identify retention periods for data held and draw up procedures for deletion and/or storage processes for the different types of data held.</p> <p>This needs to be based upon national/legal requirements, also taking account of local business requirements.</p> <p>Archiving should form part of the regular housekeeping of the database.</p>	S	<p>Recommendation:</p> <p>Clear archiving policies should be developed which detail:</p> <ul style="list-style-type: none"> • how often data archive/delete processes should be run • what data retention periods should be used for the different types of data 	January 2011	1		<p>Assessed but Planning records are part of a Statutory Register and cannot be deleted or archived.</p> <p>Completed</p> <p>Research has been undertaken on retention policies with London Borough of Richmond</p> <p>There are problems in deleting records in trying to identify and assess each of the documents associated with the record. Will be a costly process that cannot be currently resourced.</p>

ACTION PLAN

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			<ul style="list-style-type: none"> a member of staff should be given the responsibility of ensuring that these procedures are followed, making use of the archive/delete mechanisms. <p>Management Comment: Consult David Bridge on legal position. Research policies in other authorities such as LB of Richmond.</p>				
9	Security levels range from 0-9. Level 9 is super user. There has been no review of the allocation of privileges in the system and as a consequence individuals are being allocated higher levels of access to enable them to, for example, use the report writer.	S	<p>Recommendation: There should be a thorough review of the privilege configuration within APP.</p> <p>Management Comment: Agreed as a priority</p>	January 2011	2	July 2011	Underway Work to be completed in the next quarter.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>All users have the default to create names and addresses, ideally there should be restrictions on the number of users who can create, amend and delete master data.</p> <p>It is also concerning that Systems Administrators are allocated super user privilege when they are also operational users of the system; this results in an insufficient segregation of duties.</p> <p>The Administrators in each section are responsible for setting up individuals and allocating the appropriate security level. However, there is no formalised authorisation process in place and the list of users and their access privileges is not periodically reviewed by managers to ensure that they remain appropriate.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	Thought needs to be given to the security levels allocated to programs to prevent access to essential update and enquiry programs or alternatively grant access to programs which should be restricted. The Directorate should work towards a policy of least privilege to protect the data. The Security Policy produced in 2005 was never formally approved or adopted. It was reported that the policy did not receive any feedback.						
12	Departmental and cross departmental requirements have not been established and as a consequence there is inconsistent usage of APP. Process mapping of the systems has not been achieved; a specification identifying the business	S	Recommendation: Management should foster the development, implementation and maintenance of detailed data policies, standards and procedures within the Directorate in line with the principles and standards set out in the Authority's	July 2010	2	TBC	Directorate Plan identifies the need to comply with the requirements of this Audit We are awaiting the availability of a <u>corporate</u> training programme for Information Management. Not within Directorate control

ACTION PLAN

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	<p>process was produced when APP was originally adopted and other documentation of the systems is not up to date or held in an appropriate location allowing accessibility for all users.</p> <p>The Authority's Information Management Strategy promotes the effective and consistent management of information. To ensure effective data management the Directorate needs to formally consider how it can promulgate the principles and best practice set out in the Strategy.</p> <p>Our review of APP highlighted a lack of formalised documented standards and procedures which we consider contributes to the inconsistency of data and variable data quality held in APP.</p>		<p>Information Strategy. These policies and procedures should be tested and monitored to ensure compliance.</p> <p>Management should ensure that officers receive appropriate guidance and training to enable them to fulfil their data management obligations</p> <p>Management Comment: Clarify corporate training policy – include in Appraisals To be addressed in the Directorate Plan</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	It is important that the Directorate establishes transparent, auditable policies, standards and procedures for data management to ensure the integrity of data. Data management policies should cover the whole life-cycle from data acquisition, operation through to long term preservation of the data.						
18	<p>Enhancement requirements to the database are discussed with the Administration Manager and taken to the North Wales User Group meetings to discuss ahead of approaching Civica.</p> <p>There needs to be a more formalised approach to putting in enhancement requests to ensure that they are consistent with the Directorate objectives and to ensure that the resources</p>	S	<p>Recommendation: Any enhancements should be documented, justified and approved by the systems manager.</p> <p>Management Comment:. When appointed, the Business Systems and Performance Post will review the Lotus Notes information system as an enhancement control/modification system. Links to 5 above. Work with the NW User Group to pressurise the company on enhancements</p>	December 2010	1		<p>Implemented</p> <p>Major enhancements that are not of a local nature are processed through the NW User Group</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>available to enhance and support APP provide maximum value for money for the Directorate.</p> <p>Under the current approach enhancements are ad hoc and tend to be on a department/user basis.</p>						

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	EN0090N1
	Taxi Contracts

DATE OF AUDIT 18th December 2009

Directorate:	Environment
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ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
10	Discussions took place with the Senior Transportation Officer and the Performance Information Manager, Lifelong Learning Directorate, to ascertain how up to date the EMS database was at the time of audit. Despite a management comment in March 2008 that a single point of contact for Pupil Referral Unit (PRU) changes has been put in place the Senior Transportation Officer stated that he has never received a leaver/deleted notification from Inclusion Services. Also it is very rare that an operator notes a leaver	S	Recommendation: The Inclusion Service must ensure that the transport department are kept up to date as to which site a child is attending within the Pupil Referral Unit portfolio. Management Comment: An electronic form is being introduced. The PRU sites will be required to complete this form for any pupil leaving or entering the site. This will then be sent to School Transport who can then amend / end the requested transport.	Dec-09	1	April 2010	The electronic form has not yet been introduced by the PRU in Lifelong Learning (22.2.10)

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>on a variation form.</p> <p>The Performance Information Manager stated that it is hoped to extend the B2B system to the two new Special schools with effect from September 2009.</p> <p>This should address the issue identified in the previous audit with regards to the gap in information from Special Schools. However, the lack of information regarding PRU has not been resolved.</p>					<p>June-10</p> <p>TBC</p>	<p>We continue to do our own checks with school and taxi service to see if any pupils have left a school.</p> <p>We have to ask centres at the end of each half term for pupil movements.</p> <p>No electronic / paper leaver form has ever been set up – EMS does send an alert when a child moves school but I assume this is only done when school send through this information.</p> <p>We have recently asked for school leavers/starters for new special schools – schools have known for quite a while who is starting/leaving.</p> <p>This is principally a matter for the PRUs themselves to address but Transportation and the Inclusion Service are working together to try to resolve the long-standing problem of timely information between stakeholders, recognising the shortcomings of the current system and trying to find a mutually beneficial mechanism to</p>

ACTION PLAN

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							<p>overcome them. Stakeholders at County Hall are aware of the importance of this information and Colleagues in LLL have reminded PRUS of the importance of this. By looking again at the way information should flow, Transportation and the Inclusion Service aim to have a revised and working system. As always, this is largely dependent upon the goodwill of staff at each PRU.</p> <p>LLL All PRUs, Special School and mainstream secondary schools have been informed of this requirement but reminders will be issued.</p> <p>Denise Hawkins now attends the monthly transport meetings where current issues and developments are discussed.</p> <p>This has now been implemented</p>

