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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 <sup>ST A</sup>

Date / Dyddiad 21/06/2011

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 **DELYN COMMITTEE ROOM, COUNTY HALL, MOLD** on **WEDNESDAY, 29 JUNE 2011** at **10:00** to consider the following items.

Yours faithfully

Democracy and Governance Manager

#### **AGENDA**

1. **APOLOGIES**
2. **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
3. **MINUTES**  
To confirm as a correct record the minutes of the meeting held on 24/03/2011 (copy enclosed).
4. **REGULATORY PROGRAMME**  
Report of Chief Executive and Head of Finance enclosed
5. **WALES AUDIT OFFICE REPORT ON 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

6. **PROTOCOL BETWEEN WALES AUDIT OFFICE AND INTERNAL AUDIT**  
Report of Head of Finance and Wales Audit Office enclosed
7. **INTERNAL AUDIT CHARTER**  
Report of Head of Finance enclosed
8. **UPDATE ON THE 2008/09 OVERPAYMENT REPORT AND THE 2009/10  
AUDIT OF THE HOUSING AND COUNCIL TAX BENEFIT SUBSIDY CLAIM  
AND THE IMPROVEMENT ACTION PLAN**  
Report of Head of Finance enclosed
9. **FURTHER INFORMATION ON THE USE OF CONSULTANTS**  
Report of Head of Finance enclosed
10. **INTERNAL AUDIT ANNUAL REPORT**  
Report of Head of Finance enclosed
11. **OPERATIONAL AUDIT PLAN AND RECOMMENDATION TRACKING**  
Report of Head of Finance enclosed
12. **FINAL REPORTS AND PERFORMANCE INDICATORS**  
Report of Head of Finance enclosed
13. **INVESTIGATIONS PROGRESS REPORT**  
Report of Head of Finance enclosed
14. **AUDIT COMMITTEE SELF ASSESSMENT - RESULTS**  
Report of Head of Finance enclosed

**MEETING OF AUDIT COMMITTEE**  
**24 MARCH 2011**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in County Hall, Mold on Thursday, 24 March 2011.

**PRESENT: Councillor I B Roberts (Chairman)**

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

**ALSO PRESENT:** Councillors K Armstrong-Braun, J B Attridge, M Bateman, H Brown, C Ellis, P G Heesom and H D Hutchinson

**APOLOGIES:** Councillor A M Halford and Mr Patrick Green of RSM Tenon Plc

**IN ATTENDANCE:**

Leader of the Council (Minute 62), Chief Executive, Head of Finance, Head of Legal & Democratic Services, Head of Internal Audit, Interim Benefits Manager (Minute 62), Interim Revenue & Benefits Manager (Minute 62) and Committee Officer

John Herniman, Steve Martin and Melanie Williams - Wales Audit Office

It was explained that the Chief Executive was unavailable but had agreed to join the meeting for a short period to enable him to respond to questions from Members on any agenda items in the interests of openness and transparency.

**58. DECLARATIONS OF INTEREST**

There were no declarations of interest.

Councillor Pemberton commented on the size of the agenda which he felt Members had been given insufficient time to consider. He felt that the statutory three working day despatch deadline did not take into consideration the size of agendas and adequate time for Members to give proper consideration to any lengthy papers. He also commented on the time and expense incurred in downloading the agenda for this meeting and proposed that future agendas allow for a minimum of five working days' notice and be limited to a maximum of six items per meeting.

The Chairman explained that agendas had been available for collection by Members on the morning of 18 March or via email (if requested) on that day and did not necessarily need to be downloaded. Having previously discussed this with the Head of Legal & Democratic Services and Head of Finance, he agreed that future agendas for Audit Committee would allow for five working days' notice but did not accept the proposal to limit agendas to six items as he felt this may be open to criticism.

The Chairman also took the opportunity to respond to criticism of himself by another Member in an email and said that as a working Member of the Council, he was not always available but that email contact could be made via Member Services. He also referred to criticism of officers and said that officers could not be held accountable for postal delays. In view of the size of the agenda, he agreed to a short recess later in the meeting and a decision would be taken at 1pm on whether to continue or adjourn and reconvene.

The Chairman explained his ruling not to accept an item on the agenda which had been submitted by Councillor Halford. The Head of Legal & Democratic Services pointed out that as this was not an urgent item it would have been inappropriate to accept it for inclusion on the agenda. He had written to Councillor Halford to explain this, adding that the item had been dealt with at a County Council meeting last year.

Councillor Dodd endorsed the view taken by the Head of Legal & Democratic Services and said that he found the chairmanship of the committee to be completely fair. Councillor Mullin echoed these comments.

#### **RESOLVED:**

That agendas for future meetings of Audit Committee be made available allowing for five clear working days' notice.

#### **59. MINUTES**

The minutes of the meeting of the committee held on 31 January 2011 were submitted.

#### **Matters Arising**

##### **Minute 51 - Matters Arising from Previous Minutes (A D Waste)**

In response to questions raised by Councillors Pemberton and Peers, the Head of Finance reported that the valuation cost of the company acquired was £28K and that the updated pension deficit figure was £121K.

In response to Councillor Dodd's suggestion that the monthly list of leavers be copied to the Executive Member and relevant Overview & Scrutiny Chair, the Head of Internal Audit had discussed this with the Head of Human Resources & Organisational Development who had advised that this information would be available to view on the computerised system.

##### **Minute 53 - Risk Management Update**

Councillor Bateman referred to his question on gypsy and traveller encampments and asked if revenue was received for rents and Council Tax. The Head of Finance agreed to come back with a response.

Councillor Pemberton asked about indemnity insurance cover for Members. The Head of Legal & Democratic Services explained that this was a matter for County Council. A report had been received at the previous Council meeting but the item had been deferred to await further information from the insurance company. This had since been received and the item would be included on the agenda for the next Council meeting.

**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 Bateman's question on gypsy and traveller encampments.

**60. MANAGEMENT OF INTERNAL AUDIT**

A report was received to advise Members of the appointment of RSM Tenon to manage the Internal Audit service from 1 April 2011.

In reference to paragraph 5.01 of the report, Councillor Peers asked for clarification on the cost of the contract and how this compared to the previous year. The Head of Finance advised that the new contract was in the region of £80K which represented a slight increase from previous years, however she agreed to provide confirmation in writing to Members. She added that the tender process had been competitive and that a meeting with RSM Tenon Plc would take place in April to refresh the contract arrangements.

Councillor Dodd said that it should be made clear that the contract value figure for RSM Tenon Plc was for services provided by several employees and not just the Head of Internal Audit.

**RESOLVED:**

- (a) That the report be noted.
- (b) That the Head of Finance write to Members to provide clarification on costs of the current and previous contract.

At this point in the meeting, the Chief Executive was in attendance to provide responses to queries on all agenda items. These are included under the individual agenda item headings.

**61. ANNUAL IMPROVEMENT REPORT BY THE AUDITOR GENERAL FOR WALES**

Mr Steve Martin from the Wales Audit Office presented the report to advise Members of the Council's first new style Annual Improvement Report published by the Auditor General for Wales and to note and agree the Council's response.

He detailed the key considerations in the report and highlighted the recommendations shown on page 23 including two additional proposals. The proposals for the coming year would be reported to the meeting in June.

The Head of Legal & Democratic Services delivered a presentation on the key proposals and contents of the Annual Improvement Report.

Earlier in the meeting, the Chairman had referred to paragraph 100 of the Annual Improvement Report which highlighted the lack of regular reporting arrangements for Clwyd Theatr Cymru.

The Chief Executive had explained that Theatr Clwyd had traditionally operated as a quasi-independent body but that in financial and legal terms was under responsibility of the Council with a separate governance Board which included Council Members. The theatre was funded via the Arts Council of Wales (60%) with the remaining 40% from Flintshire County Council which represented a unique arrangement in Wales. The theatre had been included in the portfolio of the Executive Member for Regeneration & Tourism and although performance was good there was a need for more in-depth reporting to the Authority. A Board meeting was due to be held to discuss twice yearly reports to Overview & Scrutiny and Executive and the theatre was also expected to work with the Authority in identifying efficiencies.

Paragraph 75 of the Annual Improvement Report indicated that children from poorer families generally recorded a below average level of educational attainment. As a low proportion of pupils in Flintshire were entitled to school meals, the report indicated that educational attainment should be above the Wales average. Councillor Peers asked if there was any evidence to support this statistic and show that ability was adversely affected. The Chief Executive explained that the indication of free school meals was a long-established proxy indicator which also affected the funding formula from the Welsh Assembly Government (WAG) to Councils.

Councillor Dodd referred to paragraph 22 about the lack of publication of the Council's priorities and paragraph 46 about allocation of Social Workers to looked after children. Mr Martin explained the need to demonstrate clear consultation on the Council's priorities including agreement by full Council. The second comment was in response to a CSSIW review where resource issues would need to be addressed by Social Services Heads. In response to Councillor Dodd's question about the format of the report, Mr Martin explained that this differed according to the audience and that greater detail may be provided to subject areas in the accompanying document to future reports. Mr Herniman explained the need for a consistent format for all Welsh Local Authorities which was also understandable to the public.

Councillor Dodd queried paragraph 113 which indicated some weaknesses in the Public Protection service. Mr Martin said that he had discussed the details with the Director of Environment and management team who had accepted the points made. He advised that the section was experiencing problems in meeting the statutory inspection framework but was pleased to report that resources were

being targeted better. As Chair of the Environment Overview & Scrutiny Committee, Councillor Peers pointed out that a quarterly performance report on the Public Protection service had been received at the last meeting which had indicated significant improvements in the reporting mechanism. He added that the Environment Overview & Scrutiny Committee had been satisfied that the Public Protection service had made vast improvements since the previous performance report was received.

Councillor Mullin referred to Appendix 3 of the Annual Improvement Report which indicated that the 'political position remains fragile' and asked for further clarification. Mr Martin referred to the multi-party position in Flintshire and changing Members in addition to some communication issues. He added that this was not criticism but merely a statement of contrast.

Councillor Peers commented that the report was well presented and easy to follow. He referred to his earlier question to the Chief Executive about the link between free school meals and educational attainment and also to the Chairman's question about Theatr Clwyd. He questioned risks associated with some assumptions made in the revised Waste Strategy (paragraph 105) and whether progress was still being made against statutory requirements in view of delays in the adoption of the UDP (paragraph 107).

Mr Martin stated that the link to free school meals was an accepted proxy indicator based on WAG forecast on level of attainment. The Wales Audit Office had questioned the lack of regular reporting and accountability procedures for Theatr Clwyd, however arrangements were now in place. On the Waste Strategy, he explained that this was not a criticism as all Local Authorities needed to make assumptions based on medium and long term developments in waste which would need to be monitored. He said that the Wales Audit Office had to report on the UDP as a statement of fact and therefore he was unable to confirm whether the process was on track.

In response to a question from Councillor Pemberton, Mr Martin said that one of the main issues for all Local Authorities was the need to maintain pace with any changes, to work more efficiently and clarify priorities whilst not losing sight of statutory responsibilities.

Councillor Bateman asked if there were any concerns on helping children and young people develop skills (paragraph 90). Mr Martin explained that this was one of the areas covered by the Estyn inspection and therefore was not covered in-depth by the Wales Audit Office, however there was no implied criticism in this area and more detail would be available in the next report, in particular for 14-19 education.

Councillor Dodd referred to paragraph 87 on transforming 14-19 education and stated that he did not share the optimism of Wales Audit Office as 16-19 education had been an issue for many years.

**RESOLVED:**

- (a) That the report be noted and that the Council's response be received and agreed.

At 11.30am, the meeting was adjourned for five minutes and then reconvened.

**62. AUDIT OF 2009/10 HOUSING AND COUNCIL TAX BENEFITS SUBSIDY CLAIM AND 2008/09 OVERPAYMENT REPORT**

The Head of Finance introduced the report to inform the 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 & Pensions (DWP). The aim of the report was also to inform committee of matters arising from a review in 2008/09 of Flintshire County Council's Housing and Council Tax Benefit Overpayments function, management action taken to respond to these matters and to table the WAO report detailing all conclusions from the review.

In presenting the report, the Head of Finance stated that the report had identified significant weaknesses which required addressing. As Head of Service she gave an apology and said that the matter was being treated very seriously giving assurance that actions were being put in place to address these weaknesses as soon as possible. In order to do this, officers were working with a number of agencies including WAO, DWP and the Internal Audit section. The recommendations made by WAO had been accepted, some of which had already been implemented.

The Head of Finance stressed that there would be no effect on entitlements/benefits to customers and explained the context behind the report, referring to the strict guidelines set by the DWP and the number of employees dealing with benefits for around 14,000 customers each year. In dealing with a significant number of claims per year, it was inevitable for any Local Authority to incur errors and this was recognised by DWP. It was explained that the Council paid out benefits of some £40m per annum and received a subsidy from DWP which included an incentive for accuracy. The Authority had received the incentive subsidy in previous years but had failed to maximise this for 2008/09 and 2009/10. The Head of Finance went on to explain the potential financial implications of the subsidy incentive loss and the failure to secure rent officer determinations. The subsidy claim for 2009/10 had been submitted to DWP along with a letter of mitigation. The actual financial implications would not be known until discussions with DWP had been finalised. Progress on action plans for improvements to processes and controls would be reported to Audit Committee, however performance issues would be referred to the Corporate Resources Overview & Scrutiny Committee.

Mr Herniman confirmed that progress had already been made on some of the 16 recommendations and that these would continue to be monitored.



The Leader of the Council was then invited to make comments. He stated that this was a technical matter which was complex and therefore difficult to understand. He thanked the WAO officers for their report and said that rather than trying to seek blame the intended course of action was to accept the problems and try to resolve them to ensure there was no repeat.

The Chairman asked if the officers were satisfied that systems were now in place. The Interim Revenue & Benefits Manager was confident that there would be no reoccurrence going forward, adding that some issues had been dealt with and some were to be undertaken.

Earlier in the meeting, Councillor Pemberton had asked what the actual net liability the Authority expected to face for 2008/09 and 2009/10 and whether it was possible to calculate the net amount lost over these claims for the previous four years up to 2008/09. The Chief Executive said that the Head of Finance would address these queries but assured Members that there would be no reoccurrence of anything on this scale in the future. The Head of Finance advised that the Council had not lost the subsidy incentive for 2006/07 and 2007/08 but instead had gained £102K and £145K respectively.

The Chief Executive commented on local press coverage on this item. He said that the Head of Finance would cover the report in detail but that he would be able to respond to any additional questions. He explained that this issue was not about individual incompetence but was due to failures in the technical processes which needed to be improved.

Councillor Bateman referred to paragraph 13 of Appendix B 'Housing and Council Tax Benefit Overpayments' about discrepancies with the Overpayments Policy and asked why this had not been picked up by the previous Auditors. Mr Herniman referred to concerns that some employees were not aware of the policy and suggested that this may have contributed to the errors made. He explained that audits were carried out on a sample basis and therefore the outcome was dependent on the sample provided. Councillor Bateman also referred to paragraph 29 indicating that Housing and Council Tax Benefit overpayments had been higher for 2007/08. Mr Herniman said that although the figure for 2008/09 had shown a slight improvement this was still considerably higher than the majority of Local Authorities in Wales.

Councillor Mullin sought clarification on the situation with overpayments from 2009/10. The Interim Revenue & Benefits Manager clarified that where overpayments had occurred, officers would have discussed this with the individual at the time and come to an arrangement. Ms Williams (WAO) added that these were not new overpayments: they would have been dealt with in the normal way but had been misclassified in the claim to DWP.

Councillor Pemberton shared concerns with the process and suggested that DWP officers could be available in Local Authorities to authorise applications. He also raised concerns about the cost of resolving the problems including ongoing training of employees. Mr Herniman agreed that this was a complex system with frequent updates and that the DWP gave authorisation to Councils to administer

with little scope. The Head of Finance added that the DWP provide guidelines but do not provide officers. The cost to the Council was due to failings in the processes over the past two years which required urgent action to resolve.

Councillor Peers asked about the role of Internal Audit and referred to the comments on improvements needed in staff training and internal quality assurance checks in paragraph 50. In relation to the comment that 'The Service suspended targeted checking because of workload pressures', he asked if the WAO considered this to be a significant failing. Mr Herniman said that some coverage of Benefits had been included in the Internal Audit Strategy. In relation to the latter question, he felt that this had probably contributed to some of the errors.

In response to a further question from Councillor Peers, the Head of Finance said that the WAO comments were an analysis of a series of events over a number of years which were only now coming to the fore. She advised that decisions made to suspend processes due to workload pressures had been taken by people no longer employed at the Council and that the WAO had identified a lack of service reporting to Council on issues within that service.

The Head of Internal Audit commented that while the Internal Audit section had done some work on benefits they had not looked at subsidy claims as this was covered as part of the external audit. However, Internal Audit would be involved in helping the Benefits section to put into place relevant systems and controls.

The committee agreed with Councillor Peers' proposal that the item be included on Audit Committee agendas for the foreseeable future to receive regular progress reports.

The Chairman took the opportunity to thank the officers from WAO and the Benefits section for their efforts to help resolve the issues.

**RESOLVED:**

- (a) That the report be noted including management actions taken and planned.
- (b) That the management response to the recommendations be noted.
- (c) That the item be included on Audit Committee agendas for the foreseeable future to receive progress reports.

**63. FINANCIAL PROCEDURE RULES**

A report of the Head of Finance was received to provide Audit Committee with the proposed updated Financial Procedure Rules (FPRs) following the fourth annual review and to seek a recommendation to County Council, scheduled for 19 April 2011.

**RESOLVED:**

That the updated Financial Procedure Rules, as detailed in Appendix A to the report, be approved and recommended for submission to County Council on 19 April 2011.

**64. THE IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

A report from the Head of Finance was received 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.

On the WAO letter, Councillor Peers referred to the third bullet point which indicated the lack of a central system for holding staff leave and flexi-time information and asked if work was being done to address this. The Head of Finance said that temporary arrangements were currently in place but it was her understanding that this would be included on a permanent basis in one of the modules of the integrated HR/Payroll system, however this had not yet been implemented.

**RESOLVED:**

That the report be noted.

**65. TREASURY MANAGEMENT UPDATE**

A report was received from the Head of Finance to provide an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices.

Councillor Peers gave positive feedback on the Treasury Management training which had taken place in January and agreed that this should be an annual event.

Councillor Bateman asked if the amount invested with Landsbanki had been written off. The Head of Finance advised that £3.7m had been invested with Landsbanki and explained that some test cases had been held in February with the outcome expected in April. For accounting purposes, it was estimated that 83% of the total investment would be returned and that the 2010/11 budget had allowed for the remaining 17% loss. It was also explained that these investments had been frozen with no interest received.

Councillor Peers questioned the location of Svenska Handelsbanken and asked if these were safe investments. The Head of Finance suggested that the bank was located in Sweden but would confirm this. She explained that all money was invested in accordance with the Treasury Management Policy Statement which had been approved by Members, however nothing could be deemed absolutely safe due to the banking crisis. As discussed at the training session, the

difficulty was finding places to invest on a short-term basis to avoid losing income from the revenue account whilst balancing risk and return.

**RESOLVED:**

- (a) That the report be noted.
- (b) That the Head of Finance clarify the location of Svenska Handelsbanken.

**66. CONTROLS AROUND THE USE OF CONSULTANTS**

The Head of Internal Audit presented the report to inform Members of the review carried out by Internal Audit on the systems and controls around the Council's use of consultants.

It was explained that a significant amount of work had been undertaken on this item since the initial report received in September 2010. Page 1 of the Internal Audit report indicated the costs per Directorate for work carried out using consultant codes during the first six months of 2010.

Earlier in the meeting, the Chief Executive had thanked the Head of Internal Audit for the report which had been instigated following a request by Councillor Halford and commissioned by the Chief Executive. In considering the report, the Chief Executive asked Members to separate the process of control for assessing value for money from views on the number and cost of consultants. He pointed out that consultancy costs in Flintshire were not excessive compared to other Local Authorities however one of the budget areas would be to explore efficiencies and establish greater control.

Councillors Bateman and Peers requested a breakdown of the 71 consultants in the Environment Directorate. The Head of Internal Audit explained that the figures had been taken from the general ledger. It had been shown in the previous report that errors of coding had arisen so that these figures may include other work. The recommendations in this report were intended to remedy this. The figures from the previous report, also given in this report, were more accurate.

Councillor Dodd asked if the work of barristers was included. The Head of Legal & Democratic Services replied that he had not been involved in this particular report but that he felt it was unlikely from the figures quoted.

In response to a query from Councillor Bateman, the Head of Internal Audit explained that the definition of consultant in the procedure rules did not match with that of a retained consultant. He stated that the thrust of the report was for better management information and better controls over the use of consultants, however the first obstacle was defining a consultant.

Councillor Bateman commented on officers who had left the Authority and returned on a consultancy basis, however the Head of Internal Audit was not aware of any specific examples of this.

The Head of Finance commented that to make sense of consultancy costs, the recommendations needed to be actioned and that the start of the new financial year would provide a good opportunity to move forward. She suggested that officers could bring back a progress report on the better use of resources at a future meeting and that if Members had any particular areas of concern these could be addressed individually.

The Head of Internal Audit added that the recommendations contained in the Action Plan included implementation dates in April and June 2011 and would be tracked. The report had also been considered and accepted by the Corporate Management Team.

Councillor Mullin agreed with officers' comments and felt there was no benefit to analysing what had been spent in the past. Councillor Peers referred to some of the recommendations identified in the Action Plan which raised concerns about the process and said he hoped that the recommendations would be carried out and a progress report received by the Committee.

The Chair asked Members if they wished to accept the report and receive an update at the June meeting or to receive further detail on past consultants used while taking account of the amount of work involved.

Whilst Councillor Peers stressed the importance of looking at controls rather than activities, he wished to receive a breakdown of use of 71 consultants in the Environment Directorate. Councillor Dodd felt that further information should only be provided on any improvements not implemented but wished to also receive further details on the 23 consultants in Corporate Strategy.

The committee agreed with Councillor Peers' proposal that the committee note the report but request further information as to the position in each of the Directorates. The Head of Internal Audit agreed to provide a breakdown of the figures shown with the caveat that all may not meet the definition of consultant.

**RESOLVED:**

- (a) That the committee note the results of the work carried out on the controls around the use of consultants.
- (b) That further information on the use of consultants in each of the Directorates be provided whilst allowing for any which may not meet the definition of consultant.

**67. INTERNAL AUDIT STRATEGIC AND OPERATIONAL PLAN**

The Head of Internal Audit introduced the report to present the proposed Internal Audit Plan for the three year period 2011/12 to 2013/14 for Members' consideration.

Councillor Peers pointed out that there was no timetable order for audits taking place. He referred to weaknesses in the Public Protection Service identified

in the Annual Improvement Report mentioned earlier in the meeting and suggested that Ref CD02 could be scheduled early into the Plan to support the improvements noted by the Environment Overview & Scrutiny Committee.

The Head of Internal Audit stated that the next stage of the process was to plan in detail the dates for each project. Estimated days to complete each audit were shown in the report although these could be adjusted according to what was found during the audit and progress was monitored. It was noted that 100 days had been allocated for ad-hoc requests and these could be used to increase capacity for particular audits if necessary.

Mr Herniman referred to 'Regulatory requirements for internal audit coverage' on Page 1 of the Strategy and explained that he was working with the Head of Internal Audit on this.

**RESOLVED:**

That the report be noted and approved.

**68. CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT**

A report was received 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.

In response to Councillor Peers' query on paragraph 2.02 of the report, the Head of Internal Audit clarified that this was a self-assessment checklist which fed into the WAO review of Internal Audit.

**RESOLVED:**

That the report be noted.

**69. AUDIT COMMITTEE SELF ASSESSMENT**

A report was received to request Members and statutory officers to complete the accompanying self-assessment as part of the preparation for the Annual Governance Statement 2010/11.

**RESOLVED:**

That the committee agree on the completion of the questionnaires, with the results to be reported back to the next meeting.

**70. OPERATIONAL AUDIT PLAN AND RECOMMENDATION TRACKING**

The Head of Internal Audit introduced the report to inform Members of the revised operational plan for the remainder of the financial year. The report included a copy of the Plan, a summary of the changes from the original Plan

including amendments reported to previous Audit Committee meetings and current recommendation tracking since the previous Audit Committee meeting.

Councillor Peers referred to an audit on telephony deferred to April/May and suggested that this could be further deferred to take into consideration the new Streetscene Contact Centre single telephone number (701234) which was due to be implemented. This was noted by the Head of Internal Audit.

**RESOLVED:**

That the report be noted and the amended Operational Plan approved.

**71. FINAL REPORTS AND PERFORMANCE INDICATORS**

The Head of Internal Audit introduced a report to inform Members of final reports issued since the last Audit Committee meeting including Directorates' and Internal Audit's performance for responses against targets.

Councillor Peers commented on the suggested protocol to define Members' involvement with Section 106 Agreements and queried some levels of assurance shown on page 427. The Head of Internal Audit explained that the protocol was about the Council's involvement with S106 Agreements including Member training and involvement to demonstrate better controls and clear audit trails. In response to a question from Councillor Bateman about S106 monies, the Head of Finance advised that these were kept separately in a central holding account. On levels of assurance, it was explained that 'N/A' was marked against advisory, non risk-based audit reports and that where follow-up reports had been marked 'good' an explanation was provided on page 428.

Councillor Peers also referred to the summary of findings for Children's Services Taxis and questioned the safeguards in place to ensure CRB checks were carried out on taxi drivers. The Head of Internal Audit confirmed that private hire drivers were subject to enhanced CRB checks and that no issues had been found. He added that it was the responsibility of the hire operators to ensure their drivers were checked.

**RESOLVED:**

That the report be noted.

**72. INVESTIGATIONS PROGRESS REPORT**

A report was received from the Head of Finance to outline ongoing proactive counter fraud work and reactive investigative work.

The Head of Internal Audit referred to paragraph 3.05 on the 35 cases that were investigated and pointed out that this should indicate that nine claimants had been prosecuted, not nine officers.

Paragraph 3.06 referred to findings on an after-school club. Councillor Peers asked if Lifelong Learning had written to all schools to advise that after-school clubs were subject to audit. The Head of Internal Audit said that this may have been done but would check.

**RESOLVED:**

That the report be noted.

**73. DURATION OF MEETING**

The meeting commenced at 10.00am and finished at 1.35pm.

**74. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC**

There were two members of the press present.

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**Chairman**



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

<b>AUDIT COMMITTEE</b>	<b>DATE: 24 MARCH 2011</b>
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<b>MEMBER</b>	<b>ITEM</b>	<b>MIN. NO. REFERS</b>
NO DECLARATIONS WERE MADE		

## FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 4

**REPORT TO:**      **AUDIT COMMITTEE**  
**DATE :**            **29 JUNE 2011**  
**REPORT BY:**    **CHIEF EXECUTIVE AND HEAD OF FINANCE**  
**SUBJECT :**        **REGULATORY PROGRAMME**

### **1.00 PURPOSE OF REPORT**

1.01 To report for acceptance: the proposed Regulatory Programme for Performance Audit Plan of the Wales Audit Office (WAO) for the period April 2011 to March 2012; the 2010/11 Financial Audit Outline for Flintshire County Council ; the 2010/11 Financial Outline for the Clwyd Pension Fund.

### **2.00 BACKGROUND**

2.01 The Auditor General is responsible for preparing a programme of work under the Local Government (Wales) Measure 2009 (the Measure), the remaining functions of the Local Government Act 1999 and the Public Audit (Wales) 2004. The programme sets out the work to be delivered by and on behalf of the Auditor General for Wales and by his/her appointed auditors. It also covers the work of the Care and Social Services Inspectorate for Wales (CSSiW) and Estyn.

2.02 In the past a Regulatory Plan has included activity on:

- audit of financial accounts
- performance audit
- performance inspection.

Also included have been a number of national performance and local government studies.

2.03 The purposes of regulation are to provide assurance to the organisation, the public and government; to support the development of internal governance and assurance frameworks (e.g. risk management); to aid and support performance improvement (of governance and of public services). In addition the local Government Act 1999 places a requirement on those inspectorates named specifically in the legislation (Care and Social Services Inspectorate for Wales and Estyn) alongside the Wales Audit Office and its appointed auditor to work together to co-ordinate their activity within each authority.

2.04 The Regulatory Programme was accepted by Executive at it's recent meeting on 21 June 2011.

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Date: 21/06/2011

### **3.00 CONSIDERATIONS**

3.01 The Regulatory Plan now appears as three separate documents:

- the Regulatory Programme for Performance Audit
- the Financial Audit Outline for Flintshire County Council
- the Financial Audit Outline for Clwyd Pension Fund

All three plans have separately identified fees. In addition, the Auditor General has determined that for the financial audit, the audit of Pension Funds must be treated, as far as possible, as a separate audit from that of the Council, requiring separate audit plans, fees, ISA 260 reports and annual letters.

#### **3.02 Regulatory Programme for Performance Audit**

The Regulatory Programme for Performance Audit for 2011/12 is attached at Appendix 1. In response to the phasing in of the requirements of the Measure by the Assembly Government performance and audit work is now aligned to the Council financial year.

3.03 The range of performance audit work that the Auditor General and relevant regulators will carry out will be detailed in a Work Plan and Timetable. This will reflect the council's improvement planning arrangements and aligned to its improvement objectives. It will provide more detailed information on the nature and scope of improvement assessment activities. This will be reviewed at least every quarter and will be the subject of liaison between WAO, relevant regulators and council officers. We would wish to continue to ensure that each piece of regulatory work is clearly scoped (the type, purpose and value) provides timely and quality reports which balance minimising the fees and burden of regulation and appropriate regulation in the public interest.

3.04 In ongoing discussions with the regulators the council has stressed the need for value for money in regulation.

3.05 The Performance Audit is comprised of five workstreams:

- the Improvement Assessment - an annual exercise to determine if the council is likely to comply with the statutory duty to make arrangements to seek continuous improvement. It is separated into 2 parts: i) a Corporate Assessment (a review of arrangements to secure continuous improvement); and ii) a Performance Assessment; a retrospective review of performance, tracing improvement over time.
- auditing the council's Improvement Plan and related information - a review of the Council's 2011 Improvement Plan which will inform the Corporate Assessment. Improvement information that the council must

publish before 31 October will help inform the Improvement Assessment.

- Local Government studies - the Auditor General has a duty to undertake studies of local authorities in relation to often, although not always all 22 local authorities. This work may form part of a wider cross-cutting or whole systems study.
- other Auditor General studies across the public sector; these are detailed in Appendix 5 of the appended document.
- work of "relevant regulators" through Estyn and the Care and Social Services Inspectorate Wales (CSSIW). This work is detailed below.

3.06 The planned work of Estyn and CSSIW includes the following:

<b>Estyn</b>	
An inspection of Local Education Authority Services for children and young people will be notified	
<b>CSSIW</b>	
Review of Director of Social Services report	Summer 2011
Local work - to be notified	
Other elements of the CSSIW national programme (to be finalised)	
Local regulatory visits and inspections of care services	

This and other work that may arise will be included in the Work Programme and Timetable.

- 3.07 The Welsh Language Board is also a "relevant regulator" monitoring the council's progress in delivering services to the public in Welsh. Every Council is expected to provide the Board with an annual monitoring report that explains how its Welsh Language Scheme has been implemented.
- 3.08 Following the audit of the Improvement Plan, the Auditor General will write to the Council to formally report the findings of both the audit and the corporate assessment work. In addition, an Annual Improvement Report will set out the findings of the audit of the Council's assessment of performance, a summary of any corporate or performance assessment work carried out by the Wales Audit Office and a summary of work carried out by relevant regulators.
- 3.09 Final reports, their findings, recommendations and subsequent actions are to be brought to Executive from Directors within three months. The role of both the Corporate Management Team and Executive is one of accountability;

being accountable for the activity, its findings and the improvement actions presented.

- 3.10 The Council's Internal Audit Plan has been closely influenced by and integrated with the council's own Strategic Assessment of Risk and Challenges. The regular reviews with WAO in developing their Work Programme and Timetable will take our own audit activity into account to reduce duplication, maximise resources and ensure appropriate accountability for regulation.
- 3.11 Other roles within the Council in relation to the Regulatory Plan activities include that of check and challenge by Overview and Scrutiny Committees and assurance by the Council's Audit Committee. The terms of reference and adopted protocols of these bodies reflect the tripartite roles of Corporate Management Team/Executive, Overview & Scrutiny and Audit Committee in relation to regulation.
- 3.12 **Financial Audit Outline - Flintshire County Council and Clwyd Pension Fund**  
The Financial Audit Outline sets out the work to be undertaken by the Appointed Auditor at the Council under the Public Audit (Wales) Act 2004. The Appointed Auditor is Anthony Barrett who is supported by John Herniman.
- 3.13 The Appointed Auditor is required to examine and certify the accounts of the Council Pension Fund, satisfying himself that the accounts:-
- Give a true and fair view of the Council's financial position;
  - Comply with all the relevant legal requirements; and
  - Have been prepared in accordance with proper guidance.
- 3.14 In addition, the Appointed Auditor is required to:
- Satisfy himself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
  - Certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004 (in particular in relation to electors' rights)
- 3.15 The key milestones of planned activity which will be reported to the Audit Committee and Council as appropriate are:
- Financial audit outline - June 2011
  - Financial statements report - September 2011
  - Opinion on the Financial Statements - September 2011
  - Annual Audit Letter - November 2011

- 3.16 The Financial Audit Outline for the Flintshire County Council element of the work is attached at Appendix 2.
- 3.17 The Financial Audit outline for the Clwyd Pension Fund is attached at Appendix 3.
- 3.18 The draft Statement of Accounts for 2010/11 will be presented to the Audit Committee on 13 July and the final position reported to Audit Committee and Council on 28 September following the WAO audit.