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	EN0100N1
	Technology Forge

Directorate:	Environment
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DATE OF AUDIT: 13th April 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1/2	It was noted that a Project Definition Report was compiled 09/05/06 and a Follow on Actions Report 26/11/07. These documents detail goals and objectives for the Technology Forge System. The explanation given for not carrying out a formal evaluation was that the implementation of the system is still ongoing i.e. not all modules are "live".	S	<p>Recommendation:</p> <p>A formal evaluation of the Technology Forge System should be undertaken on an individual module basis with a view to determining whether the goals and objectives of each module as detailed in various reports have been realised and whether there has been any measurable increased business process efficiency.</p> <p>Management Comment::</p> <p>It is managements view that one report is required that considers the goals and</p>	August 2010	1	Dec 2010	<p>Regular Tf Progress meetings take place to discuss each module and to determine the extent of their current use.</p> <p>All modules are currently being used within Technical Services with the exception of Suitability & Sufficiency (Lifelong Learning) and Utility Register (Energy use alternative software as the module within Technology Forge is not sophisticated enough).</p> <p>We have discovered that the AMS has produced many benefits such as (a) we acquire only the software that we need. We know how many licences we have and can monitor their use. (b) using Tf Facility has meant that other work platforms are not now used resulting in continuity and efficiencies. We now have the added benefit of none duplication of data and the accuracy of one software system only (c) detailed information now exists against all properties with good back up and recovery plans should the need arise.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	There is no comparative data available (from before TF was implemented) to prove whether there has been increased business process efficiency. Technology Forge is a central repository of all property related data facilitating associated work processes. Prior to Technology Forge a number of service areas had developed and maintained separate systems, an approach which had potential inherent issues such as duplication, inaccuracy and inefficiencies. The main efficiency of Technology Forge is the replacement of numerous systems with one, leading to a single source of inter-related data for use in asset management.		objectives and determines if they have been delivered successfully. The Service Mangers responsible for the principle areas of the system will prepare and issue this report.				<p>(d) knowing what software we have, why we have it and where it is, allows us to make informed strategic and operational decisions (e) upgrades and changes automatically take place, saving time and money for both IT, the authority and employees (f) backup and recovery systems are easier to maintain and support costs have hopefully been reduced (g) Tf is an integrated module system which enables data and information to be stored in a more efficient manner (h) deadlines can be met much easier.</p> <p>By the end on December 2010 a report and action plan will be drafted that will clearly show the benefits of the respective modules within Tf and how the Tf software supports the corporate objectives through efficient asset management planning.</p>
						Complete	A full review of the system was under taken and various strategic changes and baselines in implementation taken account of. As a consequence a report and attachments went to CAMG in Dec 2010 and the purpose and benefits of the system set out in full against modules and practice. An action paln covering module development or where already complete ongoing service delivery development was produced and approved as part of the CAMG report.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	<p>Incorporated into the Project Definition Report (09/05/06) was an action plan. However not all tasks had an officer responsible or a target date for implementation. Information contained in these documents was dated.</p> <p>Further discussions were held with the Senior Technical Officer who stated that "Responsibility for the management of the modules sits substantially with the two service areas which the modules interface with i.e. the Corporate Property Maintenance Manager and Corporate Valuer. Meetings are held to monitor progress the last one being held in May 2009 to report in on module implementation progress".</p> <p>It transpired that there was no action plan in place.</p> <p>Further discussions were held with the Project Sponsor who indicated that an action plan could be distilled from the</p>	S	<p>Recommendation:</p> <p>To ensure a coordinated and timely implementation of the Technology Forge system there needs to be an up to date action plan in place.</p> <p>Management Comment::</p> <p>The user group responsible for the management and implementation of any residual modules has set this plan for the limited number which have yet to go live in the valuation and estates work area.</p>	August 2010	1	Dec 2010	<p>Regular Tf Progress meetings take place to discuss each module and to determine the extent of their current use.</p> <p>All modules are currently being used within Technical Services with the exception of Suitability & Sufficiency (Lifelong Learning) and Utility Register (Energy use alternative software)</p> <p>An action plan in relation to each module will be produced and presented during December 2010.</p> <p>Complete</p> <p>A review of progress and baselines has been undertaken and reported to CAMG. This includes the action plan referred to above which covers the issues referred to.</p> <p>Discussions have taken place with the other services which will be required to input for certain parts of the framework as referred to.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>topics discussed at the Technology Forge Progress Group.</p> <p>The action plan should encompass: -</p> <ul style="list-style-type: none"> • List of prioritised actions required • Responsible officers • Target dates for implementation • Monitoring processes. <p>The action plan should include:</p> <p>The project objectives in relation to Technology Forge interfacing with other applications as required.</p> <p>The project objectives in relation to the migration of existing asset information into Technology Forge. (See sections 9 and 10)</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
18	<p>Time would not allow us to check all modules.</p> <p>Therefore a random sample of five users of the system were contacted for their views on completeness, accuracy, timeliness and validity of the data contained within the system.</p> <p>Four out of the five sampled indicated that they felt that certain information was either incomplete or inaccurate.</p> <p>Comments include:</p> <ul style="list-style-type: none"> • incomplete and inaccurate contact information in relation to specific properties i.e. Officer names, telephone numbers etc. • Inaccurate expenditure codes in relation to orders raised in respect of various properties. • Incomplete list of contractors as per the Authority's Select Lists • Incomplete legal title information on some properties 	S	<p>Recommendation:</p> <p>In the light of the comments made by various users of the Technology forge system the accuracy of migrated and standing data on the TF system should continue to be quality control checked and monitored. Evidence of these checks being carried out on a module by module basis should be substantiated on supporting working papers.</p> <p>Management Comment:</p> <p>We agree that new data needs to be quality checked. From a Valuation & Estates perspective we are currently working on a business process which will incorporate quality control. Thus so far we have ensured that data has been checked and signed off by a qualified officer.</p>	Dec 2010	2	Aug 11	<p>A review of progress and baselines has been undertaken and reported to CAMG. This includes the action plan referred to above which covers the issues referred to.</p> <p>The ongoing day to day management of the operational modules has therefore been taken into account.</p> <p>The Quality Management System referred to for Valuation and Estates is now earmarked to be reviewed by outside validation in the summer with a first formal review at the end of the year leading to ISO accreditation. This framework will support day to day management and record handling.</p> <p>The authority will also be introducing E PIMS lite which will be a public body and publicly accessible high level asset database to facilitate public sector interaction and the more effective and efficient use of assets across Wales.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<ul style="list-style-type: none"> Incomplete legal title information on some properties <p>Data quality is also detailed in the Follow on Actions Report (26/11/07). "It is recommended that Senior Users and Service Managers assess the quality and usefulness of the data held, particularly before enabling web access for headmasters, the fire service and the organisation as a whole."</p> <p>Internal Audit could not find any documentary evidence to support the assertion that there are checks on migrated and standing data for all modules contained within the Technology Forge System.</p>		<p>However, because some data comes in the form of a data load it may be time consuming to physically check every detail. Specific sampling will be undertaken in order to verify the robustness of the data load.</p>				

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	EN0120N1
	Affordable Housing