**3.19 Regulatory Fees**

The fee base for this year reflects a reduction in audit and inspection activity based on risk. The performance fee is equivalent to a 16.5% reduction on the fee for the previous year. The total reduction for the performance and financial audit work is 7.2% on the previous year and is identified as a result of; a reduction because of performance and level of assurance and the non passing on of inflation by the Wales Audit Office.

The proposed fees for both the financial and performance audit and inspection work and the relative reductions in year are shown below.

	<b>Fee 2009-10 (£)</b>	<b>Planned fee 2010-11 (£)</b>
Accounts	215,978	215,978
Performance audit	167,888	140,195
<b>Flintshire Total</b>	<b>383,866</b>	<b>355,173</b>
Clwyd Pension Fund	35,612	35,000

In addition to the accounts work, WAO carries out audits of a range of grants and returns and is required to recover the cost of that work. Although grant work fluctuates from year to year, it is estimated that the cost will be in the region of £125k to 130k.

**4.00 RECOMMENDATIONS**

- 4.01 The Audit Committee is requested to receive for acceptance: the proposed Regulatory Programme for Performance Audit Plan of the Wales Audit Office (WAO) for the period April 2011 to March 2012; the 2010/11 Financial Audit Outline for Flintshire County Council; the 2010/11 Financial Audit Outline for the Clwyd Pension Fund.

**5.00 FINANCIAL IMPLICATIONS**

- 5.01 The proposed fee for this year's regulatory performance and financial activity is £355,173 which has been reduced from £383,866 representing a 7.2% reduction which includes the non passing of inflation from the Wales Audit Office. The fees for the Clwyd Pension Fund are charged directly to the Fund.

## **6.00 ANTI POVERTY IMPACT**

6.01 There are no direct implications in relation to this report.

## **7.00 ENVIRONMENTAL IMPACT**

7.01 There are no direct implications in relation to this report.

## **8.00 EQUALITIES IMPACT**

8.01 There are no direct implications in relation to this report.

## **9.00 PERSONNEL IMPLICATIONS**

9.01 There are no direct implications in relation to this report.

## **10.00 CONSULTATION REQUIRED**

10.01 Consultation with relevant members and Audit or Overview and Scrutiny Committees will be undertaken as a result of the implementation of this programme.

## **11.00 CONSULTATION UNDERTAKEN**

11.01 Ongoing consultation on the status of the programme and its implications is undertaken with the regulators on a quarterly basis.

## **12.00 APPENDICES**

12.01 Appendix 1: "Regulatory Programme for Performance Audit April 2011 to March 2012"

Appendix 2: "Financial Audit Outline - Flintshire County Council 2010/11"

Appendix 3: "Financial Audit Outline - Clwyd Pension Fund 2010/11"

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985** **BACKGROUND DOCUMENTS**

As Appendix 1, 2 and 3

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

April 2011

Author: Alan Morris & Stephen Martin

Ref: 248A2011

# Regulatory Programme for Performance Audit April 2011 to March 2012

## **Flintshire County Council**



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## Status of this report

This document has been prepared for the internal use of Flintshire County Council as part of work performed in accordance with statutory functions, the Code of Audit and Inspection Practice and the 'Statement of Responsibilities' issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

### **Performance audit work at Flintshire County Council**

1. This section outlines work to be delivered by and on behalf of the Auditor General under the Local Government (Wales) Measure 2009 (the Measure), the remaining functions of the Local Government Act 1999 and Parts 2 and 3A of the Public Audit (Wales) 2004.
2. The range of performance audit work that the Auditor General and relevant regulators will carry out will be detailed in a Work Plan and Timetable (WP&T). The work will reflect Flintshire County Council's (the Council) improvement planning arrangements, be aligned to its improvement objectives, and be tailored accordingly. The WP&T will provide more detailed information on the nature and scope of improvement assessment activities. Staff of the Wales Audit Office will liaise closely with the Council and relevant regulators in developing the WP&T. It will be reviewed at least every quarter. Appendix 1 sets out the planned activity for the year.
3. The roles and responsibilities of Wales Audit Office staff for the Council, together with contact arrangements, are set out in Appendices 2 and 3.
4. Fees for the Auditor General's performance audit work at the Council are set out in Appendix 4.
5. Where the Auditor General identifies an issue of such importance that he considers a special inspection to be an appropriate response, he will charge an additional fee to conduct such an inspection.

### **The Improvement Assessment**

6. The Local Government Measure requires the Auditor General to carry out an annual Improvement Assessment for each improvement authority to determine whether the Council is likely to comply with the requirements of Part 1 of the Measure.

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7. Through his improvement assessment work, the Auditor General will be seeking to answer the question: Is the Council likely to comply with the statutory duty to make arrangements to secure continuous improvement? In order to answer this question, improvement assessment work will comprise:
    - corporate assessment work to review arrangements that the Council has put in place to secure continuous improvement; and
    - performance assessment work to review performance, and to track improvement over time.

## **Auditing the Council's Improvement Plan and assessment of performance**

8. The Local Government Measure also requires the Auditor General to undertake an audit of whether the Council has discharged its duties in relation to improvement planning and the publication of improvement information, and has acted in accordance with Welsh Ministers' guidance.
9. The duty for improvement authorities to publish an Improvement Plan as soon as practicable after the start of the financial year came into force in April 2010. The Measure requires the Auditor General to carry out an audit of this plan under Section 17. The Auditor General will audit the Council's Improvement Plan shortly after it is published and his findings will inform his Improvement Assessment.
10. The duty that the Measure places upon authorities to undertake an assessment of performance and to publish improvement information by the end of October comes into force in 2011. The Measure also requires the Auditor General to carry out an audit of the assessment and publication under Section 17. This audit will also inform the Improvement Assessment.

## **Reporting**

11. The Auditor General will write to the Council following his audit of the Improvement Plan to formally report the findings of the audit and the findings of corporate assessment work.
12. The Auditor General will also publish an Annual Improvement Report that sets out his findings from the audit of the Council's assessment of performance, a summary of any corporate or performance assessment work carried out by the Wales Audit Office and a summary of work carried out by relevant regulators.

## **Local government studies**

13. The Auditor General has a duty to undertake studies of local authorities under Sections 41 and 42 of the Public Audit (Wales) Act 2004. Before undertaking such studies, he must consult associations of local authorities and associations of employees that appear to him to be concerned. The Auditor General's studies in local government will often, although not always, include all 22 local authorities and may form part of a wider cross-cutting or whole systems study. The Auditor General will consult on his study proposals.

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## **Other work the Auditor General uses to inform his performance audit work at the Council**

14. This part of the Regulatory Programme briefly summarises the other work the Auditor General draws on in reaching his conclusions in relation to the Council. This work includes:
- the financial audit work of the Appointed Auditor;
  - the work of relevant regulators, particularly the Care and Social Services Inspectorate Wales (CSSIW), Estyn and the Welsh Language Board;
  - the Auditor General's other studies across the public sector.

### **The financial audit work of the Appointed Auditor**

15. The Auditor General appoints auditors under the Public Audit (Wales) Act 2004 to audit and report on the accounts of local authorities. Audit reports include an opinion on:
- whether the financial statements give a true and fair view of, or present fairly, the state of affairs of the body;
  - whether the financial statements have been prepared properly in accordance with relevant legislation, directions and applicable accounting standards; and
  - the regularity of the transactions, at bodies where this is required.
16. Auditors will also examine the Council's governance statement or statement on internal control and report if it is not in accordance with relevant requirements or where it may be misleading or inconsistent with other information of which they are aware.
17. The Public Audit (Wales) Act 2004 also requires Appointed Auditors to satisfy themselves that an audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Auditors will apply criteria specified by the Auditor General and will place reliance on the improvement assessment and other work carried out by the Auditor General or relevant regulators.

### **The work of relevant regulators**

18. Estyn and the CSSIW also undertake work in relation to councils in Wales. The nature of that work and the legislative functions supporting it are described in Appendix 2. Exhibit 3 sets out the planned regulatory activity of Estyn and CSSIW. This and other work that may arise will be included in updates of the WP&T.

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**Exhibit 3: Other planned regulatory activity**

<b>Estyn</b>	
Any inspection of Local Authority Education Services for children and young people will be notified.	
<b>CSSIW</b>	
Review of Director of Social Services report	Summer 2011
Local work – to be notified	
Other elements of the CSSIW national programme (to be finalised)	
Local regulatory visits and inspections of care services	

19. The Welsh Language Board (the Board) monitors councils/authorities progress in delivering services to the public in Welsh. The Board works with councils to help them develop their statutory Welsh Language Schemes that outline the way in which they provide services to the public in Welsh. The primary responsibility for the range and standard of services rests with the authorities which provide them, working in accordance with the statutory framework and guidelines of the Board. Every council is expected to provide the Board with an annual monitoring report that explains how its scheme has been implemented. This report allows the Board to offer advice as to how a council might improve its local arrangements. The Board also undertakes its own reviews to assess the provision of Welsh language services and to promote improvement.
20. Other organisations have powers of regulation and inspection of services provided by council, on their own or in collaboration with partners. These are not 'relevant regulators' under the Local Government (Wales) Measure 2009 and are therefore not included in the Regulatory Programme. However, wherever possible, information about such inspections will be included in the Work Plans and Timetables.

### **Other Auditor General studies across the public sector**

21. The Auditor General undertakes other work which will sometimes inform his work in relation to councils.
22. He has a substantial programme of work that relates to the Assembly Government and its related bodies, and to NHS bodies. Reports on such work are usually laid before the National Assembly for consideration by its Public Accounts Committee. As many of these studies cut across the boundaries between different parts of the Welsh public sector, they will often be relevant to his work in local government. The Auditor General's programme of activity for presentation to the National Assembly is set out in Appendix 5.
23. As auditor of NHS bodies in Wales the Auditor General also has a programme of financial audit and performance work in relation to individual local health bodies. As collaboration in health and social care becomes more prevalent, this work will have increasing relevance to his Improvement Assessment work.

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24. The Auditor General also undertakes data matching exercises involving local authorities and other public bodies under Part 3A of the Public Audit (Wales) Act 2004. The main example of this is the National Fraud Initiative done jointly with the Audit Commission, Audit Scotland and the Comptroller & Auditor General of Northern Ireland.
  25. Under the Public Audit (Wales) Act 2004 and the Government of Wales Act 2006, the Council may commission work from the Auditor General. The Council should discuss this in the first instance with the Wales Audit Office Improvement Assessment Lead (IAL) or, in the case of financial audit work, with the Appointed Auditor.

## Appendix 1

**Wales Audit Office performance work planned for 2011-12\***

Annual Improvement Assessment 2011, including:
• Audit of the Improvement Plan and Improvement Objectives 2011
• Corporate Assessment Update Letter, Spring 2011
• Themed study – Information governance
• Themed study – ICT Technology
• Themed study – HR and workforce planning
• Themed study – Medium Term Financial Planning
• <i>Public Engagement (as part of the 2010-11 all-Wales study)</i>
• Assessment of progress with improvement objectives, including testing and validation of authority's self-assessment of performance
• Audit of assessment of performance publication
• Progress check areas for improvement identified in previous assessment
• Performance Indicator audit
Local Government all Wales study 2011-12 – (tbc)
Housing and Council Tax benefit risk assessment
Annual Improvement Assessment 2012, initial planning
Ongoing engagement with the Council and preparation for the Corporate Assessment 2012

*\* Each year's work programme and fee covers one cycle of corporate and performance assessment work. However, this work may not fit neatly within a period starting on 1 April and ending on 31 March. The delivery of our annual work programme may therefore overlap financial years.*



## Appendix 2

### **Roles and responsibilities**

The Wales Audit Office comprises the Auditor General and his staff. The Auditor General's main functions are set out in Government of Wales Acts 1998 and 2006, the Local Government Act 1999, the Public Audit (Wales) Act 2004 and the Local Government (Wales) Measure 2009.

#### **Performance Group Director**

The Performance Group Director is accountable to the Auditor General for overseeing the delivery of all performance audit work at the Council.

#### **Improvement Assessment Lead**

The IAL is the primary point of contact for the improvement assessment work at a senior officer and political level in local government bodies. The IAL represents the Auditor General and the Wales Audit Office and presents reports of the improvement assessment to the Council.

#### **Improvement Assessment Co-ordinator**

The Improvement Assessment Co-ordinator (IAC) manages and co-ordinates inputs to the improvement assessment at each council.

#### **Appointed Auditors**

The Auditor appointed by the Auditor General must carry out audits that discharge the statutory duties placed upon them by the 1999 and 2004 Acts. The Auditor General publishes a Code that prescribes the way in which auditors are to carry out their functions.

#### **Relevant regulators**

The principal functions of the CSSIW are contained in Chapter 6 of the Health and Social Care (Community Health and Standards) Act 2003.

Estyn conducts inspections of Local Authority Education Services for Children and Young People under Section 38 of the Education Act 1997. These inspections form part of a three-year cycle that began in 2010-11. Estyn will also conduct follow-up inspections as necessary.

Estyn also has powers under the Education Act 2005 and Section 86 of the Learning and Skills Act 2000. Other Estyn inspections that may involve council provision are carried out under the Teaching and Higher Education Act 1998 and an agreement between Estyn and Jobcentre Plus. The period of notice for all Estyn inspections has been established by agreement between Estyn and the service providers in each sector. As this period is often quite short (normally three months), it is not possible to publish at the beginning of the financial year details of any inspections for which the provider has not received notification. In these cases, as soon as the provider is notified of the inspection, the details will be made available to the Wales Audit Office, to update the WP&T.

The Welsh Language Board is a statutory body sponsored by the Assembly Government. It was established in December 1993 by the Welsh Language Act. Its main function is to promote and facilitate the use of the Welsh language.

The Welsh Language Act 1993 establishes the principle that, in the conduct of public business and administration of justice in Wales, the English and Welsh languages should be treated on a basis of equality. Public bodies, notified by the Board, have a duty to prepare a statutory Welsh language scheme to specify the measures they propose to take in order to realise the principle of equality in the Act. The Board has a statutory function to approve Welsh language schemes and to monitor their implementation using professional expertise and statutory powers. It also has relevant regulator status under the terms of the Local Government (Wales) Measure 2009.

## Appendix 3

**Wales Audit Office performance audit team**

Name	Role	Phone	Email
Alan Morris	Group Director	02920 320514 07818 427 472	<a href="mailto:Alan.Morris@wao.gov.uk">Alan.Morris@wao.gov.uk</a>
Stephen Martin	Improvement Assessment Lead	01244 525970 07811 180523	<a href="mailto:Stephen.Martin@wao.gov.uk">Stephen.Martin@wao.gov.uk</a>
Karen Lees	Improvement Assessment Coordinator	01244 525979 07799 343071	<a href="mailto:Karen.Lees@wao.gov.uk">Karen.Lees@wao.gov.uk</a>

## Appendix 4

## Fees

The proposed net fee for April 2011 to March 2012 is £140,195 (plus VAT) and will be charged in equal instalments between April 2011 and March 2012. Our fee is set out below. The Wales Audit Office receives a grant from the Assembly Government for delivering the Wales Programme for Improvement. Part of this grant is used to subsidise fees for improvement assessment work. This year the subsidy has been allocated on an equal basis across the 22 unitary authorities.

### The fee

	Fee April 2011 to March 2012* £
Total fee for Improvement Assessment and audits	176,280
Less WPI subsidy	36,085
<b>Fee charged to the authority</b>	<b>140,195</b>

*\*The fee is for performance audit only and does not cover the financial audit work of the Appointed Auditor.*

The performance fee is equivalent to a 16.5 per cent decrease on the fee for the previous year. The fee for financial audit is £215,978, the same as for 2009-10. The total fee for the performance and financial audit work is £356,173, which represents a reduction of 7.2 per cent on the previous period.

## Appendix 5

## The Auditor General's programme of work for presentation to the National Assembly to commence in 2011-12

National Fraud Initiative
Welsh Housing Quality Standard
Nutrition in schools
Continuing healthcare
Picture of Public Services (2)
LHB disaster recovery / business continuity arrangements
Maternity services follow up
Procurement and use of consultants
Review of Care and social Services Inspectorate Wales
Medicines Management
Young People not in education, employment or training
Assembly Government relocation strategy



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Audit 2010/11

May 2011

Author: John Herniman

Ref: 208A2011

# Financial Audit Outline

## **Flintshire County Council**

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## Roles and Responsibilities

1. This Financial Audit Outline has been prepared to meet the requirements of auditing standards and proper audit practices. It provides Flintshire County Council (the Council) with an outline of the financial audit work required for the 2010-11 financial statements.
2. Since 1 April 2005, under the Public Audit (Wales) Act 2004, the Auditor General's functions have included the appointment of external auditors (Appointed Auditors) for local government bodies.
3. As Appointed Auditor, I am required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the Council, satisfying myself that the accounts:
  - give a true and fair view of the Council's financial position;
  - comply with all relevant legislative requirements; and
  - have been prepared in accordance with accounting proper practices.
4. I am also required to:
  - satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
  - certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.
5. The audit does not relieve the Council of its 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; and
  - establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.
6. The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts.
7. The key requirements of the Auditor General and the Appointed Auditor are set out in Appendix 1.
8. A separate document, the Auditor General's Regulatory Programme for Performance Audit, setting out the work to be delivered by the Auditor General under the Local Government Measure 2009 will be issued. In addition, a separate Financial Audit Outline for the audit of the 2010-11 accounts of the Clwyd Pension Fund will be issued.

9. The Auditor General is required to certify certain grant claims and returns. The Appointed Auditor, acting as an agent of the Auditor General, undertakes the audit work relating to those claims and returns.

## The audit approach

10. Information regarding the financial audit team is provided in Appendix 2.

### Audit of financial statements

11. Internal controls are designed, implemented and maintained to address identified business risks that threaten the achievement of an audited body's objectives regarding:
  - the reliability of its financial reporting;
  - the effectiveness and efficiency of its operations; and
  - its compliance with applicable laws and regulations.
12. I will:
  - assess the effectiveness of high level internal controls and key system level internal controls in preventing and detecting material errors in the accounting statements;
  - assess the effectiveness of Internal Audit;
  - review and seek to place reliance upon work undertaken by Internal Audit, as appropriate; and
  - develop substantive procedures to respond to specific significant risks.
13. I do not seek to obtain absolute assurance that the financial statements and related notes are true and fair, but adopt a concept of materiality. In planning and conducting the audit, I seek to identify material misstatements in the accounting statements and related notes, that is, those that might result in a reader of the accounts being misled.

### Key audit risks

14. Exhibit 1 provides information regarding the key audit risks that have been identified during the initial audit planning process, based upon information currently available, and the actions proposed to address them. Our audit work on all these risk areas will be used to inform my opinion on the financial statements.
15. Changes to the audit may be required if any new risks emerge. No changes will be made without first discussing them with officers and, where relevant, those charged with governance.

**Exhibit 1: Key audit risks**

<b>Control environment risks</b>	<b>Action proposed</b>
<p><b>Overall</b></p> <p>A number of general risks to the Council's overall control environment exist which will require careful management, these include:</p> <ul style="list-style-type: none"> <li>• the need to have clear arrangements in place to manage financial risks (eg, job evaluation, equal pay and single status);</li> <li>• significant changes to staffing structures as a result of the finance function review, including the internal audit function, which could potentially impact on, amongst other things, financial controls and governance risks; and</li> <li>• increasing financial pressures with the requirement to achieve significant savings, both in 2010/11 and future years.</li> </ul>	<p>I will continue to review the overall control environment and ascertain the position in respect of each of the developments listed.</p> <p>I will assess the impact on the financial statements, including accounting and disclosure requirements.</p>
<p><b>De-consolidation of AD Waste</b></p> <p>At the start of 2010/11 AD Waste, which had previously formed part of the Council's group accounts, was de-consolidated and re-integrated into the Council's activities.</p> <p>There are risks around the de-consolidation process, the legal requirements and the treatment of any liabilities associated with process.</p>	<p>I will review:</p> <ul style="list-style-type: none"> <li>• the process for the de-consolidation of AD Waste;</li> <li>• whether all legal requirements have been met; and</li> <li>• how liabilities have been treated.</li> </ul>
<b>Financial systems risks</b>	<b>Action proposed</b>
<p><b>Issues arising from my previous audits</b></p> <p>The audit of the 2009-10 financial statements identified some areas in which improvement was required to system controls.</p> <p>The most significant issues related to the controls in respect of the journal raising process, an imbalance in the Statement of Recognised Gains &amp; Losses (STRGL), issues relating to the Housing Benefit system and salary overpayments. There is a risk of material misstatement to the financial statements should the issues identified during our previous audits not be addressed.</p>	<p>I will:</p> <ul style="list-style-type: none"> <li>• assess the controls in place during 2010-11 and conduct audit testing to consider their design, existence and maintenance; and</li> <li>• conduct follow-up work in respect of recommendations arising from our previous audits.</li> </ul>

Preparation of the accounts risks	Action proposed
<p><b>International Financial Reporting Standards (IFRS) and the Code of Practice for Local Authority Accounting</b></p> <p>The Statement of Accounts for 2010-11 will be the first to be prepared in accordance with IFRS. The Statement of Accounts for 2010-11 is also required to be prepared for the first time in accordance with the Code of Practice on Local Authority Accounting (the Code).</p> <p>The Code, which replaces the Statement of Recommended Practice for Local Government, is based on IFRS but also introduces other changes to accounting and disclosure requirements.</p> <p>The requirement to comply with IFRS and the Code will require preparation and disclosure of the 2010-11 transactions and balances but also conversion of:</p> <ul style="list-style-type: none"> <li>• the opening 1 April 2009 balance sheet; and</li> <li>• the conversion of the full 2009-10 Statement of Accounts.</li> </ul>	<p>I have already audited the restatement of the Council's opening balances and I am currently auditing the restated 2009-10 Statement of Accounts. I will report the results of this exercise in due course.</p> <p>I will also review the draft Statement of Accounts for 2010-11 to ensure that it has been prepared, in all material respects, in accordance with IFRS and the Code.</p>
<p><b>Other changes to impact on accounting for 2010-11</b></p> <p>The Statement of Accounts for 2010-11 will also need to reflect other changes to accounting and disclosure requirements, including those made in respect of the Capital Financing and Accounting Regulations 2010.</p>	<p>I will review the draft Statement of Accounts for 2010-11 to ensure that they have been prepared in accordance with other accounting developments and guidance.</p>
<p><b>Other matters</b></p> <p>I have identified the following risks that are inherent in the preparation of the Statement of Accounts for 2010-11:</p> <ul style="list-style-type: none"> <li>• its preparation will involve the estimation of a number of account figures, such as provisions for the Council's liabilities and for amounts to be paid or received where the actual amount is not yet known; and</li> <li>• the Statement of Accounts will also reflect judgements made by officers in terms of how to account for or fund items.</li> </ul>	<p>I will review:</p> <ul style="list-style-type: none"> <li>• the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; and</li> <li>• documentation held to support estimates derived and judgements made, and refer to papers provided in support of them.</li> </ul>
Financial statements risks	Action proposed
<p><b>Landesbanki Investment</b></p> <p>I have identified risks around the frozen deposit, of £3.7 million invested in Landesbanki bank that went into liquidation in 2008.</p>	<p>I will verify the latest position on this investment and review any calculations for impairment.</p>
<p><b>Capital projects</b></p> <p>The Council continues to undertake a wide range of capital projects that often have complex funding and accounting arrangements (eg, Deeside leisure centre).</p>	<p>I will continue to review the accounting treatment applied and disclosures made in respect of capital projects.</p>
<p><b>Overall</b></p> <p>There is an inherent risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure.</p>	<p>We will undertake a series of audit tests and procedures to seek to identify any material misstatements.</p>

## Use of resources

16. To discharge my responsibilities regarding the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources, I shall place reliance upon:
- the results of the audit work undertaken on the financial statements;
  - the audited body's system of internal control, as reported in its governance statement and my report thereon;
  - the results of work carried out by the Auditor General, including work carried out under the Local Government (Wales) Measure 2009, certification of claims and returns and data matching exercises;
  - the results of the work of other external review bodies, where relevant to our responsibilities; and
  - any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

## Reporting

17. The Code of Audit Practice issued by the Auditor General requires Appointed Auditors to comply with auditing and ethical standards. International Standards on Auditing (ISAs) require formal reporting at various stages during the audit to those charged with governance.
18. In particular, auditors must report:
- relationships that may bear on the auditor's independence;
  - audit planning information; and
  - certain matters to those charged with governance (as distinct from management) before they give an opinion on the financial statements.
19. Appendix 1 highlights the key elements of the audit engagement at the Council, and confirms that there are no known threats to the independence of the Appointed Auditor or other audit staff.
20. This document provides information regarding the planning of the audit.
21. I will submit reports to the Audit Committee and where necessary to the Council in a timely manner, prior to the completion of audit.
22. I will provide reports, or other output as agreed. The key milestones are set out in Exhibit 2.

### Exhibit 2: Key milestones

Planned output	Target date
Financial Audit Outline	April 2011
Financial statements report to those charged with governance	September 2011
Opinion on the Financial Statements	September 2011
Annual Audit Letter	November 2011

## Audit fee

- 23.** The proposed fee for 2010/11 financial audit work is £215,978 (plus VAT) and will be charged in equal instalments between November 2010 and October 2011. This fee is in line with the Auditor General's fees letter and is based on the new zero-based fee model for financial audit. This represents a nil per cent increase on the equivalent element for 2009/10.
- 24.** I am required to undertake additional audit work arising from the change to IFRS. Subject to the Council providing satisfactory working papers for audit, I have decided to bear the cost of this work without passing it on to the Council.
- 25.** In previous years, there have been no formal objections to the Council's financial statements. However, I do receive a number of queries and items of correspondence from members of the public and other interested parties. A small amount of time has been included within the fee to deal with minor queries, as part of the overall management of the audit.
- 26.** Any detailed investigations or other work required to respond to queries and objections will result in an additional fee. Any such additional fee will be charged at daily rates based on the specific grade or skill mix required for the work, but will be discussed with Head of Finance prior to undertaking the work.
- 27.** The Auditor General is required to recover, in respect of each grant or return, an amount that covers the full cost of the relevant work undertaken. Grant and return certification work is charged on a daily basis in line with the skill-related fee scales set out in the Auditor General's local government fees letter. The fees will reflect the size, complexity and particular issues relating to the specific grants.
- 28.** Although grant work fluctuates from year to year, based on past experience and initial indications of changes in grant schemes and conditions, I estimate that the total fee for grant work will be in the range of between £120,000 and £135,000.

## Appendix 1

## Key elements of the audit engagement

Key elements	Requirements	Position at Flintshire County Council
<b>Engagement activities</b>		
Terms of the audit engagement	The Public Audit (Wales) Act 2004 sets out responsibility for appointment of local government external auditors in Wales.	Roles and responsibilities of appointed auditors outlined above and in Appendix 1. The full statement of responsibilities can be found at: <a href="http://www.wao.gov.uk/assets/englishdocuments/statement_of_responsibilities_of_auditors_eng.pdf">http://www.wao.gov.uk/assets/englishdocuments/statement_of_responsibilities_of_auditors_eng.pdf</a>
Appointment of auditors and engagement partners	It is the Auditor General's responsibility to appoint local government external auditors and to assign responsibility for each engagement to an engagement partner.	Details of the Appointed Auditor and the Engagement Partner are provided in Appendix 2 of this document.
'Non-statutory' work	The Auditor General has set out clear criteria for approval of any 'non-statutory' work requested by audited bodies.	No 'non-statutory' work has been requested or is proposed.
Limitations on audit work	I am required to advise you of any limitations on the work that I propose to undertake, including limitations imposed by management.	No limitations have been placed on the work that I propose to undertake.
<b>Ethical considerations</b>		
Independence	Appointed auditors are required to consider the following: <ul style="list-style-type: none"> <li>• threats to auditor independence (including litigation);</li> <li>• family and other personal relationships;</li> <li>• long association with the audited body, based on the Wales Audit Office rotation of audits policy; and</li> <li>• contentious or difficult issues.</li> </ul>	I can confirm that there are no known threats to the independence of the Appointed Auditor or other audit staff and I have complied with the Wales Audit Office rotation policy.
Engagement performance	Engagement partners need to consider what level of quality assurance and review levels are appropriate.	Wales Audit Office quality control review mechanisms are in place for all audits, and the Engagement Partner has established appropriate review levels based on the experience of the staff undertaking the audit work.



## Appendix 2

**Financial audit team**

**The Appointed Auditor is Anthony Barrett, the audit team are:**

<b>Name</b>	<b>Role</b>	<b>Contact Number</b>	<b>E-mail address</b>
John Herniman	Engagement Lead	02920 320566	john.herniman@wao.gov.uk
Amanda Hughes	Audit Manager	07969 919986	amanda.hughes@wao.gov.uk
Ron Parker	Team Leader	01352 702181	ron.parker@wao.gov.uk



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Audit 2010-11

May 2011

Author: John Herniman

Ref: 264A2011

# Financial Audit Outline

## **Clwyd Pension Fund**

## Contents

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### **Financial Audit Outline**

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## Status of this report

This document has been prepared for the internal use of Flintshire County Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the 'Statement of Responsibilities' issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, the appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

## Roles and responsibilities

1. Flintshire County Council (the Council) is the administering authority of the Clwyd Pension Fund (the Pension Fund). This Financial Audit Outline has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the 2010-11 pension fund accounts.
2. Since 1 April 2005, the Public Audit (Wales) Act 2004 the Auditor General's functions have included the appointment of external auditors (Appointed Auditors) for local government bodies.
3. As Appointed Auditor, I am required by the Public Audit (Wales) Act 2004 to examine and certify the pension fund accounts, satisfying myself that the accounts:
  - give a true and fair view of the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities;
  - comply with all relevant legislative requirements; and
  - have been prepared in accordance with proper accounting practices.
4. I am also required to:
  - satisfy myself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
  - certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.
5. The audit does not relieve the Pension Fund of its 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 accounts in accordance with relevant requirements; and
  - establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.
6. The key requirements of the Auditor General and the Appointed Auditor are set out in Appendix 1.

## The audit approach

7. Information regarding the financial audit team is provided in Appendix 2.

### Audit of pension fund accounts

8. Internal controls are designed, implemented and maintained to address identified business risks that threaten the achievement of an audited body's objectives regarding:
  - the reliability of its financial reporting;
  - the effectiveness and efficiency of its operations; and
  - its compliance with applicable laws and regulations.
9. I will:
  - assess the effectiveness of high level internal controls and key system level internal controls in preventing and detecting material errors in the accounting statements;
  - assess the effectiveness of Internal Audit;
  - review and seek to place reliance upon work undertaken by Internal Audit, as appropriate; and
  - develop substantive procedures to respond to specific significant risks.
10. I do not seek to obtain absolute assurance that the pension fund accounts and related notes are true and fair, but adopt a concept of materiality. In planning and conducting the audit, I seek to identify material misstatements in the pension fund accounts and related notes, that is, those that might result in a reader of the accounts being misled.

### Audit risks

11. Exhibit 1 provides information regarding the audit risks that have been identified during the initial audit planning process, based upon information currently available, and the actions proposed to address them. Our audit work on these risk areas will be used to inform my opinion on the pension fund accounts.
12. Changes to the audit may be required if any significant new risks emerge. No changes will be made without first discussing them with officers and, where relevant, those charged with governance.