Directorate:	Environment
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DATE OF AUDIT 24th February 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
10 a)	Local Planning Authorities must ensure that sufficient land is genuinely available to provide a 5 year supply of land for housing. TAN 1 sets out the requirements for Joint Housing Land Availability Studies (JHLAS) and requires that studies should be published within 12 months of the base date because housing land supply can change rapidly. As part of the JHLAS planning authorities must maintain accurate records on completions and identify the number of market and affordable housing units built each year: Flintshire has not done this.	S	<p>Recommendation: The Authority should proactively address the lack of land available for affordable housing, in particular objectively assessing suitable Authority owned sites which could be released.</p> <p>Management Comment: Agreed. A meeting is planned between the Head of Planning Policy and Valuation and Estates to consider local Authority landholdings</p>	March 2010	2	Dec 10	<p>AR: The requirements for a 5 year land supply as set out in TAN1 and monitored via the JHLAS, relates to all housing (i.e. market as well as affordable housing), and the means to address any shortfall is through updating the development plan (as set out in TAN1). This is what we have been working towards with the UDP as its allocated sites have the potential to bring forward affordable housing at 30%. Unfortunately there are still Member concerns preventing the plan from being adopted.</p> <p>AR: In relation to a meeting with Property colleagues, this has not yet taken place as the amount of capital available to Housing Associations to invest in sites (even if they were identified) is extremely limited. Also, looking to the LDP any review of Council owned land should</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>We contacted WAG to establish the reasons for the delay in publishing the 2008 study. The WAG officer stated that Flintshire had been late submitting the data and that staffing issues at WAG had also contributed to the delay. The publication of the study is imminent but Flintshire is effectively running a year behind.</p> <p>Appropriate steps were not taken to disseminate the 2007 study to senior management and members and the Authority has not published the study on the website as required by TAN 1. (Section 7.6.5).</p>						<p>be part of a wider asset review conducted jointly with out LSB partners, in order to fully understand the potential of publicly controlled land to benefit the community for matters such as the provision of affordable housing.</p> <p>AR: WAG has only recently provided the JHLAS in a format suitable for publication electronically and so it is difficult to present earlier versions of the study in the same way. Also WAG do not have up to date studies on their website.</p>
						30.3.2011	The JHLAS group are scheduled to meet on 30.03.2011 to consider and agree the results of the 2008-2010 study with a view to WAG then publishing the final study as soon as possible after this (May 2011).

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
10b)	<p>The summary assessment for 2007 highlights that land supply in Flintshire is between 2.82 and 3.3 years; although based on past build rates land supply would amount to 6.53 years. A total of 231 units of affordable housing are within the five year supply, however, the UDP residential land commitment includes 710 affordable housing units until 2015.</p> <p>As part of the JHLAS planning authorities must maintain accurate records on completions and identify the number of market and affordable housing units built each year: Flintshire has not done this.</p> <p>We contacted WAG to establish the reasons for the delay in publishing the 2008 study. The WAG officer stated</p>	S	<p>Recommendation:</p> <p>Data should be submitted to WAG in accordance with deadlines to enable the timely completion and publication of the Joint Housing Land Availability Study (JHLAS).</p> <p>The JHLAS for 2008 should be disseminated to senior management and members and published on the Authority's website in accordance with Tan 1.</p> <p>Management Comment:</p> <p>Head of Planning Policy intends to approach WAG to agree 'catch up' on JHLAS by doing a two year (2009 and 2010) study.</p>	March 2010	2	August 2010	<p>AR: WAG do not set a deadline for the JHLAS other than requiring in TAN1 that it is published within 12 months of the study base date. Studies have been delayed in Flintshire as they have coincided with key stages in the UDP process and resources have had to be prioritised.</p> <p>AR(15.09.10) – Due to a restructuring of the department of WAG which is responsible for JHLA studies (DE&T) WAG have announced that they will be putting in place interim arrangements in relation to the progress and management of LHLA studies. WAG will be issuing a guidance letter on these arrangements (not received at time of update).</p> <p>AR: WAG has been approached regarding carrying out a two-year (2009-2010) study and we are awaiting confirmation. Preparatory work is already underway to carry out the study.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>that Flintshire had been late submitting the data and that staffing issues at WAG had also contributed to the delay. The publication of the study is imminent but Flintshire is effectively running a year behind.</p> <p>Appropriate steps were not taken to disseminate the 2007 study to senior management and members and the Authority has not published the study on the website as required by TAN 1. (Section 7.6.5).</p>					<p>October 2010</p> <p>AR(15.09.10) – WAG have accepted the principle of carrying out a 2 year study and the majority of the survey work is now complete. Survey results will be sent to WAG for compilation, agreement by the study group and publication. Expected completion of study work is by mid October 2010 but given interim arrangements announced by WAG (see above) cannot be certain about publication timescales.</p> <p>AR: WAG has only recently provided the JHLAS in a format suitable for publication electronically and so it is difficult to present earlier versions of the study in the same way. Also WAG do not have up to date studies on their website.</p> <p>AR(15.09.10) – Electronic copies of the 2007 and 2008 studies have now been obtained from WAG and will be available on the Planning section of the Council's website by the end of September 2010.</p>	
						<p>May 2011</p> <p>See updated comments on previous action. Achievement of this date will depend on WAG administrative processes and is out of the Council's control.</p>	