**Exhibit 1: Audit risks**

<b>Control environment risks</b>	<b>Action proposed</b>
<p><b>Overall</b> Risk that financial management and governance controls are insufficient, or are not operating as intended.</p> <p>In particular, the latest actuarial valuation shows that the funding deficit of the pension fund has increased from £294 million as at 31 March 2007 to £376 million at 31 March 2010.</p>	<p>We will assess the robustness of the Pension Fund's arrangements for:</p> <ul style="list-style-type: none"> <li>• financial management and investment strategy;</li> <li>• governance;</li> <li>• risk management, including anti-fraud and corruption; and</li> <li>• internal audit scope and quality.</li> </ul>
<b>Financial systems risks</b>	<b>Action proposed</b>
<p><b>Overall</b> Risk that the Council's high level financial controls are not designed or operating effectively to prevent and detect material misstatements in the financial statements.</p>	<p>We will review the design and test the operation of high level controls in the:</p> <ul style="list-style-type: none"> <li>• main accounting system;</li> <li>• budgetary control system; and</li> <li>• the accounts preparation process.</li> </ul>
<b>Preparation of the accounts risks</b>	<b>Action proposed</b>
<p><b>International Financial Reporting Standards (IFRS) and the Code of Practice for Local Authority Accounting</b></p> <p>The Statement of Accounts for 2010-11 will be the first to be prepared in accordance with IFRS and with the Code of Practice on Local Authority Accounting (the Code).</p>	<p>We will review the pension fund accounts to ensure that it has been prepared, in all material respects, in accordance with IFRS and the Code.</p>



<b>Preparation of the accounts risks (continued)</b>	<b>Action proposed</b>
<p><b>Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009</b></p> <p>The regulations introduce a number of changes in relation to how the Council may invest pension fund assets. The new provisions apply in stages from 1 January 2010.</p> <p>In addition, our 2009/10 audit identified weaknesses in the Council's cash management arrangements relating to the Pension Fund. These issues are inter-related to the requirements of the regulations.</p>	<p>We will review:</p> <ul style="list-style-type: none"> <li>the Council's arrangements to ensure compliance with the new provisions; and</li> <li>conduct follow-up work in respect of our previous recommendations.</li> </ul>
<b>Financial statements risks</b>	<b>Action proposed</b>
<p><b>Overall</b></p> <p>There is a risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure.</p>	<p>We will undertake a series of audit tests and procedures to seek to identify any material misstatements.</p>
<p><b>Changes to Fund Structure</b></p> <p>The Fund's structure is being changed to address areas which could be strengthened; in particular to reduce the exposure to equities; increase weightings on tactical asset allocation; create new asset groupings; and, create an allocation for new opportunities.</p> <p>It is intended that this will be completed by 1 April 2011, which means that investment holdings will be in transition at the year end.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>review the arrangements for the reallocation and transfer of investments; and</li> <li>obtain external confirmations of fund manager holdings at the year end.</li> </ul>
<p><b>Unquoted Investments</b></p> <p>There is an inherent uncertainty in the valuation of unquoted investments because they rely on forward looking estimates and judgements.</p> <p>In 2009/10 we identified that the Council's arrangements for obtaining assurance on the valuation of unquoted investments needed to be strengthened.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>conduct follow-up work in respect of our previous recommendation; and</li> <li>consider the reasonableness of unquoted investment valuations.</li> </ul>

## Reporting

13. The Code of Audit Practice issued by the Auditor General requires Appointed Auditors to comply with auditing and ethical standards. International Standards on Auditing (ISAs) require formal reporting at various stages during the audit to those charged with governance.
14. In particular, auditors must report:
  - relationships that may bear on the auditor's independence;
  - audit planning information; and
  - certain matters to those charged with governance (as distinct from management) before they give an opinion on the financial statements.

15. Appendix 1 highlights the key elements of the audit engagement at the Pension Fund, and confirms that there are no known threats to the independence of the Appointed Auditor or other audit staff.
16. This document provides information regarding the planning of the audit.
17. I will submit reports to the Audit Committee and, where necessary, to the Council in a timely manner, prior to the completion of the audit.
18. I will provide reports, or other output as agreed. The key milestones are set out in Exhibit 2.

### Exhibit 2: Key milestones

Planned output	Target Date
Financial Audit Outline	May 2011
Financial statements report to those charged with governance	September 2011
Opinion on the financial statements	September 2011
Consistency audit statement for inclusion in the Pension Fund annual report	September 2011
Annual Audit Letter	November 2011

## Audit fee

19. The proposed fee for 2010-11 financial audit work is £35,000 (plus VAT) and will be charged in equal instalments between November 2010 and October 2011. This fee is in line with the Auditor General's fees letter and is based on the new zero-based fee model for financial audit. This represents a 1.7 per cent decrease on the 2009/11 fee (£35,612).
20. I am required to undertake additional audit work arising from the change to IFRS. I have decided to bear the cost of this work without passing it on to the Pension Fund.

## Other matters

### Pension fund annual report

21. Administering authorities are required to publish a pension fund annual report which must include the Pension Fund accounts.
22. I am required:
  - to read the Pension Fund annual report and consider whether the information it contains is consistent with the Pension Fund accounts; and
  - to issue an audit statement confirming the consistency of the accounts included in the annual report with the audited Pension Fund accounts included in the administering authority's Statement of Accounts.

## Appendix 1

## Key elements of the audit engagement

Key elements	Requirements	Position at Clwyd Pension Fund
<b>Engagement activities</b>		
Terms of the audit engagement	The Public Audit (Wales) Act 2004 sets out responsibility for appointment of local government external auditors in Wales.	Roles and responsibilities of appointed auditors outlined above. The full statement of responsibilities can be found at: <a href="http://www.wao.gov.uk/assets/englishdocuments/statement_of_responsibilities_of_auditors_eng.pdf">http://www.wao.gov.uk/assets/englishdocuments/statement_of_responsibilities_of_auditors_eng.pdf</a>
Appointment of auditors and engagement partners	It is the Auditor General's responsibility to appoint local government external auditors and to assign responsibility for each engagement to an engagement partner.	Details of the Appointed Auditor and the Engagement Lead are provided in Appendix 2 of this document.
'Non-statutory' work	The Auditor General has set out clear criteria for approval of any 'non-statutory' work requested by audited bodies.	No 'non-statutory' work has been requested or is proposed.
Limitations on audit work	I am required to advise you of any limitations on the work that I propose to undertake, including limitations imposed by management.	No limitations have been placed on the work that I propose to undertake.
<b>Ethical considerations</b>		
Independence	Appointed auditors are required to consider the following: <ul style="list-style-type: none"> <li>• threats to auditor independence (including litigation);</li> <li>• family and other personal relationships;</li> <li>• long association with the audited body, based on the Wales Audit Office rotation of audits policy; and</li> <li>• contentious or difficult issues.</li> </ul>	I can confirm that there are no known threats to the independence of the Appointed Auditor or other audit staff and I have complied with the Wales Audit Office rotation policy.
Engagement performance	Engagement Leads need to consider what level of quality assurance and review levels are appropriate.	Wales Audit Office quality control review mechanisms are in place for all audits, and the Engagement Lead has established appropriate review levels based on the experience of the staff undertaking the audit work.

## Appendix 2

**Financial audit team**

**The Appointed Auditor is Anthony Barrett, the audit team are:**

<b>Name</b>	<b>Role</b>	<b>Contact Number</b>	<b>E-mail address</b>
John Herniman	Financial Audit Engagement Lead	07776 163851 02920 320566	john.herniman@wao.gov.uk
Amanda Hughes	Audit Manager	07969 919986 01286 679974	amanda.hughes@wao.gov.uk
Ron Parker	Team Leader	07854 896508 01352 702185	ron.parker@wao.gov.uk



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**FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 5**

**REPORT TO:**      **AUDIT COMMITTEE**  
**DATE :**           **29 JUNE 2011**  
**REPORT BY:**   **HEAD OF FINANCE**  
**SUBJECT :**       **WALES AUDIT OFFICE REPORT ON INTERNAL AUDIT**

**1.00 PURPOSE OF REPORT**

1.01 To inform the Committee of the results of the Wales Audit Office Assessment of Internal Audit.

**2.00 BACKGROUND**

2.01 Wales Audit Office are required to consider whether the internal financial control arrangements for the Council are adequate. As Internal Audit is a key element of the system of internal control, they complete a formal annual assessment.

**3.00 CONSIDERATIONS**

3.01 The Assessment was made against the professional standards set out by the Chartered Institute of Public Finance Accountancy Code of Practice for Internal Audit in Local Government in the United Kingdom.

3.02 The assessment found that Internal Audit are fully compliant with nine of the eleven standards and partially compliant with the other two. Two recommendations have been made to enhance compliance.

3.03 A copy of the report is attached.

**4.00 RECOMMENDATIONS**

4.01 The committee is requested to accept the report.

**5.00 FINANCIAL IMPLICATIONS**

5.01 None.

**6.00 ANTI POVERTY IMPACT**

6.01 None.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None.

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Date: 21/06/2011

**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 Assessment of Internal Audit

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**BACKGROUND DOCUMENTS**

None

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E-Mail: david\_webster@flintshire.gov.uk



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

2010-11

June 2011

Authors: John Herniman

Ref: 307A2011

# Assessment of Internal Audit 2010-11

## **Flintshire County Council**



Internal audit has fully complied with nine of the eleven standards and partially complied with two.

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## Status of this report

This document has been prepared for the internal use of Flintshire County Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and her staff) and, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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## Summary

### Internal audit has fully complied with nine of the eleven standards and partially complied with two

1. The Code of Audit Practice issued by the Auditor General and the International Standard on Auditing 610 requires us to consider whether the internal financial control arrangements of Flintshire County Council (the Council) are adequate. As internal audit is a key element of the system of internal control, we complete an annual assessment.
2. We have assessed internal audit against its professional standards as set out in the Chartered Institute of Public Finance Accountancy's (CIPFA) Code of Practice for internal audit in Local Government in the United Kingdom 2006. Where these standards are met, wherever possible, we will seek to rely on their work when documenting or testing the council's financial systems as part of our accounts audit; although any work completed by them will have to be reviewed. Further information on the individual aspects covered by each standard can be found in Appendix 1.
3. Our assessment of each of the standards is set out in Exhibit 1.

#### Exhibit 1: Nine of the standards were fully met

Standard and aspects		Standard met/comment
1	Scope of internal audit	Partially compliant
2	Independence	Yes
3	Ethics for internal auditors	Yes
4	Audit Committee	Partially compliant
5	Relationships	Yes
6	Staffing, training and continuous professional development	Yes
7	Audit strategy and planning	Yes
8	Undertaking audit work	Yes
9	Due professional care	Yes
10	Reporting	Yes
11	Performance quality and effectiveness	Yes

- 
4. Our detailed report sets out our findings in respect of each of the CIPFA standards. We have made two recommendations.

## Recommendations

R1	Review and update the internal audit manual.
R2	Review the current reporting formats to ensure that they provide information in a manner which assists the committee in making informed decisions.

## **Internal audit has fully complied with four of the organisational standards and partially complied with two**

### **The scope of internal audit is clearly defined but there is scope to enhance this**

5. The overall scope of internal audit is set out in the Internal Audit Charter, and generally conforms to the requirements of the internal audit standards. The scope of internal audit work is agreed in the internal audit annual plan by the Audit Committee.
6. During 2011, the internal audit charter has been revised and will be presented to the Audit Committee in June 2011 for approval. Our review of internal audit 2009-10 recommended that the charter be updated, to refer to internal audit's rights of access to partner organisations' records, staff and premises, which has now been done.
7. The internal audit manual, whilst still relevant, is out of date in a number of respects. We understand that there are plans to update it in the near future and recommend that it is revised and implemented in the next quarter.

R1 Review and update the internal audit manual.

### **Internal audit has sufficient organisational status and independence**

8. The internal audit charter stipulates that audit staff do not undertake any non-audit duties and that all the activities of the internal audit function are carried out in accordance with the financial regulations of the Council.
9. All internal audit staff are required to complete annual declarations of interest.

### **Internal audit has arrangements in place to ensure compliance with the ethical codes issued by professional institutes**

10. The internal audit section is expected to follow the code of ethics of its own professional institution.
11. The internal audit manual stipulates that internal audit should safeguard information they receive in carrying out their duties.

## **The Audit Committee makes an effective contribution to the overall process for ensuring that an effective internal control system is maintained but should review its reporting arrangements**

12. The role, responsibilities and composition of the Audit Committee are detailed in Article 7 of the Constitution.
13. The Audit Committee completes an annual self-assessment and this is submitted to the Head of Finance.
14. The internal audit charter details the rights of access of the internal audit manager to all members.
15. The internal audit manager and one director, from RSM Tenon, attend the Audit Committee meetings.
16. At each committee, the internal audit manager presents two standard reports, namely, the *Operational plan and recommendation tracking* report and the *Final reports and performance indicators* report. The reports allow the committee to monitor the progress and output of internal audit's work.
17. Whilst the reports meet core requirements, it is recognised that they could be smarter and present key information to the committee in a more succinct manner. We are aware that it is the intention of the internal audit manager to consult with the committee on improved ways of reporting and recommend that this be considered in the near future.

R2    Review the current reporting formats to ensure that they provide information in a manner which assists the committee in making informed decisions.
--

## **Internal audit has established effective relationships with management, other auditors and other review bodies**

18. Internal audit has built positive relationships with management. A constructive relationship has developed between internal audit and the Wales Audit Office and we have agreed a formal protocol, which sets out our working relationship. This addresses a recommendation we made in our 2009-10 review.

## **Internal audit is adequately staffed and resourced**

19. Internal audit has established adequate arrangements to ensure it is adequately staffed and that employees have the appropriate skills to fulfil their responsibilities. A recent review, which will be implemented during 2011-12, will reduce the overall numbers but increase the skill mix.
20. There is access to RMS Tenon's workforce for specialist skills, such as IT audit.
21. A six-monthly appraisal process is in place and key competencies defined to identify and focus training needs.

22. All staff are required to maintain a record of training and development and adhere to their professional bodies' Continual Professional Development (CPD) requirements.

## **Internal audit has fully complied with the five operational standards**

### **An Audit Strategy and Annual Audit Plan are prepared, reviewed and approved by the Audit Committee**

23. Internal audit has a strategy for 2010-11 to 2012-13. The strategy details that work is carried out to meet the internal audit objective of providing an annual opinion to inform the Annual Governance Statement.
24. The strategy and annual plan is updated by the internal audit manager and certified by the Head of Finance before being annually approved by the Audit Committee. The committee approved the 2010-11 plan in March 2010.
25. In 2009-10, we made two recommendations on the audit strategy and plan, both of which have now been addressed.

### **Internal audit's approach to recording its audit work is comprehensive**

26. The internal audit standards require all auditors to obtain and record sufficient relevant evidence to support their conclusions and to demonstrate the adequacy of evidence obtained to support professional judgements.
27. Each review has a detailed assignment planning sheet which identifies the scope, objectives, risks and resources for the review.
28. We reviewed a sample of eight internal audit files and found that all files were of a good standard. Our previous recommendation relating to the quality of audit files, has now been addressed.

### **Internal audit applies due professional care when performing its duties**

29. Internal audit staff are suitably qualified and have a range of guidance on conduct, from the constitution, code of conduct for officers, the internal audit manual and their professional bodies' code of ethics.
30. All work performed is reviewed by a principal auditor and certified by the internal audit manager.

### **Internal audit prepares assignment reports and an Annual Report in accordance with the requirements of the internal audit standards**

31. Internal audit reports templates are designed to meet the internal audit standards.

32. The annual report provides an opinion on the governance, risk management and controls in operation within the council.
33. In 2009-10, we made three recommendations relating to the internal audit annual report. The annual report for the year ended 31 March 2011, has addressed all of those recommendations and now usefully reports on:
  - a comparison of the actual work undertaken with that planned;
  - internal audit's performance against its performance measures and targets; and
  - internal audit's compliance with CIPFA standards.

### **Internal audit has in place quality control and review procedures**

34. Performance management for staff is in accordance with the council's six-monthly appraisal process.
35. For the internal audit function, quarterly performance reports are presented to the audit committee. Performance indicators are reported to the audit committee at each meeting and the majority relate to timeliness of issue of reports.
36. Arrangements for internal quality assurance are detailed in the internal audit manual.
37. It was noted at the time of inspection that no external quality review had been undertaken by RSM Tenon.



## Appendix 1

## Internal audit standards and aspects

Standard and aspects	
1	<b>Scope of internal audit</b> <ul style="list-style-type: none"> <li>• Terms of reference</li> <li>• Scope of work</li> <li>• Other work</li> <li>• Fraud and corruption</li> </ul>
2	<b>Independence</b> <ul style="list-style-type: none"> <li>• The principles of independence</li> <li>• Organisational independence</li> <li>• Status of the Head of internal audit</li> <li>• Independence of individual internal auditors</li> <li>• Independence of internal audit contractors</li> <li>• Declaration of interest</li> </ul>
3	<b>Ethics for internal auditors</b> <ul style="list-style-type: none"> <li>• Purpose</li> <li>• Integrity</li> <li>• Objectivity</li> <li>• Competence</li> <li>• Confidentiality</li> </ul>
4	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>• Purpose of the Audit Committee</li> <li>• Internal audit's relationship with the Audit Committee</li> </ul>
5	<b>Relationships</b> <ul style="list-style-type: none"> <li>• Principles of good relationships</li> <li>• Relationships with management</li> <li>• Relationships with other internal auditors</li> <li>• Relationships with external auditors</li> <li>• Relationships with other regulators and inspectors</li> <li>• Relationships with elected members</li> </ul>
6	<b>Staffing, training and continuing professional development</b> <ul style="list-style-type: none"> <li>• Staffing internal audit</li> <li>• Training and continuing professional development</li> </ul>
7	<b>Audit strategy and planning</b> <ul style="list-style-type: none"> <li>• Audit strategy</li> <li>• Audit planning</li> </ul>
8	<b>Undertaking audit work</b> <ul style="list-style-type: none"> <li>• Planning</li> <li>• Approach</li> <li>• Undertaking audit assignments</li> </ul>

<b>Standard and aspects</b>	
9	<b>Due professional care</b> <ul style="list-style-type: none"><li>• Principles of due professional care</li><li>• Responsibilities of the individual auditor</li><li>• Responsibilities of the Head of internal audit</li></ul>
10	<b>Reporting</b> <ul style="list-style-type: none"><li>• Principles of reporting</li><li>• Reporting on audit work</li><li>• Follow-up audits and reporting</li><li>• Annual reporting and presentation of audit opinion</li></ul>
11	<b>Performance quality and effectiveness</b> <ul style="list-style-type: none"><li>• Principles of performance quality and effectiveness</li><li>• Quality assurance and audit work</li><li>• Performance and effectiveness of the audit service</li></ul>



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## FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 6

**REPORT TO:**      **AUDIT COMMITTEE**  
**DATE :**           **29 JUNE 2011**  
**REPORT BY:**    **HEAD OF FINANCE AND WALES AUDIT OFFICE**  
**SUBJECT :**       **PROTOCOL BETWEEN WALES AUDIT OFFICE AND**  
                          **INTERNAL AUDIT**

### **1.00 PURPOSE OF REPORT**

1.01 To present to Members the new Protocol between Internal Audit and the Wales Audit Office.

### **2.00 BACKGROUND**

2.01 Part of the role of the Audit Committee within the Constitution is to keep under review the joint working arrangements of the Council's internal and external auditors. Cooperation between the Internal Audit section and the Wales Audit Office benefits them both and the Council as a whole.

2.02 A Protocol between them has been agreed and will form the basis of future cooperation.

### **3.00 CONSIDERATIONS**

3.01 The Wales Audit Office operate under the Auditor General's Code of Audit and Inspection Practice. The Code requires the Wales Audit Office to establish effective co-ordination arrangements with internal audit. Internal Audit operate according to the CIPFA Code of Audit Practice for Internal Audit within Local Government. The Code of Practice states that 'The Head of Internal Audit should seek to meet regularly with the nominated External Audit representative to consult on and co-ordinate their respective plans and, particularly, to discuss how work can be tailored to satisfy each party's responsibilities in areas of common interest.' This Protocol enables both requirements to be met.

### **4.00 RECOMMENDATIONS**

4.01 The committee is requested to accept the Protocol as the basis for future cooperation between the external and internal auditors.

### **5.00 FINANCIAL IMPLICATIONS**

5.01 None

### **6.00 ANTI POVERTY IMPACT**

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Date: 21/06/2011

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 Joint Protocol between External Audit and Internal Audit

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985  
BACKGROUND DOCUMENTS**

None

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU



# **Joint Protocol Between External Audit and Internal Audit**

## **Wales Audit Office and Flintshire County Council**

**(To be) Adopted June 2011**

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## Introduction

1. This Protocol sets out the working relationship between the Authority's Internal and External auditors. It is a framework based on the managed audit principles and as such is not specific to any one audit year. The reasons for documenting this relationship are to:
  - reflect the different responsibilities and working arrangements of both functions;
  - formalise specific areas where effective two way co-operation and assistance will operate, thereby effectively utilising the total audit resources available;
  - provide a framework in which the annual audit planning process can progress effectively; and
  - demonstrate to the Audit Committee of the Authority the professional manner in which the two organisations work together with the objective of improving the Internal Control environment of the Authority.

## Background

2. The Wales Audit Office are the appointed external auditors for Flintshire County Council. The Internal Audit provision is provided as an in house function with reporting lines directly to the Chief Financial Officer (S151 Officer). Notwithstanding this line management relationship the Internal Audit Manager has full and unlimited access to all Directors, Chief Officers and Members of the Authority. He can also contact the Chair and Members of the Audit Committee at any time.
3. Wales Audit Office and Internal Audit wish to agree working arrangements to ensure effective co-operation and efficient use of resources based on regular liaison, discussion and exchange of information. The combined objective of both Wales Audit Office and Internal Audit is to ensure that the Authority continues to receive the most effective use of the audit resource. Formalising arrangements at this stage ensures this aim is achieved by ensuring the audit remains focused and relevant to the changing demands and risks of the Authority.
4. Changes in recent years are wide ranging and have considerable impact on how both audit functions operate. They include the Auditor General for Wales's (Auditor General) Code of Audit and Inspection Practice (the code) which sets out how the Wales Audit Office delivers external audit, together with CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom which sets out the standards to which Internal Audit should operate. The CIPFA code for Internal Audit was revised and republished during 2006.

## The Auditor General's Code of Audit and Inspection Practice

5. The Code reflects the scope of the Public Audit (Wales) Act 2004 which created the Wales Audit Office to assist the Auditor General to deliver a regime with a remit across a wide range of public services and with an opportunity to carry out audit and inspection functions in a more co-ordinated and effective way.



6. The Wales Audit Office approach is to tailor the scope, scale, nature and conduct of its work to the circumstances of the Authority so that audit and inspection effort is directed to areas of greatest risk. This is achieved by risk based planning.
7. The Code emphasises, however, that the Wales Audit Office does not act as a substitute for the Authority's own responsibility for putting in place proper arrangements to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically efficiently and effectively.
8. The Code requires the Wales Audit Office to establish effective co-ordination arrangements with Internal Audit and to seek to place the maximum amount of reliance on the work of Internal Audit whenever possible.
9. As part of their key role in reporting upon the adequacy of internal control, and providing a basis for the Authority's Annual Governance Statement, which is required to be published with the Authority's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.
10. The Wales Audit Office annual review of Internal Audit will identify the level of coverage by Internal Audit on major financial systems such as payroll or creditor payments. Where Wales Audit Office considers further coverage is required and dependent upon the outcome of their overall risk assessment, it will need to consider whether resultant weaknesses in the overall control environment require them to undertake additional testing for opinion purposes.
11. However, Wales Audit Office would not normally expect to carry out detailed compliance or substantive testing of other major financial systems unless its risk assessment suggests the core processes are unreliable.
12. Wales Audit Office will report on the Council's arrangements, but will not necessarily have to undertake additional work where those arrangements are considered inadequate.
13. The Local Government Measure (Wales) 2009 introduced new requirements on local authorities and on the Auditor General to carry out an annual Improvement Assessment (under section 18) to determine whether the authority is likely to comply with the requirement to make arrangements to secure continuous improvement. The WAO are also required to undertake an improvement information and planning audit (under section 17). The main output from this work is an Annual Improvement report.

## **The Purpose and Function of Internal Audit**

14. 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*)
15. The 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.

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

## **The CIPFA Code of Audit Practice for Internal Audit**

17. The CIPFA Code of Practice for Internal Audit within Local Government was reviewed and updated in 2006 to reflect changes to the organisational world in which Internal Audit operates. The revised Code reiterates established principles of the Auditing Practices Board and sets out the definitions and principles (the standards) which establish how a professional Internal Audit service should operate in local government. The eleven standards are:
  - Scope of internal audit
  - Independence
  - Ethics of internal auditors
  - Audit Committees or equivalent
  - Relationships
  - Staffing, training and continuous professional development
  - Audit strategy and planning
  - Undertaking audit work
  - Due professional care
  - Management of audit assignments
  - Reporting
  - Performance, quality and effectiveness
18. The Code of Practice includes a checklist which offers to Heads of Internal Audit an opportunity to measure their own service provision against the standards. Within Flintshire County Council this is used on an annual basis as a self assessment tool, with the results reported to the Audit Committee.
19. In terms of its relationship with the Wales Audit Office, Internal Audit retains the primary function of objectively examining, evaluating and reporting on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
20. The Internal Audit Manager ensures service delivery to clients (including Wales Audit Office) is in accordance with the above principles and standards.
21. The Code of Practice states that 'The Head of Internal Audit should seek to meet regularly with the nominated External Audit representative to consult on and co-ordinate their respective plans and, particularly, to discuss how work can be tailored to satisfy each party's responsibilities in areas on common interest. Such meetings are an opportunity to discuss matters of mutual interest and to help develop both parties' understanding of the organisation.'

## Objective

22. This document aims to set out our approach to co-ordinate the audit work required to meet objectives of the respective codes. It will ensure the full benefits of joint working are achieved during future years.

## Approach

23. This Protocol has been developed on the basis of the Code of Practice plus ongoing discussions between Internal Audit and Wales Audit Office.
24. Key issues considered are set out below and form a basis to take this Protocol forward:
25. Co-operation on individual and overall audit risk assessments, and on annual and cyclical planning to identify areas for coverage by both parties, ensuring a 'joined up' approach to the Authority's audit, avoiding duplication of effort and resources.
26. Regular meetings are diarised to facilitate good communication. These are used to update progress, discuss audit findings and improve joint planning.
27. Exchange of information, including staff structures, responsibilities and roles within respective teams, general audit issues, technical advice, audit reports, frauds and irregularities.

## Review of Internal Audit

28. In order for Wales Audit Office to discharge its statutory duties, it needs to undertake an assessment of the Authority's arrangements for securing effective internal control. The effectiveness of Internal Audit is an important element of this overall assessment. Wales Audit Office will assess the effectiveness of Internal Audit on an annual basis by reviewing work completed against the annual Audit Plan.
29. As part of the review, Wales Audit Office will also assess the quality and management of a sample of audit assignments and report the findings of the review to the Audit Committee.

## External Audit quality assessment

30. As part of the Wales Audit Office's quality control assessment of External Audit suppliers, they may occasionally send the Authority a questionnaire requesting views on the quality of External Audit service provided. Although the format and distribution of these changes regularly, where requests are made to the Section 151 Officer, Internal Audit will provide an input into the assessment.

## Phasing of audit planning and work

31. To ensure co-ordination, Internal Audit and Wales Audit Office will meet annually during the January – March period, prior to the new financial year, to discuss proposed coverage, feed into the Internal Audit process and at the same time inform Wales Audit Office planning. The Audit Committee should be presented annually with the plans of both Internal Audit and External Audit for approval.

Members of the Committee will be able to question the auditors about the planned work and areas of overlap between the plans. Internal Audit will schedule their Fundamental Systems work throughout the year

32. Where individual Internal Audit assignments are proposed in areas that are in the Wales Audit Office plans, the scopes and timing of the reviews will be compared to minimise duplication. The same will apply if the Wales Audit Office propose to complete some work in an area that is included in the Internal Audit Plan.

### **Delivering the Protocol**

33. Each year, Wales Audit Office's Audit Plan for the Council assumes that Internal Audit will deliver the fundamental financial systems work plus any other priority areas set out in their Audit Plan. Where this is not the case, Wales Audit Office will need to assess the impact this has on their work and where necessary will agree changes to their Plan or additional audit fees. If such issues arise, they will be discussed with Internal Audit and the Head of Finance.

## **The way forward**

34. Producing this agreement shows commitment by both parties to continually improve the audit process and deliver an effective audit service for the Authority.
35. The Protocol will be reviewed regularly, building on the lessons learnt, and incorporating new guidance or changes in audit approach. Reviewing this Protocol may be best achieved through an annual meeting involving Wales Audit Office and Internal Audit. We can then discuss and agree practical measures that enable us to continue operating in a manner which maximises effective audit coverage for the Council and avoids duplication of effort. Any changes can then be reflected in our respective audit plans.
36. Our joint working will be supported by regular meetings including:
  - key Wales Audit Office and Internal Audit staff meeting formally on a quarterly basis;
  - ad hoc meetings between key Wales Audit Office and Internal Audit staff;
  - annual meeting to discuss the risk assessment and audit planning process;
  - each year, at regular intervals, Wales Audit Office and Internal Audit will provide formal feedback on our work to the Audit Committee;
  - Internal Audit will provide copies of working files, documentation and relevant reports to Wales Audit Office;
  - Wales Audit Office will provide copies of relevant reports or executive summaries to Internal Audit; and
  - Wales Audit Office will provide feedback to Internal Audit on issues arising from their annual review.
37. The attached Action Plan identifies the part played by Internal Audit and Wales Audit Office in providing effective audits.

## Action Plan

Issue	Action	Timescale	Responsibility
<b>Communications</b>			
Strategic priorities shared.	Internal Audit Manager/Wales Audit Office CM to meet on a monthly basis to discuss high level issues.	Quarterly.	Internal Audit Manager/Wales Audit Office AM
Operational issues shared.	Internal Audit Manager / Principal Auditors to meet Wales Audit Office team leader to discuss outcomes from specific studies and implications for Wales Audit Office.	Ongoing.	Internal Audit Manager / Principal Auditors/ Wales Audit Office team leader
Raise awareness of work planned and findings from WAO work.	Make Wales Audit Office Plans available when finalised and all Wales Audit Office reports available when completed.	Ongoing.	Wales Audit Office AM
Raise awareness of work planned and of findings from Internal Audit work.	Share Audit Plan and summarise key issues arising from Internal Audit work (Annual Report).	Ongoing.	Internal Audit Manager
Ensure respective auditors aware of identity and structure of audit teams.	Include introduction to Internal Audit/Wales Audit Office in respective induction arrangements for permanent staff.	Ongoing.	Internal Audit Manager/Wales Audit Office AM
Ensure all auditors aware of joint working approach.	Copy joint working protocol to all audit staff.	Ongoing.	Internal Audit Manager/Wales Audit Office AM
Keep Internal Audit informed of major External Audit issues.	Wales Audit Office to raise issues where significant implications are anticipated.	Ongoing.	Wales Audit Office AM
Keep External Audit informed of major Internal Audit issues.	Internal Audit to raise issues where significant implications are anticipated.	Ongoing.	Internal Audit Manager
<b>Planning</b>			
Overall Internal Audit coverage to inform Wales Audit Office assessment of the control environment.	Agree the Internal Audit Plan to ensure it covers the breadth of audit duties necessary to underpin a sound control environment.	February/March for following financial year.	Wales Audit Office/ Internal Audit Manager
Overall Internal Audit coverage to inform Wales Audit Office assessment of the control environment.	Complete annual assessment of Internal Audit coverage to ensure the plans are appropriately delivered.	April for previous financial year.	Wales Audit Office AM

## Action Plan

Issue	Action	Timescale	Responsibility
<b>Planning</b>			
Minimise scope for duplication of audit coverage.	Consult Internal Audit when completing the External Audit Plan to ensure full account is taken of their Plan.	February/March.	Wales Audit Office AM
<b>Reporting</b>			
Audit Committee regularly informed of audit coverage and findings.	Wales Audit Office and Internal Audit prepare and discuss regular reports on Control and Governance Issues to the Audit Committee. Audit Committee occurs at least four times per annum.	Quarterly	Internal Audit Manager/Wales Audit Office AM
<b>Governance</b>			
Internal Audit Manager's Annual Report to inform WAO's review of Annual Governance Statement	Internal Audit Manager to provide Annual Report on the control environment annually (as presented to June Audit Committee)	May	Internal Audit Manager
<b>Fraud Awareness</b>			
Inform Wales Audit Office of major frauds.	Information provided through regular liaison meetings.	Ongoing	Internal Audit Manager
Share knowledge on major frauds.	Update of Authority's progress on NFI at joint meeting.	Ongoing	Wales Audit Office AM
<b>Grant claims</b>			
Maximise effectiveness of audit coverage.	Identify where Internal Audit work can assist Wales Audit Office requirements.	February/March	Internal Audit Manager / Principal Auditors/ WAO team leader
Maximise effectiveness of audit coverage.	Ensure Internal Audit testing accords with necessary sampling and evidencing requirements of agreed areas	Ongoing	Internal Audit Principal Auditors/ Wales Audit Office team leader

### Audit Teams

#### Wales Audit Office Team

<b>Financial Audit Team</b>	<b>Performance Audit Team</b>
Appointed Auditor – Anthony Barrett	Auditor General for Wales – Huw Vaughan Thomas
Engagement Director – John Herniman	Engagement Director – Alan Morris
Audit Manager - Amanda Hughes	Improvement Assessment Lead – Stephen Martin
Team Leader – Ron Parker	Improvement Assessment Coordinator – Karen Lees

#### Flintshire Internal Audit Team

Internal Audit Manager – David Webster
Principal Auditor – David Stevens
Principal Auditor – Graham Casson
Principal Auditor – Lucy Morris

For the purposes of this protocol, the lead relationship between the Wales Audit Office and Internal Audit will be between the Wales Audit Office Financial Audit Team and the Internal Audit Team. However, members of the Wales Audit Office Performance Audit Team will be involved in relevant discussion, as it relates to performance work conducted under the Local Government Measure.

## FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 7

**REPORT TO:**     **AUDIT COMMITTEE**  
**DATE :**         **29 JUNE 2011**  
**REPORT BY:**   **HEAD OF FINANCE**  
**SUBJECT :**      **INTERNAL AUDIT CHARTER**

### **1.00 PURPOSE OF REPORT**

1.01 To outline to members the updated Internal Audit Charter.

### **2.00 BACKGROUND**

2.01 The Internal Audit section has had a Charter since 2002. This outlines its roles and responsibilities, its independence and reporting methodology.

2.02 The Charter was last updated in 2007. A further review and update has now been completed to allow for changes in legislation and other requirements since 2007 and to reflect the current roles of the section.