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
11	<p>Our review highlighted that in the past there has not been effective engagement of members on affordable housing. The seminar held in June for members as part of the AHDS was well attended and the Housing Strategy Manager indicated the intention to develop an affordable housing strategy with input from members.</p> <p>Engagement of members on affordable housing issues needs to be targeted at several levels.</p> <p>There needs to be a high level of policy commitment from members and to gain this they need to be fully involved in the policy development and the ongoing review and evaluation of the success of the policies. Members should have a clear and consistent understanding of affordable housing policies.</p> <p>Members need ongoing support and training on affordable housing to enable</p>	S	<p>Recommendation:</p> <p>A protocol should be established which sets out how ward members will be kept appraised of affordable housing activities taking place in their wards, and a means by which they will be given the opportunity to attend meetings and engage in the process.</p> <p>Joint member, Community Councils and Town Councils seminars should be held on affordable housing policies and planning obligations.</p> <p>Management Comment:</p> <p>A Pre-Planning Affordable Homes panel has been established involving the Housing Strategy Team, Planning Policy and Development Control and RSLs active within Flintshire.</p> <p>This will be expanded to include involvement of FCC ward members and Town and</p>	From 2010	January	2	<p>AR: A detailed paper was recently presented to Planning Protocol Working Group which focussed on the issues relating to the delivery of affordable housing in the current economic climate. This was prompted by Members concerns at planning committee that the Council did not appear to be securing the full 30% required by the policy. The paper usefully reviewed with Members the wording and interpretation of the policy which as a pre-requisite to 30% provision, sufficient local need has to be identified. The paper discussed the current difficulties around identifying sufficient need due to the datedness of needs studies, and the fact that the newly launched Affordable Home Ownership Register, needs time to accumulate sufficient nominations of those in need of affordable housing. The paper also detailed the difficulties relating to the lack of available mortgages for first time buyers at present, as well as the lack of public funding to assist in bringing forward affordable housing and particularly in allowing Housing Associations to participate. The paper was well received and is part of an ongoing debate at the PPWG on this issue.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>them work through and understand the issues This should also be extended to Town and Community Councils who have an important role to play.</p> <p>In order to deliver affordable housing opportunities, it is important to gain community support. The early engagement with the local Ward Member will help progress and facilitate affordable housing projects and will help to ensure that Members are kept aware of initiatives being pursued in their area.</p>		Town and Community Council in both specific developments and broader non site specific affordable housing matters			June 2011	As part of the ongoing process of discussing these issues with Members, there has recently been a joint Housing and Environment Scrutiny workshop on housing issues including affordability. There will also be a Planning training session for Members in June 2011 on Affordable housing delivery.
13	LPG Note 9 signals to developers that S106 or where appropriate planning conditions will be used to secure affordable housing and which meet the requirements of the Authority's affordable housing policies.	S	Recommendation: Planning obligations policy should be assessed to ensure that it provides a delivery mechanism for the Authority's strategic priorities and with the Community Strategy and this should be done at a	December 2010	1		This has been done as part of the recent S106 audit whose recommendations are being worked on. The North Wales Planning Officers have also just commissioned a study to review S106 usage and links to delivering obligations through Community Infrastructure Levy.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>LPG Note 22 provides a generalised overview of how the Authority will aim to secure community benefits, including affordable housing. However, the policy does not specifically set out how the Authority intends to use planning obligations to contribute to the delivery of the Authority's strategic priorities or to meet the needs of local communities. Senior officers and members need to be fully appreciative of the role that planning obligations can play in supporting the community strategy.</p> <p>WAG guidance would suggest that in relative priority terms affordable housing should be top of the list. At the current time it would appear that the main and quite significant contributions achieved through S106 agreements relate to play equipment and we would question whether this reflects the relative needs of the communities within Flintshire.</p>		<p>corporate level, involving senior officers and members so that they fully appreciate the role that planning obligations can play.</p> <p>A needs assessment should be conducted at a countywide local level to ensure that developer contributions are sought to respond to local needs and to allow the pooling of contributions from small developments to address identified issues.</p> <p>LPG Note 22 Planning Obligations should be reviewed and enhanced to ensure that it reflects the strategic approach of the Authority and in particular specifies more clearly the relative priorities of the contributions which will be requested.</p> <p>Management Comment: Agreed. A further audit has been commissioned which will be conducted in 2010 to review the arrangements for planning obligations/Section 106 agreements.</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
14a)	The effective use of planning obligations is a key element of the agenda to deliver more affordable housing through the planning system. Officers reported that timescales for preparing and signing off S106 are lengthy. The Authority should take steps to ensure that where a S106 agreement is considered necessary for affordable housing, it can be drawn up and agreed as swiftly as possible. To help achieve this, it is considered good practice to have model agreements available as a starting point. A draft agreement has been prepared by the Housing Strategy Unit and sent to Legal Services for consideration.	S	<p>Recommendation: There should be a nominated individual who manages the S106 process and acts as a point of contact between the council and applicant.</p> <p>Management Comment: Agreed. A further audit has been commissioned which will be conducted in 2010 to review the arrangements for planning obligations/Section 106 agreements.</p>	December 2010	3		This has been looked at as part of the S106 audit and recommendation 3.33 of that audit supercedes this.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
14 b)	As 14a)	S	<p>Recommendation: There should be a nominated individual who manages the S106 process and acts as a point of contact between the council and applicant</p> <p>Management Comment: The role of the HSU Administrative post is being undertaken to identify potential for a dedicated affordable housing and S106 monitoring role.</p>	February 2010	3	Dec-10	<p>AR: This issue is a key consideration for the related audit assessment of the role of S106 agreements within the Council, which can assess whether this is the most appropriate way of dealing with this issue.</p> <p>DH: The Housing Strategy Unit (HSU) is taking a lead on drafting standard S106 agreements or clauses. Guidance is also being provided on the nature and content of S106 agreements for applicants. HSU is however aware that S106 agreements must be used only where appropriate and believes that written undertakings should be entered into where a full S106 agreement would over complicate. Potential over-reliance on S106 agreements must be managed and the planned audit assessment of these agreements is welcomed.</p> <p>A review of the Admin Officer – Housing Strategy is being undertaken as part of the Job Evaluation process to identify potential for a dedicated affordable housing function.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
							This has been looked at as part of the S106 audit and recommendation 3.33 of that audit supercedes this.
14c)	Planning policy should require that a S106 agreement is in place within a given timescale. If the timescale is not met then the application should be returned to Planning Committee for reconsideration.	S	<p>Recommendation: A timescale for the completion of S106 agreements should be established otherwise they should be returned to Planning Committee for reconsideration.</p> <p>Management Comment: The introduction of time-limited planning approvals is currently being considered to reinforce the delivery of S106 housing obligations.</p>	April 2010	1	Dec-10	AR: as 14b) – S106 review can assess this in more detail.
							S106 audit has reviewed this and this is now an established protocol at planning committee.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
16	Basic procedures for S106 agreements have been produced by the Head of Development Control. These however have not been implemented and do not identify key controls or provide a sufficient amount of guidance for officers. Performance management is a vital part of an organised approach to planning obligations, at the current time the Authority does not have arrangements in place to monitor	S	<p>Recommendation:</p> <p>Detailed procedures for S106 agreements should be developed which ensure a sound process and system of performance management.</p> <p>A retrospective validation should be undertaken of all S106 agreements to ensure that the terms have been complied with both by the Authority and developers.</p>	December 2010	3		Refer to S106 audit recommendations.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>contributions and expenditure. There is a risk that the Authority is not using the contributions in accordance with the legal agreement. The Authority does not know what is outstanding, or how much has been collected against existing S106 agreements but not yet spent.</p> <p>LPG 22 states that any financial contributions obtained by the LPA must be held specifically for that purpose alone. Payments received by the Council as a result of planning agreements will be held in interest bearing accounts with a unique finance code, to be used only for the purposes specified in the obligation; if not spent as intended or within the timescales, they will be reimbursed with appropriate interest. As far as we can establish there is no audit trail for S106 agreements.</p>		<p>Management Comment:</p> <p>Agreed. A further audit has been commissioned which will be conducted in 2010 to review the arrangements for planning obligations/Section 106 agreements.</p> <p>The HSU is currently reviewing all S106 agreements with an affordable housing obligation</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>The Authority needs to manage the risks and monitor the outcomes to ensure that contributions are spent on what they were intended for in the agreed timescale.</p> <p>The Authority will need to do a detailed verification of S106 agreements to ensure that obligations have been executed in accordance with the legal obligations.</p>						
19	<p>In 2006/07 Flintshire was one of three Authorities in Wales unable to report against this indicator, one of two Counties unable to report in 2007/08, in 2008/09 it remains the only Council not reporting performance against this indicator. It is concerning that steps have not been taken to address the performance reporting requirements during this time.</p>	S	<p>Recommendation: There should be robust systems for monitoring affordable housing delivery. Officers should establish what data needs to be collected and clear responsibility for collection and the dissemination of the outputs.</p> <p>Management Comment: The AHDS process requires reporting of achievements against targets established within the AHDS</p>	On going	2	On going	<p>AR: Systems for data collection and monitoring are under review. The systems of other authorities have been examined e.g. Conwy who use building control data to monitor housing completions, from which the proportion of affordable completions is calculated. Unfortunately in Flintshire, not all housing sites are inspected by FCC building control officers, making it difficult to use their data for monitoring purposes. Other methods are currently under consideration.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Officers indicated that there was confusion about the terminology used in the description of performance indicator PLA/006, namely, 'housing units provided'.</p> <p>However, the performance indicator guidance notes are quite specific on this point and state 'For the purpose of this indicator 'provided' should be interpreted as the housing unit being available for habitation'.</p> <p>Our review highlighted that delivery of affordable housing is not monitored and that accurate, up to date records on the delivery of affordable housing have not been kept. Officers in the Planning Section acknowledge the need to monitor more effectively and steps are being taken to remedy the situation. To assist this process officers have compared the data collection processes adopted by Anglesey and Conwy.</p>						<p>DH: The HSU is working with the Environment Directorate to review the 2009-2010 AHDS. It is intended that this process will contribute to identifying appropriate mechanisms to provide the most effective solution. The HSU will also be monitoring affordable housing provided outside the planning system i.e. through the private rented sector and empty homes initiatives.</p>

Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

Project Ref:	HS2090J1
	Waste Management

Directorate:	Community & Housing
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DATE OF AUDIT: 06th June 2006

ACTION PLAN

Para.	Original Test Result/Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1	<p>Ensure that a strategy is in place to deal with the County's future landfill needs.</p> <p>A strategy is in place and is discussed; these areas are both dealt with in controls later in the report. The Waste collection contract has not been reviewed and the previous contract is in place and is being used at present.</p>	S	<p>Recommendation: The waste collection contract should be reviewed and renewed as soon as possible</p> <p>Management Comment: Report being prepared for LSG/Exec. Report will be based on external consultants recommendations.</p>	September 2006	3	April 2007	Comment Received: January 2007 Exec. Report is with the Head of Technical Services.
						Revised Date 2: August 2007	<p>Comment Received: June 2007 Report will be prepared to consider and reinforce the best value case based upon service improvements undertaken to date.</p> <p>Revised Implementation Date: August 2007</p>

ACTION PLAN

Para.	Original Test Result/Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						Revised Date 3: November 2007	<p>Comment Received: September 2007</p> <p>Report to be presented to Executive in November and will draw on the recommendations of the external consultants work but more fundamentally to outcome of some recent budget challenge work relating specifically to the waste collection service.</p> <p>Revised Implementation Date: November 2007</p>
						Revised Date 4: April 2008	<p>Comment Received: January 2008</p> <p>Work being progressed with need to review outcomes of recent APSE performance report in order to inform work in progress. Anticipate report completion April 2008.</p> <p>Revised Implementation Date: April 2008</p>
						Revised Date 5:	<p>Comment Received: June 2008</p> <p>Work now forms part of a wider cost of service review which will consider value for money aspects and linkages to performance efficiency.</p> <p>Anticipated Completion date December 2008</p>

ACTION PLAN

Para.	Original Test Result/Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						Revised date 6	<p>Comment Received January 2009</p> <p>This work forms part of a review of the cost of service and also has linkages to the Phase 2 organisational reviews.</p> <p>Anticipated completion date December 2009</p>
						Revised date 7	<p>Work forms part of a wider cost of service review which will consider value for money aspects and linkages to performance efficiency. This work also has linkages to the Streetscene Review.</p> <p>Anticipated completion date December 2010.</p>
							<p>One of the recommendations of the streetscene review is the abolishment of trading accounts such as waste collection. The review demonstrated that the waste collection service has performed well since 2005 meeting and exceeding all statutory waste targets for recycling and diversion. The service also compares well to other similar authorities when benchmarked through APSE. Streetscene will integrate a wide range of services inclusive of waste and the workforce will be consolidated to provide these services. A separate waste collection contract will no longer be required.</p>

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 15

REPORT TO: **AUDIT COMMITTEE**
DATE : **24 MARCH 2011**
REPORT BY: **HEAD OF FINANCE**
SUBJECT : **FINAL REPORTS AND PERFORMANCE INDICATORS**

1.00 PURPOSE OF REPORT

1.01 To inform Members of final reports issued since the last Audit Committee (Appendix A), and of Directorates and Internal Audit's performance for responses against target (Appendix B and Appendix C).

2.00 BACKGROUND

2.01 Internal Audit is required to prepare a report detailing the outcome of all audit work and report performance against a range of indicators.

3.00 CONSIDERATIONS

3.01 This report details the outcomes of all reports finalised since the last Audit Committee - Appendix A. The Appendix also includes details of the limited assurance reports issued in that time.

3.02 Response times continue to be monitored by the audit department against the target times of 30 days for corporate reports and 20 days for all other reports. The time taken to issue draft and final reports is also monitored.

3.03 For every indicator with a result outside the target times, an explanation has been gained and is noted in Appendix B.

3.04 Details are also given of four draft reports currently outstanding outside the target times. Reasons for the delays have been obtained.

4.00 RECOMMENDATIONS

4.01 The Committee is requested to note this report.

5.00 FINANCIAL IMPLICATIONS

5.01 None.

6.00 ANTI POVERTY IMPACT

6.01 None.

Date: 29/03/2011

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Final Reports Issued
PI's on issued reports
Outstanding Draft Reports

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS

None.

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The following reports have been finalised since the last Audit Committee. Action plans are in place to address the weaknesses identified. For reviews which received limited or little assurance a summary of the findings and the Action Plan is attached.

Project Reference	Project Description	Level of Assurance	Recommendations		
			F	S	MA
CD0500P1	Use of Consultants	Limited	1	10	1
FD0010P1	Financial Management & Control	Adequate	0	4	4
FD0130P1	Benefit Fraud	Adequate	0	3	7
IT0220P1	Security of Portable Data Storage Devices	Adequate	0	3	4
LL0020P1	Grant for Innovation in Small Schools	N/A	0	0	0
LL0040N1	Dinner Debts	N/A	0	0	0
LL7020N1	Recruitment in Schools – Follow Up	Good	0	0	0
CS0070P1	Children’s Services Taxis	Limited	0	14	2
EN0020P1	Section 106 Agreements	N/A	0	17	6
EN0070P1	Environmental Information	Limited	0	6	4
EN0080P1	TAITH	Adequate	0	3	1

Levels of Assurance – standard reports.

Substantial – A robust framework of controls ensures objectives are likely to be achieved. In addition, controls are applied continuously or with minor lapses.

Adequate – A sufficient framework of key controls for the object to be achieved, but the control framework could be stronger. Or, controls are applied but with some lapses.

Limited – There is a risk of objectives not being achieved due to the absence of key controls. Or, there is significant breakdown in the application of controls.

Levels of Assurance – follow up reports.

Good. 80%+ of recommendations have been implemented. All fundamental recommendations have been implemented.

Reasonable. 50-80% of recommendations have been implemented. Any outstanding fundamental recommendations are in the process of being implemented.

Little. Less than 50% of recommendations have been implemented. Unsatisfactory progress has been made on the implementation of fundamental recommendations.

Categorisation of Recommendations

F - Fundamental

S - Significant

MA - Merits Attention

Fundamental – action is imperative to ensure that the objectives for the area under review are met.

Significant – requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

Merits Attention – action advised to enhance control or improve operational efficiency.

Summary of Findings and Action Plan of Reviews with Limited Assurance

CS0070P1, Children's Services Taxis

The review highlighted 14 significant concerns covering the following:-

- There is no defined and documented system in place
- There is no Service Level Agreement in place
- There are no regular face to face meetings between Children's Services and Transportation Section staff
- There is no Authorising Signatory Listing in place
- There is no minimum days notice period in place for requesting taxis
- It is not made apparent to the operator that they must have systems and procedures in place for the handling, storing and disposing of confidential and sensitive information which comply with the requirements of the Data Protection Act
- There has been no formal review of alternative ways of delivering the service
- No management information is provided to Children's Services staff by the Transportation Section
- End dates are not always stipulated on the TRFs
- There is no clear documented audit trail in place to evidence that competitive prices have been obtained
- There is no documentary evidence held on file to support the fact that the Social Worker has been made aware of the name of the operator and escort prior to the commencement of journey.
- Expenditure has been coded incorrectly
- There is no clear and documented audit trail for the matching of invoices to TRFs (TRF)
- The cost charged by the successful operator is not always detailed on the TRF