### **3.00 CONSIDERATIONS**

3.01 The CIPFA Code of Practice for Internal Audit in Local Government requires that the purpose, authority and responsibility of Internal Audit must be formally defined by the organisation in terms of reference (Charter). Within Flintshire County Council this is achieved by the Audit Charter being approved by the Audit Committee and appearing within the Councils Constitution.

3.02 The structure and the role of the department is changing as a result of the Finance Function Review, which was brought to the committee in November 2010. WAO also suggested improvements to the Charter in their review of Internal Audit last year. This update takes into account these changes.

### **4.00 RECOMMENDATIONS**

4.01 The Committee is requested to approve the updated Internal Audit Charter.

### **5.00 FINANCIAL IMPLICATIONS**

5.01 None.

### **6.00 ANTI POVERTY IMPACT**

6.01 None.

### **7.00 ENVIRONMENTAL IMPACT**

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Date: 21/06/2011



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 Internal Audit Charter

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985  
BACKGROUND DOCUMENTS**

None

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# **INTERNAL AUDIT CHARTER**

## **Introduction**

Internal Audit is a statutory independent review function, covered by the Accounts and Audit Regulations 2005 (Wales). It is set up within the Finance Division as a service to the Executive and all levels of management. It supports the Head of Finance, the “responsible officer” (Section 151 officer under the Local Government Act 172), in meeting her statutory responsibilities for the proper administration of financial affairs.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

## **Definition of Internal Audit**

In the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, The Chartered Institute of Public Finance Accountancy (CIPFA) states that ‘Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.’ It may also undertake non-assurance work, at the request of the Authority, subject to there being no impact on the key assurance work and the availability of skills and resources.

## **Role and Scope of Internal Audit**

The role of Internal Audit is to provide the Authority, through the Audit Committee with an independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements. The department reviews, appraises and reports on:

- The adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed;
- The extent of compliance with and relevance of, policies, standards, plans and procedures established by the County Council and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;
- The extent to which the assets and interests are acquired economically, used

efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause, and that adequate business continuity plans exist;

- The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, clarify and report such information;
- The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic goals;
- The follow-up action taken to remedy weaknesses identified by Internal Audit review, ensuring that good practice is identified and communicated widely;
- The operation of the Council's corporate governance arrangements;
- The potential within the Council for fraud and other violations through the analysis of systems of control in high-risk operations.

The department completes advisory / consultancy work in agreement with Directors and Senior Managers by reacting to requests for audit reviews and by contributing to projects and working groups throughout the Authority.

All managers are responsible for applying controls to reasonably prevent and detect fraud. Furthermore, internal audit is not responsible for identifying fraud, however it will assess the risk of fraud and be aware of the risk of fraud when planning and undertaking any internal audit work. The department investigates fraud and irregularity in terms of:

- The undertaking of investigations into reports of violations of the Council's regulations or criminal activities i.e. fraud against the Council
- The undertaking of investigations of reports from staff, other persons engaged in activities on behalf of the Council and members of the public, reporting perceived cases of possible violations of rules or regulations, mismanagement, misconduct, or fraudulent abuse of authority.

The investigation of Housing and Council Tax Benefit fraud is undertaken by the Benefit s Fraud Team, however Internal Audit will overview these procedures.

Where it is thought necessary, External Audit may conduct investigations, either in liaison with Internal Audit or independently.

### **Independence and Authority**

Internal Audit is independent of the activities that it audits to ensure the unbiased judgements essential to its proper conduct and impartial advice to management.

To ensure independence, Internal Audit operates within a framework that gives it the

authority to:

- have unrestricted access to all activities undertaken in the Council.
- have unrestricted access to all functions, records and property, including those of partner organisations. In very exceptional circumstances if the “responsible officer” (Section 151 Officer) and Monitoring Officer believe this would constitute a breach of the laws of confidentiality, or the provisions of the Human Rights Act or the Data Protection Act the matter will be referred to the Audit Committee for consideration.
- have full and free access to the Audit Committee via the Internal Audit Manager, and an annual private meeting with the committee;
- have full and free access to the Chief Executive, Head of Finance, Monitoring Officer and External Auditors via the Internal Audit Manager;
- have unrestricted access to senior management, members and all employees;
- allocate resources, set timeframes, define review areas, develop ,scopes of work and apply techniques to accomplish the overall audit objectives;
- issue audit reports in its own name.

Every effort is made to preserve objectivity by ensuring that all audit members of staff are free from any conflicts of interest and do not undertake any non-audit duties. Internal Audit has complete segregation from Council operations and is not responsible for the management of areas that are audited. The Internal Audit Manager and internal audit staff are not authorised to:

- perform any operational duties associated with the Authority;
- initiate or approve accounting transactions on behalf of the Authority
- direct the activities of any employee unless specifically seconded to Internal Audit

### **Audit Responsibility**

The primary task of Internal Audit is to review the systems of internal control operating throughout the authority, and in doing this it will adopt a predominantly risk-based approach to audit.

The Internal Audit Manager is required to manage the provision of a complete audit service to the Council that will include systems, regularity, computer and advisory audit in addition to the investigation of potential fraud and irregularity. In discharge of this duty, the Internal Audit Manager has a responsibility to:

- prepare a rolling strategic risk-based audit plan in consultation with departmental senior management and Corporate Management Team, for formal ratification by the Head of Finance and Audit Committee. This strategic plan is regarded as flexible rather than as an immutable expression of audit policy;
- translate the strategic plan into annual plans for formal agreement with the Head

of Finance, Corporate Management Team and Audit Committee;

- implement the audit plan as approved, including any additional work requested by management and the Audit Committee;
- ensure that the scopes of individual audit assignments are agreed with departmental management;
- prepare and maintain an Audit Manual detailing departmental procedures and standards;
- ensure a system of close supervision of audit work, and maintains a quality assurance review of audit files through the supervisory structure;
- maintain knowledge, skills and expertise within the section specifically for the investigation of fraud and irregularity;
- bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes;
- highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe;
- undertake follow up reviews and recommendation tracking to ensure management has implemented agreed internal control improvements within specified and agreed timeframes;
- liaise with the external auditor for the purpose of providing optimal audit coverage to the Authority;
- prepare, for agreement with the Head of Finance, annual reports on audit and special investigation activities for presentation to the Audit Committee, and such other reports on audit issues as may be required by the Head of Finance or the Audit Committee.

All Internal Audit activity is carried out in accordance with Financial Regulations, CIPFA and IIA requirements. In order to maintain an audit presence and sound, informal lines of communication, as much audit work as possible will be done on location. Internal Audit testing may go beyond the records and involve observations and interviews.

### **Audit Resources**

The staffing structure of the section will comprise qualified Internal Auditors, Accountants and Accounting Technicians with a mix of professional specialisms to reflect the varied functions of the section.

Internal Audit will not participate in the day-to-day operation of any systems of internal financial control. However, in strict emergency situations only, audit personnel may be called upon to carry out non-audit work on a temporary basis.

Upon request from the Head of Finance, appropriate specialists from other Directorates and departments should be made available to take part in any audit review requiring specialist knowledge.

### **Audit Training**

The Head of Internal Audit carries out a continuous review of the development and training needs of all audit personnel through the Authority's appraisal system and will arrange, within budget provision, in-service training covering both internal and external courses.

Specific resources are devoted to specialised training in relation to computer audit, contract audit and fraud investigation to keep abreast of developments.

### **Audit Reporting**

All audit assignments are the subject of formal reports. Debrief meetings are held with the managers responsible for the area under review for agreement to the factual accuracy of findings. After agreement, draft reports are issued to the manager and director of the department under review. Once the recommendations and action points have been agreed, final reports are issued. The Internal Audit Manager considers the release of special investigations audit reports for disciplinary purposes on a case-by-case basis. Access to audit files is restricted to the Head of Finance and External Auditor, and the Monitoring Officer where it is within his remit.

The Internal Audit Manager issues progress reports to the Audit Committee and management summarising outcomes of audit activities, including follow up reviews and the tracking of audit recommendations. These are presented at every Audit Committee meeting.

The assignment opinions that audit provides during the year are part of the framework of assurances that assist the Authority to prepare an informed Annual Governance Statement.

Internal Audit provides the Head of Finance with an opinion on the adequacy and effectiveness of the Authority's governance, risk management and control arrangements. In giving the opinion it should be noted that assurance can never be absolute, the most that can be provided is a reasonable assurance that there are no major weaknesses in governance, risk management and control processes. The annual opinion is provided in the Annual Report after the year end.

## **Performance Reporting**

Performance Indicators for Internal Audit are reported to each Audit Committee meeting and also via the quarterly Performance Report to the Head of Finance and Corporate Resources Overview and Scrutiny Committee.

The department participates in benchmarking within CIPFA and the Wales Chief Auditors Group. Results are reported through the Performance Report.

## **Related Documents**

This document is one of a series that, together, constitute the policies of the Council in relation to anti-fraud and corruption measures. The other documents are:

- Financial Procedure Rules and Contract Procedure Rules;
- Anti Fraud and Corruption Strategy;
- Fraud and Irregularity Response Plan;
- Whistle-blowing Policy;
- Disciplinary Procedure

**FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 8**

**REPORT TO:       AUDIT COMMITTEE**  
**DATE :            29 JUNE 2011**  
**REPORT BY:       HEAD OF FINANCE**  
**SUBJECT :         UPDATE ON THE 2008/09 OVERPAYMENT REPORT AND**  
**THE 2009/10 AUDIT OF THE HOUSING AND COUNCIL TAX**  
**BENEFIT SUBSIDY CLAIM AND THE IMPROVEMENT**  
**ACTION PLAN**

**1.00 PURPOSE OF REPORT**

- 1.01 To update members on the progress relating to matters arising from the 2008/09 Overpayment Report and the 2009/10 audit of the Benefit Subsidy Claim report and to explain the course of action being taken by management to, improve the standard of the Benefit Service, and to maximise income to the council through subsidy payments.

**2.00 BACKGROUND**

- 2.01 The report to the committee dated 24 March detailed the issues surrounding the audit of the 2008/09 Overpayment Report and the 2009/10 Subsidy Claim by the Welsh Audit Office (WAO). The audits identified weaknesses in the operation of the service and two main areas of concern with significant financial consequences.

**Misclassification of Overpayments** - following further testing the adjustment of £235,024 was agreed with WAO.

**Rent Officer Referral** - £397,000 subsidy had been claimed where the rent officer referral had lapsed. More work has been done on this area and it is now estimated that the value to be clawed back is in the region of £40k, however there is a provision which is specific to Welsh authorities, which if applied could reduce this amount further. This should be agreed by WAO by the end June 2011.

**3.00 CONSIDERATIONS**

- 3.02 All of the actions on the remedial action plan, submitted with the last report, have been completed or are in progress. A detailed review of the service has now taken place which includes work done by the Department of Work and Pensions (DWP) Performance Development Team (PDT). All of the findings and information will be compiled into a comprehensive action plan to take the service forward and will be reported to the Audit Committee in September.

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Date: 21/06/2011



- 3.02 The 2010/11 Subsidy Claim has been submitted to DWP on time and the WAO contacted to ensure that the audit process is agreed and managed in a timely way. A project plan has been drawn up to ensure the 30 November deadline is met.
- 3.03 Work has already begun on the 2011/12 Subsidy Claim to ensure that it is managed throughout the year and that monthly checking is in place. Our software supplier (CIVICA) have been engaged to provide technical support throughout the year on this to ensure that all available technology, reporting and training is used to support the claim.
- 3.04 Time taken to process claims and changes of circumstances for 2011/12 has been calculated for the year to May and shows 25.3 days and 11.1 days against targets of 22 days and 10 days. This will improve throughout June as improved and streamlined systems have been piloted, as a result of the PDT team recommendations, to speed up processing times.
- 3.05 In the last report we were considering extending the use of Voice Risk Analysis technology to assist with improving speed of processing for new claims. A decision has been made not to pursue this change because DWP are not able to ensure that the verification of information for these claims checked via VRA would be certain for audit purposes and therefore may lead to subsidy loss.

#### **4.00 RECOMMENDATIONS**

- 4.01 That the report be noted and a further progress report be made to the next Audit Committee which will include the action plan and progress on the audit of the 2010/11 Subsidy Claim.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 The 2009/10 Subsidy Claim was adjusted in March 2011 to reflect the reduction as a result of Housing Benefit Overpayments by £208k and this was shown in the 2009/10 accounts. In addition there were some other outstanding issued to be agreed which could amount to a further £84k but still subject to WAO and DWP agreement. There is sufficient provision within a specific subsidy reserve to cover this adjustment.

#### **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 None.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**BACKGROUND DOCUMENTS**

2008 Overpayment Report/Benefit Subsidy Claim Report

Contact Officer: Sally Grieve  
Telephone: 01352 702286  
E-Mail: sally\_grieve@flintshire.gov.uk

## FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 9

**REPORT TO:**     **AUDIT COMMITTEE**  
**DATE :**         **29 JUNE 2011**  
**REPORT BY:**   **HEAD OF FINANCE**  
**SUBJECT :**      **FURTHER INFORMATION ON THE USE OF CONSULTANTS**

### **1.00 PURPOSE OF REPORT**

1.01 To provide members with the additional information on the use of consultants requested at the last Audit Committee meeting.

### **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 was completed and reported to the Committee in March 2011.

2.02 The scope of that report 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 report 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.

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

2.05 At the meeting in March 2011 members queried the cost of consultancy work during the first half of 2010/11 and the number of consultants used. It was explained that the figures were taken from the financial system and were likely to be inaccurate given the identified errors in coding previously identified. The recommendations in the report were designed to improve the standard of management information in the future.

2.05 Whilst members accepted the results of the work they requested further information on the use of consultants in each of the directorates.

### **3.00 CONSIDERATIONS**

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Date: 21/06/2011

### Summary of results

- 3.01 Information has now been obtained from the Directorates and is shown in the attached spreadsheet (Appendix 1). The original data has been analysed against the agreed definitions of consultants used in the previous reports and is listed by area. The data now shows 85 consultants used in the first half of 2010/11, with a total cost of £926,290.

### **4.00 RECOMMENDATIONS**

- 4.01 That the committee notes the results of the analysis of the use of consultants during the first half of 2010/11.

### **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 Breakdown of the use of consultants

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**BACKGROUND DOCUMENTS**

Internal Audit Report - Use of Consultants

Contact Officer: David Webster  
Telephone: 01352 702248  
E-Mail: david\_webster@flintshire.gov.uk

**Breakdown of Information**

<b>Department</b>	<b>1. Retained Consultant</b>	<b>2. Retained for Special Projects</b>	<b>3. Consultants for Specific processes</b>	<b>4. Consultants Employed for Specialist Services</b>	<b>Total number</b>	<b>Total Spend by Department</b>
<b>Community Services</b>		3	9	3	15	£216,141.00
<b>Finance</b>	1		2	1	4	£31,353.00
<b>Environment</b>			34	1	35	£228,475.00
<b>NWRWP</b>		5			5	£222,463.00
<b>Housing</b>				3	3	£21,415.00
<b>HR</b>	1	3	6	3	13	£182,588.00
<b>IT</b>				9	9	£16,500.00
<b>LL</b>	1				1	£7,355.00
<b>Total</b>	3	11	51	20	85	£926,290.00

**FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 10**

**REPORT TO:**      **AUDIT COMMITTEE**  
**DATE :**           **29 JUNE 2011**  
**REPORT BY:**    **HEAD OF FINANCE**  
**SUBJECT :**       **INTERNAL AUDIT ANNUAL REPORT**

**1.00 PURPOSE OF REPORT**

1.01 To inform members of the outcome of all audit work carried out during 2010/11 and to give an opinion on the standard of risk management, governance and internal control within the Council.

**2.00 BACKGROUND**

2.01 Internal Audit are required to prepare a report summarising the outcome of all audit work undertaken during the year. This is part of the framework of assurances that assist the Council in preparing the Annual Governance Statement.

**3.00 CONSIDERATIONS**

3.01 The report gives a view on the adequacy and effectiveness of the Council's risk management, governance and control arrangements.

3.02 The report also summarises all the work undertaken during 2010/11. Summary information by Directorate is provided on the assurance levels given to the reviews together with the categorisation and number of recommendations made. Comparative information for the previous year is also provided.

**4.00 RECOMMENDATIONS**

4.01 The Committee is requested to consider the report.

**5.00 FINANCIAL IMPLICATIONS**

5.01 None.

**6.00 ANTI POVERTY IMPACT**

6.01 None.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None.

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Date: 21/06/2011

**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 Internal Audit Annual Report

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**BACKGROUND DOCUMENTS**

None

Contact Officer: David Webster  
Telephone: 01352 702248  
E-Mail: david\_webster@flintshire.gov.uk



# **Flintshire County Council**

Internal Audit Annual Report

Year ended 31 March 2011

Presented at the Audit Committee meeting of: 29<sup>th</sup> June 2011

## Contents

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## **1 Introduction**

### **1.1 The Role of Internal Audit**

The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal audit is therefore a key part of Flintshire County Council (FCC)'s assurance cycle and if used effectively can inform and update the organisation's risk profile. Internal Audit is just one of the sources of assurance available to the Council and Audit Committee.