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
1	To formalise the process for requesting transport for children consideration should be given to either the compilation of a Service Level Agreement or a set of written procedure notes	Significant	Y	Template to be provided by Transport Section and discussion to ensue with PMI Team.	01.04.11	IM/ Mike Sullivan
2	To further augment the process relevant staff from Children's Services and Transportation should meet with each other on a regular basis to discuss information requests, delays, good practice, perceived problems, issues etc. These meetings should be minuted and have an agreed agenda.	Significant	Y	3 monthly attendance by Mike Sullivan at Fieldwork Managers Meetings	By 01.04.11 for first meeting	Liz Roberts/ Mike Sullivan
4	The Children's Services Section should supply the Transportation Section with an up to date list of Authorising signatures to ensure that only appropriate officers can authorise TRFs. This needs to be reviewed on a regular basis and where appropriate updated	Significant	Y	Carol Salmon to complete list and forward to Mike Sullivan.	31.01.11	Carol Salmon
5	There should be a specific section on the TRF which requests Social Workers to formally evidence that they have considered all other avenues for the provision of transport for the child before requesting a taxi	Significant	Y	Incorporated into new form	31.03.11	Carol Salmon
6	Team Leaders and Social Workers should be reminded that all Transport Request Forms (TRF's) should stipulate an end date.	Significant	Y	Incorporated into new TRF and stipulated on Red Flag Memo/CCC to be circulated by Head of Social	31.01.11	Carol Salmon

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>The Transportation Section should not process a TRF if no end date is stipulated.</p> <p>If transport is required after the stipulated end date then an additional separately authorised TRF must be submitted by Children's Services.</p> <p>The above could also be incorporated into any subsequent set of procedure notes or Service Level Agreement.</p>			Services for Children.		
7	<p>Transport requests must be made at least five days before the journeys are required. This should be stipulated on the TRF.</p> <p>Consideration should be given to requiring an additional signature from Children's Services staff or a separate process introduced where an emergency transport request is required i.e. less than 5 days notice</p>	Significant	Y	See 6 above.	31.01.11	Carol Salmon
8	<p>Consideration should be given to compiling a tender based upon total annual spend or anticipated aggregated spend with a view to there being one successful operator for each defined geographical area of Flintshire with a set mileage rate operating for all journeys within each of the individual areas.</p> <p>Advice should be sought from the Corporate Procurement Unit on alternative ways of procuring the service.</p> <p>If the existing system is to be continued: Part B of the TRF should always be fully completed in respect of</p> <ul style="list-style-type: none"> 3 operators and quotes obtained 	Significant	Y	<p>Meeting held with Procurement to discuss – Geographical areas already in place – hope to implement for October tenders</p> <p>New transport form is a huge improvement though it uses much more paper (but not a huge volume).</p> <p>Faxed quotations will be done unless emergency contract situation as far as I remember.</p>	31.10.11	Mike Sullivan.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<ul style="list-style-type: none"> • The successful operator and cost per day • Contract number • Approved by • Date <p>Additionally the form should be expanded with a “comments” section to allow Transportation staff to explain why on certain occasions three quotations have not been obtained.</p> <p>Operators should be made to fax in their quotations. These should be held on file for each transport request as evidence that the most advantageous quotation was obtained i.e. there needs to be independent documented evidence held on file to substantiate why one particular operator has been awarded the contract over the two others.</p> <p>Where operators have stated that they could not submit a price for whatever reason then this needs to be conveyed by the operator in documentary form and held on file.</p>					
9	<p>The agreed cost per day as per the original quotation supplied by the operator should always be indicated on the TRF.</p> <p>Where there are differences between the cost per day as per original quote and the amount charged by the operator then a full explanation should be given as to why on the TRF. Children's Services staff should be made aware of any such variations.</p>	Significant	Y	<p>Meeting held with Procurement to discuss – Geographical areas already in place – hope to implement for October tenders</p> <p>New transport form is a huge improvement though it uses much more paper (but not a huge volume).</p> <p>Faxed quotations will be done unless emergency contract situation as far as I remember.</p>	Implemented	Mike Sullivan

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
11	A specific condition should be inserted into the School Bus/Taxi Contracts Tender Document which states that the operator must have systems and procedures in place for the handling, storing and disposing of confidential and sensitive information which comply with the requirements of the Data Protection Act.	Significant	Y	Implemented into February 2011 tender document	28.02.11	Mike Sullivan
12	A formalised method should be developed whereby the Team Leader/Social Worker is made aware of the escort and operator prior to the journey e.g. the Transportation Section fax back the fully completed TRF detailing the escort and operator. The name of the escort should always be written in the space provided on the TRF. Consideration should be given to redesigning the form to show the name of driver	Significant	Y Y	Agreed that Transport Section will advise by Fax or email. To be included in new form.	31.01.11 31.01.11	Mike Sullivan Carol Salmon
14	Consideration should be given to carrying out a review of alternative ways of providing and delivering the service. This review should include examining the way that the Adult Social Care Transport Section carry out and deliver their service. or A representative from Adult Social Care Transport, Children's Services and the Transportation Section should meet with a view to enhancing the service currently provided by amalgamating best practices from the two Transport Sections systems.	Significant	Y	There is a current Regional review of Transportation across North Wales which will serve this purpose.	Implemented	

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
15	<p>Transportation should produce a monthly report to individual Team Leaders detailing:</p> <ul style="list-style-type: none"> • Contract numbers • Children's names • Operator names • Driver names • Escort names • Actual Journeys • start dates • end dates • number of journeys and • cost per journey. 	Significant	Y	To commence after 31.03.11	Feb 2011	Mike Sullivan Agree with list except drivers name – we have no control over which driver is employed on the contract.
16	<p>The Transportation Section must ensure that the financial codes as stipulated on the TRFs are coded and charged against the resultant invoice. The revised TRF should be deployed as soon as is practically possible to further enhance the financial coding process. All TRFs supplied by Children's Services must stipulate a financial code</p>	Significant	Y Y	Revised- with implementation date of 31.01.11. See above	31.01.11	In place now.
17	<p>The Transportation Section spreadsheet should be enhanced by adding extra columns to denote that TRFs have been matched with their corresponding invoices i.e.</p> <ul style="list-style-type: none"> • invoice number 	Significant	Y	Agreed and being implemented	Implemented	Mike Sullivan.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<ul style="list-style-type: none"> • date • amount and • AP reference. <p>The above should form part of the monthly report which is to be supplied to Team Managers.</p>					
3	<p>The Social Worker should sign off their individual part of the form in addition to the Authorising Signature of the Team Leader.(This will require the TRF to be modified)</p> <p>The Authorising Signatures provided must be legible and should be accompanied by the printed name of the officer concerned.</p> <p>Part B of the TRF should be signed and dated by Transportation staff</p>	Merits Attention	Y	TRF modified accordingly.	31.01.11	Carol Salmon
			Y	See above.	31.01.11	Carol Salmon
18	<p>To ensure tighter control over expenditure:</p> <ul style="list-style-type: none"> • Budget monitoring meetings between Team Leaders and the relevant Accountant should be held on a pre defined regular basis. • Budget reports should be sent out on a predefined frequency • Team Leaders should monitor projected spend (as per anticipated management information supplied by the Transportation Section) against actual spend on a regular basis 	Merits Attention	Y	Already occurring	Implemented	Managers and Jennie Macintyre
			Y	Already occurring	Implemented	Carol Salmon/ Jennie Macintyre
			Y	Within meetings with Financial Accountant	Implemented	Team Managers and Jennie Macintyre

EN0020P1, Section 106 Agreements

The review highlighted 17 significant concerns covering the following:-

- Planning officers in liaison with legal services should consider the implications to the Council of the Community Infrastructure Levy and the impact on s106 policy. There should be a clear interpretation of policy and law to enable officers to apply a consistent approach which maximises contributions in line with the legislation.
- The development of a community 'priority list' created by Members in association with Town and Community Councils and officers should be considered.
- Further development of the pre-application process including a formalised pre-application policy which requires applicants to submit a Heads of Terms with their application which includes designing a standard Heads of Terms template.
- The Authority should develop a range of model clauses for s106 agreements and publish these with planning obligation policy on the Council Website.
- The ensure that administrative delays are minimised Legal Services and Planning should improve processes from the point of committee approval of an application subject to a s106 through to the point of issue of the decision notice.
- A protocol on the role of Members should be developed to guide how they should be involved in s106 agreements.
- The Authority should consider specifying in policy guidance and in planning committee reports that any s106 unsigned one year following the conditional approval by Planning Committee should be returned to Committee and be judged against the planning policies and supplementary guidance in force at that time.
- A protocol on the role of Members should be developed to guide how they should be involved in s106 agreements.
- A community engagement policy should be developed to include how the community and general public can be consulted and informed of s106.
- Training should be offered to all Members on s106 and this should be extended to Town and Community Councillors.
- There should be clear assignment of responsibility for each aspect of s106.

- Local Planning Guidance Notes relating to s106 should be updated. Consideration should be given to preparing an over-arching planning obligations policy which includes the Authority's approach to viability analysis. Members should be involved and consulted in the policy design process and there should be early engagement of developers and stakeholders, such as Town and Community Councils.
- LPG 13 needs to be updated to ensure that it meets the current requirements of the Authority and supports the delivery of the Play Strategy.
- There should be consistent application of the thresholds in LPG 13 to ensure that the Authority is not missing out on contributions.
- The Education LPG should be taken forward as a matter of priority and approved as an interim policy statement. Members should be involved and consulted in the policy design process.
- A clear audit trail should be established across the Authority for s106 agreements which ensure consistent referencing and description to allow easy tracing of all transactions. A single reference number should be allocated and used by all departments.
- Regular monitoring reports should be compiled which show what agreements have been signed, the progress of negotiating outstanding agreements and information on how signed agreements are being implemented. This will give confidence to all councillors and the community that their interests are being served and the benefits delivered.
- There should be full and regular accounts of the receipt and spending of s106 monies reported to senior officers and Planning committee members and available to all other local councillors.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
3.7	Planning officers in liaison with legal services should consider the implications to the Council of the Community Infrastructure Levy and the impact on s106 policy. There should be a clear interpretation of policy and law to enable officers to apply a consistent approach which maximises contributions in line with the legislation.	Significant	Y	All North Wales authorities are working together to identify the implications of C.I.L. With regard to 106 Local Planning Guidance will set out the terms with respect to what contributions will be sort and for what level	Consultants to be appointed March 2011 Draft LSG published June 2011	AF AR
3.13	The development of a community 'priority list' created by Members in association with Town and Community Councils and officers should be considered.	Significant	Partially Y	Draft LPG to be shared with Town and Community Councils Community Priority List would inform LDP evidence base – hence not significant	June 2011	AF/AR
3.21	Further development of the pre-application process including a formalised pre-application policy which requires applicants to submit a Heads of Terms with their application which includes designing a standard Heads of Terms template.	Significant	Y	Pre-application process will identify the role for Section 106 Agreements	April 2011	AF/GPJ
3.22	The Authority should develop a range of model clauses for s106 agreements and publish these with planning obligation policy on the Council Website.	Significant	Y	These will form appendices to the LPG	June 2011	AF/AR

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
3.23	To ensure that administrative delays are minimised Legal Services and Planning should improve processes from the point of committee approval of an application subject to completion of a s106 through to the point of issue of the decision notice.	Significant	Y	Will be addressed through Service Review work	July 2011	AF/GPJ
3.26	The Authority should consider specifying in policy guidance and in planning committee reports that any s106 unsigned one year following the conditional approval by Planning Committee should be returned to Committee and be judged against the planning policies and supplementary guidance in force at that time.	Significant	Y	This will be incorporated into the Implementation Section of the LPG	June 2011	AF/AR
3.27	A protocol on the role of Members should be developed to guide how they should be involved in s106 agreements.	Significant	Y	This will be specified in the LPG	June 2011	AF/AR
3.28	A community engagement policy should be developed to include how the community and general public can be consulted and informed of s106.	Significant	Y	This will be specified in the LPG	June 2011	AF/AR
3.29	Training should be offered to all Members on s106 and this should be extended to Town and Community Councillors.	Significant	Y	Would be undertaken as part of the roll out of the LPG	June 2011	AF/AR
3.33	There should be clear assignment of responsibility for each aspect of s106.	Significant	Y	Would be established through the Service Review	July 2011	AF

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
3.44	Local Planning Guidance Notes relating to s106 should be updated. Consideration should be given to preparing an over-arching planning obligations policy which includes the Authority's approach to viability analysis. Members should be involved and consulted in the policy design process and there should be early engagement of developers and stakeholders, such as Town and Community Councils.	Significant	Y	This will be specified in the LPG	June 2011	AF/AR
3.50	LPG 13 needs to be updated to ensure that it meets the current requirements of the Authority and supports the delivery of the Play Strategy.	Significant	Y	This will be specified in the LPG	June 2011	AF/AR
3.51	There should be consistent application of the thresholds in LPG 13 to ensure that the Authority is not missing out on contributions.	Significant	Y	Would be set out in the appendices of the LPG	June 2011	AF
3.57	The Education LPG should be taken forward as a matter of priority and approved as an interim policy statement. Members should be involved and consulted in the policy design process.	Significant	Y	Will be undertaken as part of the preparation of the LPG	June 2011	AR

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
3.66	A clear audit trail should be established across the Authority for s106 agreements which ensure consistent referencing and description to allow easy tracing of all transactions. A single reference number should be allocated and used by all departments.	Significant	Y	Would be undertaken as part of Service Review	July 2011	AF
3.67	Regular monitoring reports should be compiled which show what agreements have been signed, the progress of negotiating outstanding agreements and information on how signed agreements are being implemented. This will give confidence to all councillors and the community that their interests are being served and the benefits delivered.	Significant	Y	These would be reported to the Planning Protocol Working Group	From September 2011	AF
3.68	There should be full and regular accounts of the receipt and spending of section 106 monies reported to senior officers and Planning committee members and available to all other local councillors.	Significant	Y	These would be reported to the Planning Protocol Working Group	From September 2011	AF

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
5	A separate complaints and internal review procedure should be produced for complaints received relating to EIR regulation requests.	Significant	Y	There is a need for this.	1 June 2011	Peter Evans, Democracy & Governance Manager

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
8	<p>A formal procedure should be established, and documented, to determine the decision making process to be undertaken when establishing whether requests for information should be dealt with under the FoIA or EIR regulations.</p> <p>Decisions regarding whether requests should be dealt with under the FoIA or EIR regulations should be made by appropriately trained officers with the involvement of legal personnel where required.</p> <p>When the request is originally logged as either an FoIA or EIR request, the reasons for this decision should be recorded. The database should be amended to allow this information to be included.</p> <p>A specific email address should be established to deal with EIR regulation requests.</p>	Significant	Y	There is a need for the points made in the recommendation.	1 June 2011	Peter Evans, Democracy & Governance Manager
10	A County Council infontet EIR regulation page should be created to provide awareness of the regulations to all officers.	Significant	Y	There is a need for the points made in the recommendation.	1 June 2011	Peter Evans, Democracy & Governance Manager
11	The County Council website should include further information and advice relating specifically to the EIR regulations, for example, how to make a request, timescales for requests, fees and charges, exceptions and the complaints procedure.	Significant	Y	There is a need for the points made in the recommendation.	1 June 2011	Peter Evans, Democracy & Governance Manager

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
12	<p>A corporate decision should be taken regarding the assignment of responsibility for EIR regulations.</p> <p>Directorates should assign designated trained EIR regulations contact officers similar to the procedure in existence for data protection and FOIA requests.</p> <p>Designated legal service staff should be appointed to provide EIR support throughout the directorates.</p>	Significant	Y	The Corporate Management Team has agreed that the Lead Officer for EIR should be the Democracy & Governance Manager and that FOI Contact and Complaints Officers should take on these roles for EIR.	1 April 2011	Peter Evans, Democracy & Governance Manager

Performance Indicators

CORPORATE			
Performance Indicator	Target Number of Days	Reports Finalised for Audit Committee 21 Dec 2010	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	5 days
Time from issue of draft report to receipt of management response	20 days	0 days	0 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	2 days	20 days
Time from receipt of management response to issue of final report	5 days	19 day	8 days*

* Consultants. Further discussions held after receipt of the response.

FINANCE			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 21 Dec 2010	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	8 days
Time from issue of draft report to receipt of management response	20 days	0 days	21 days**
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	1 days

** Financial Management and Control. Budget work took priority, as reported to the December Audit Committee, when this was overdue.

Performance Indicators

LEGAL AND DEMOCRATIC			
Performance Indicator	Target Number of Days	Reports Finalised for Audit Committee 21 Dec 2010	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	8 days	0 days
Time from issue of draft report to receipt of management response	20 days	32 days	0 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	4 days	0 days

HUMAN RESOURCES			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 21 Dec 2010	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	0 days
Time from issue of draft report to receipt of management response	20 days	0 days	0 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	0 days

Performance Indicators

INFORMATION TECHNOLOGY			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 21 Dec 2010	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	4 days
Time from issue of draft report to receipt of management response	20 days	0 days	31 days*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	4 days

* Security of Data Storage Devices. Discussions held between IT, Legal and the Data Protection Team

LIFELONG LEARNING			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 21 Dec 2010	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	5 days	8 days
Time from issue of draft report to receipt of management response	20 days	12 days	0 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	0 days

Performance Indicators

COMMUNITY SERVICES			
Performance Indicator	Target Number of Days	Reports Finalised for Audit Committee 21 Dec 2010	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	13 days	3 days
Time from issue of draft report to receipt of management response	20 days	11 days	0 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	80 days*
Time from receipt of management response to issue of final report	5 days	1 day	0 days

* Childrens Services Taxis. Discussions between Environment and Community Services. Then affected by sickness

ENVIRONMENT			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 21 Dec 2010	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	14 days
Time from issue of draft report to receipt of management response	20 days	0 days	44 days**
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	1 days

** Environmental Information. Further meetings held to agree responsibility for corporate information, as reported to the December Audit Committee, when this was overdue.

Section 106 Agreements. Consultation with Legal. Also taken to Environment SMT before further meeting to finalise.

Performance Indicators

Current outstanding reports where number of days from issue of draft report to receipt of Management Response exceeds the target

Directorate	Project Code	Title	Number of days	Target number of days	Level of Assurance
Finance	FD0040P1	Medium Term Financial Strategy	25	20	Limited
HR	HR0240P1	HR Strategy - Appraisals	30	20	Limited
Environment	EN0060P1	Fleet Management	29	20	Limited
Environment	EN0140P1	Communities First	28	20	Limited

MTFS - Further meetings to agree the recommendations.

Appraisals – HR had to prioritise collective consultation with the Unions.

Fleet Management – Referred to CMT on 5th April.

Communities First – Staff reductions in the Communities First central team.

FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 16

REPORT TO: AUDIT COMMITTEE
DATE : 24 MARCH 2011
REPORT BY: HEAD OF FINANCE
SUBJECT : INVESTIGATIONS PROGRESS REPORT

1.00 PURPOSE OF REPORT

1.01 To outline ongoing proactive counter fraud work and reactive investigative work.

2.00 BACKGROUND

2.01 One of the areas of responsibility of Internal Audit is to promote the Anti-Fraud and Corruption Strategy. Its objectives are to proactively develop an anti fraud culture, deter, prevent and investigate fraud, as well as provide advice on sanctions and redress.

3.00 CONSIDERATIONS

3.01 The gravity and status of referrals which have been subject to further audit work are detailed in the attached referral report (appendix 1). The referral report also includes the number of fundamental, significant and merits attention recommendations for completed draft reports. Some referrals are classed as management issues. They are referred directly to the appropriate Directorate for further action and are followed up by Internal Audit.

3.02 The following investigations have been completed:

1. The review into an anonymous allegation regarding potential malpractice at a County Council establishment has been completed. The review found non compliance with procedures (governance issues) but no evidence of fraudulent activity.

3. An allegation has been received regarding private work undertaken which has not been declared and could potentially cause a conflict of interest. The matter was referred to Human Resources and an investigation concluded which resulted in management advice being given.

3.03 The following investigations are over two months old.

Date: 29/03/2011

2. An allegation was received relating to the procurement and use of gas parts by Housing Maintenance. An investigation is currently in progress.
- 3.04 Data for the National Fraud Initiative 2010 has been submitted to the Wales Audit Office. Results of the matching exercise have been received in January 2011 and are being prioritised for investigation.
- 3.05 The National Fraud Initiative takes place every two years. Data is submitted to the Audit Commission by all public organisations - local government, health and emergency services. The Audit Commission then compare the data and any matches that may indicate fraud are referred back to the originating organisation for investigation. Investigations within FCC are co-ordinated by Internal Audit and carried out in the relevant department, such as Benefits or Pensions.

Total results for benefit investigations for the previous NFI exercise in 2008/9 have been finalised and show the following:

Payments recovered or in the process of recovery
Housing tax benefit £59,711.95
Council tax benefit £19,498.07

Corrections to weekly benefits:
Housing benefit £689.27
Council tax benefit £221.98

35 cases were investigated, 9 officers were prosecuted and 20 formal cautions accepted.

- 3.06 Internal Audit provided advice to a school concerning fraudulent activity by a member of staff operating the after school club. Internal Audit carried out an analysis of the accounts and, following the findings of the analysis, recommended referral to the police. The matter has subsequently been investigated by the police and the member of staff has been convicted. On the advice of internal audit a claim is also being made under the Proceeds of Crime Act (POCA).

4.00 RECOMMENDATIONS

- 4.01 The Committee is requested to note the report

5.00 FINANCIAL IMPLICATIONS

- 5.01 None.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 None.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Investigation detail.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985
BACKGROUND DOCUMENTS**

None

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E-Mail: david_webster@flintshire.gov.uk

Detailed referral report (2010/11)

Number	Status	Referral	Draft report	Description	Value (if applicable)	Outcome	Recommendation		
		Date	date				F	S	M
1	Completed	15/12/2008		Direct payment		Police decision not to prosecute			
2	WIP	06/05/2010		Financial malpractice		Member of staff dismissed			
3	WIP	04/11/2010		Inappropriate use of parts					