The definition of internal audit, as described in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom, is set out below:

- Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- Whilst Internal Audit "primarily" provides an independent and objective opinion to the organisation on the control environment, it may also undertake other, non-assurance work at the request of the organisation subject to the availability of skills and resources. This can include consultancy work; indeed, Internal Audit intrinsically delivers consultancy services when making recommendations for improvement arising from assurance work, and fraud-related work.

### **1.2 Governance Statement**

Under the Accounts and Audit (Wales) Regulations 2005 Local Authorities are required to publish a statement on internal control. They have a choice as to whether they go further and complete a wider ranging Governance Statement. As they did last year, FCC is publishing a Governance Statement.

The assignment opinions that the Internal Audit service provides during the year are part of the framework of assurances that assist the Council prepare an informed governance statement.

### **1.3 RSM Tenon (previously RSM Bentley Jennison)**

RSM Tenon were re-appointed after a tendering exercise to provide the Internal Audit Manager for the Council's audit service from April 2011. The length of the contract is two years with the possibility to extend it for up to another year.

The contract covers

- The day to day management of the Internal Audit section
- Implementation of the revised Service Model and staff structure, and
- Regional Collaboration. Leading the Council's contribution to the pursuit of collaborative opportunities within North Wales for the delivery of Internal Audit and its management.

## **1.4 Professional Standards**

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.

A self assessment against the CIPFA Code of Practice in early 2011 showed substantial compliance with the standards. The Wales Audit Office review of Internal Audit in the summer of 2010 found that we fully complied with seven of the CIPFA standards and partially complied with four.

The quality of audit work is ensured by the use of an audit manual, ongoing supervision and management of staff and the review of all audit work. Performance targets are set and actual performance reported to each Audit Committee meeting.

## **2 Internal Audit Assurance for 2010/2011**

### **2.1 Context**

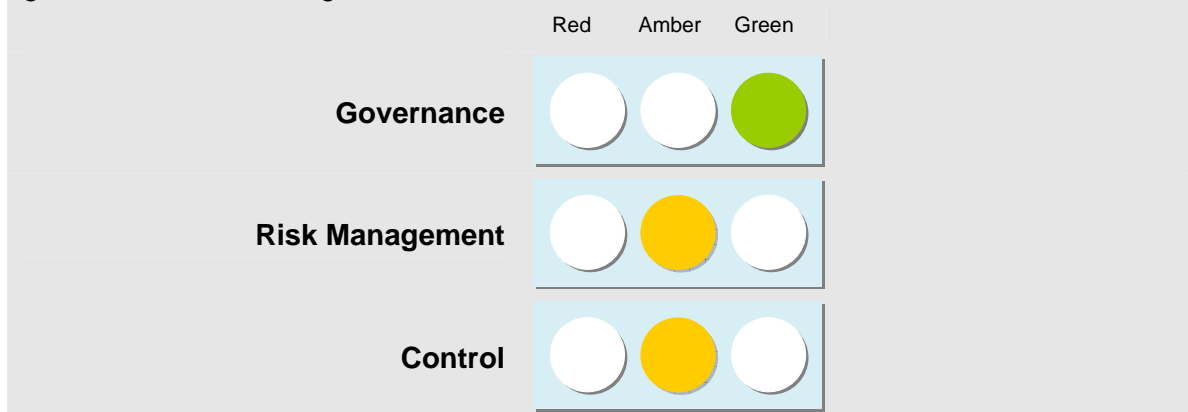
The internal audit service to FCC is required to provide the Council through the Audit Committee with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report is prepared solely for the use of members of FCC and its senior management team. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

## 2.2 Internal Audit Assurance Statement

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of FCC’s arrangements.

For the 12 months ended 31 March 2011, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of FCC’s arrangements for governance, risk management and control is as follows:



## 2.3 Scope of the Internal Audit Opinion

In arriving at our opinion, we have taken into account:

- The results of all internal audits undertaken during the year ended 31 March 2011 (see Appendix A for a summary of audits);
- The results of follow-up action taken in respect of audits from previous years;
- Whether fundamental or significant recommendations have been accepted by management and, if not, the consequent risks;
- The effects of any material changes in the organisation’s objectives or activities;
- Matters arising from previous reports or other assurance providers to the Audit Committee and/or Council;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- What proportion of the organisation’s internal audit needs have been covered to date.

## 2.4 The Basis of the Opinion

In reaching this opinion the following factors were taken into particular consideration:-

### Risk Management

Risk Management systems have continued to evolve during 2010/11. In particular there has been a significant update of the Strategic Assessment of Risks and Challenges (SARC) during the year, and it is regularly reviewed at the highest levels of the organisation. Significant steps have been taken to establish business continuity plans for key business areas.

The increasing number of projects such as those within Flintshire Futures and the increasing level of partnership working mean that risk management has to develop in these areas.

Progress with the development of operational risk management processes has been slow during the year. There is an inconsistency in the approach to operational risk management across the Authority.

### Governance

Internal Audit has carried out a review of the Authority's Corporate Governance arrangements focussing on the implementation of recommendations from previous reviews. This shows continuing improvement within governance. The Monitoring Officer coordinates a corporate governance self-assessment annually against the principles contained in 'Delivering Good Governance in Local Government'. This process provides an opportunity for senior officers to consider the effectiveness of governance arrangements and a number of areas of continued improvement have been identified.

In addition Directors complete Assurance Certificates which feed into the preparation of the Annual Governance Statement. The Statement explains how Flintshire County Council complies with its own Code of Corporate Governance and also meets the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2010.

### Internal Control

The overall level of control remains at around the same level as last year.

During the year the audit plan had to be revised due to additions to the plan, time spent on the Finance Function Review and Job Evaluation, and a secondment. This meant that high the department concentrated on high risk areas, leading to an increase in the proportion of fundamental and significant recommendations, and therefore limited assurances. Out of 43 final reports issued, 20 had limited assurance. Community Services, Environment and HR show the greatest number of audits where only limited assurance could be gained. In each case the recommendations have been tracked and progress is being made in improving the levels of control. Details are given in Appendix A.

### Acceptance of Recommendations

All of the recommendations made during the year were accepted by management.

**2.5 Governance Statement**

The overall opinion may be used by the Council in the preparation of the annual governance statement. Areas where significant weaknesses were identified by Internal Audit during 2010/11 have been included in the Governance Statement, namely: Employment Practices Code; Charges on Clients Properties; Business Enterprise Units; Data Management – Public Protection; Technology Forge; Affordable Housing; Main Accounting; Absence Management; Holiday Entitlements; Payroll; Use of Consultants; Childrens Services Taxis; and Section 106 Agreements.

**2.6 Conflicts of Interest**

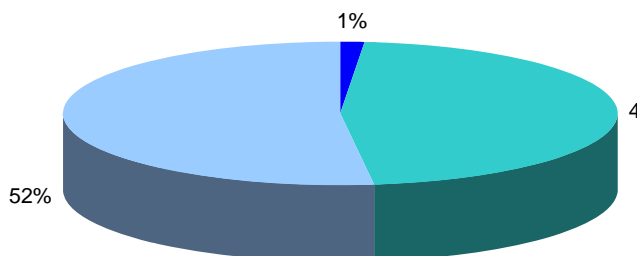
We have not undertaken any work or activity during 2010/11 that would lead us to declare any conflict of interests.

**2.7 Benchmarking Data**

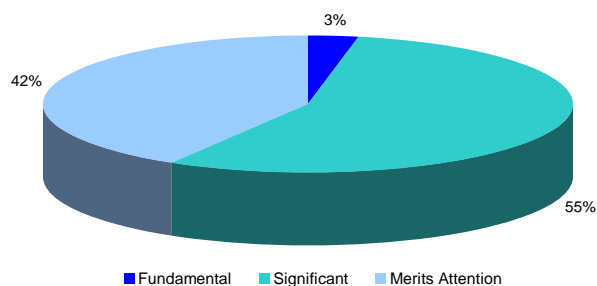
The tables below show the split of internal audit recommendations and opinions for FCC in 2009/10 and those made in 2010/11. There was an increase in the proportion of significant recommendations given this year and an increase in the number of limited assurance audit reports. This reflects audit involvement in high risk areas, leading to a greater number of recommendations.

**Comparison of the categories of internal audit recommendations made 2009/10 and 2010/11**

Recommendations 2009/10

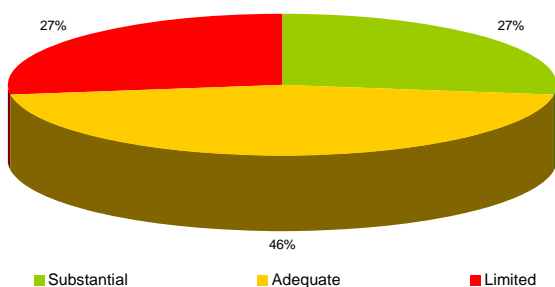


Recommendations 2010/11

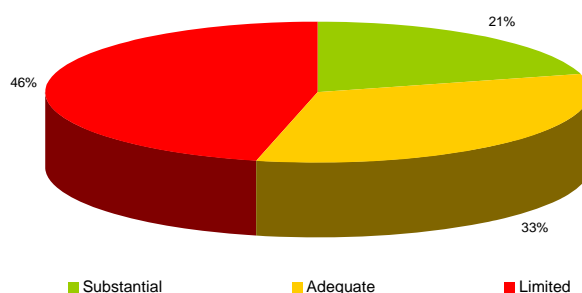


**Comparison of assurance levels provided by internal audit in 2009/10 and 2010/11**

Assurance Levels 2009/10



Assurance Levels 2010/11



**2.8 Other Internal Audit Work**

In addition to the reviews analysed above, we have also carried out the following internal audit work during the year.

Area of review	Comments
Primary Schools	15 full reviews completed to final report stage, with assurance levels reported as substantial (4), adequate (4) and limited (12).
Investigations	15 investigations carried out in the year.
National Fraud Initiative	57 days on work relating to NFI
Consultancy	91 days on consultancy work in the year.
Follow up reviews	4 follow up reviews, with good progress reported in 2, reasonable progress in 1 and little progress in 1.
Grant audits	4 audits of grants.
Non-assurance work	4 other reviews that did not produce an assurance level – Section 106 agreements, payroll overpayments, school dinner debts and school opening / closing procedures.

**2.9 Internal Audit Performance**

The performance of the department against performance measures and targets is set out below.

During the year progress against the plan was adversely affected by higher than expected additions to the plan, time spent on the Finance Function Review and Job Evaluation, and a secondment from the team. As a result a revised plan was produced and submitted to the Audit Committee in December 2010. This plan was designed to fulfil regulatory requirements whilst still providing a range of risk based and advisory work, and also to provide sufficient information to each an overall audit opinion for this report and the Annual Governance Statement. Progress against the revised plan was good with most projects commenced and many completed before the year end.

The figure of 64% in the table is the proportion of the original plan that was completed during the year.

Performance Measure	Q1	Q2	Q3	Q4	10/11	10/11 Target
Audits completed within planned time	75%	71%	82%	70%	76%	75%
Average number of days from closure meeting to issue of draft report	15.2	9.1	11.5	19.2	13.7	20
Average number of days from response to issue of final report	2.5	5.9	2.2	2.2	3.2	5
Return of client questionnaires	100%	63%	55%	71%	71%	60%
Client questionnaires responses as satisfied	91%	100%	100%	100%	98%	95%
Proportion of audit plan completed					64%	75%
Chargeable audit days					67%	60%



**Appendix A: Internal Audit Opinions and Recommendations 2010/11**

Auditable Area	Audit Opinions				Number of Recommendations made				
	Limited	Adequate	Substantial	In Total	Fundamental	Significant	Merits Attention	In Total	Agreed
Corporate	2	3	1	6	1	27	21	49	49
Finance	2	4	4	10	1	20	42	63	63
Legal and Democratic	1	0	0	1	3	25	22	50	50
HR&OD	4	1	0	5	2	36	28	66	66
ICT	0	1	2	3	1	16	7	24	24
Community Services	4	4	2	10	2	38	22	62	62
Environment	5	1	0	6	4	69	38	111	111
Lifelong Learning	2	0	0	2	0	17	6	23	23
<b>Total</b>	<b>20</b>	<b>14</b>	<b>9</b>	<b>43</b>	<b>14</b>	<b>248</b>	<b>186</b>	<b>448</b>	<b>448</b>

The definitions for the level of **assurance** that can be given are:

	<b>Level</b>	<b>Effectiveness</b>	<b>Control Adequacy</b>	<b>Control Application</b>
<b>positive opinions</b>	Substantial Assurance	Targets have been met or exceeded.	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
	Adequate Assurance	Targets have been closely missed or there are appropriate reasons as to why they have not been met	Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger.	Controls are applied but with some lapses.
<b>negative opinion</b>	Limited Assurance	Targets have not been met and no reasons are given as to why.	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

**Recommendations** made during the year have been categorised 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.

## FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 11

**REPORT TO:**     **AUDIT COMMITTEE**  
**DATE :**         **29 JUNE 2011**  
**REPORT BY:**   **HEAD OF FINANCE**  
**SUBJECT :**      **OPERATIONAL AUDIT PLAN AND RECOMMENDATION**  
                          **TRACKING**

### **1.00 PURPOSE OF REPORT**

1.01 To inform Members of progress against the revised operational plan for the 2010/11 and the operational plan for 2011/12. The plans are attached (Appendices A and B). A summary of the changes from the original plans is attached (Appendix C). 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 D and E).

### **2.00 BACKGROUND**

2.01 The status of all projects at 17th June 2011 is included in the operational plans. The 2011/12 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. This plan is nearing completion. Work has commenced on the Operational Plan for 2011/12 as agreed at the last Audit Committee.

3.02 Details of a single change to the new plan are given in Appendix C. The Appendix also shows the changes to the previous years plan as previously reported to the committee, including all additions.

3.03 A summary of recommendation tracking is given in Appendix D. All responses have been received from management and the detailed responses are given in Appendix E. This also includes the test results that led to the recommendations and the date of the original audit report.

3.04 Three of the uncleared recommendations has now been tracked more than five times. One is for improvements to the quality of financial information which is reliant on the completion of the Finance Function Review and a review of the Masterpiece system. The other two relate to the policy for expenses and allowances which is being reviewed and discussed as part of a costs of employment project.

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Date: 21/06/2011

**4.00 RECOMMENDATIONS**

4.01 The Committee is requested to consider 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 Operational Plan 2010/11  
Operational Plan 2011/12  
Amendments to the plans  
Audit Tracking Summary  
Audit Tracking Detail

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985  
BACKGROUND DOCUMENTS**

None.

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**Internal Audit Operational Plan**

**CORPORATE**

**Risk Based Coverage**

Risks / Source	Risk Area	Days	Status
<b>Council Governance</b>			
2	Performance Management/ Business Planning.	20	DRAFT
4	Risk Management / Business Continuity	15	DRAFT

**Advisory Input and Other Internal Audit Coverage**

Topic	Days	Status
Corporate Governance	10	DRAFT
Collaborative Working	10	DEFERRED
Theatr Clwyd	10	DEFERRED
Consultants	10	FINAL

Total 

75	
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**FINANCE**

**Risk Based Coverage**

Risks/ Source	Risk Area	Days	Status
<b>Council Governance</b>			
CG06	Medium Term Financial Strategy	10	FINAL
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	DRAFT
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	
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## APPENDIX A

### PENSION FUND

#### Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Days	Status
Pensions Administration	20	DRAFT

#### Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Clwyd Pension Fund Management	5	DRAFT
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	WIP

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	DRAFT
Payroll Overpayments		FINAL

#### Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Official Establishment	3	ONGOING
People Strategy: Appraisals	13	FINAL
Midland Trent: Phase 2	5	ONGOING

Total	51	
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## APPENDIX A

### INFORMATION AND COMMUNICATIONS TECHNOLOGY

#### Risk Based Coverage

Risks / Source	Risk Area	Days	Status
<b>Council Governance</b>			
8	ICT Strategy	8	DRAFT
9a	Information management Strategy	5	DRAFT
9b	Security of Portable Data Storage Devices	1	FINAL
	Masterpiece	5	FINAL

#### Advisory Input and Other Internal Audit Coverage

Topic	Days	Status
Change Management	20	WIP
Telephony	20	DEFERRED
Networks	20	DRAFT
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 <sup>th</sup> 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	FINAL

#### Schools Audits

Primary School Audits	6	ONGOING
Total	64	



## APPENDIX A

### COMMUNITY SERVICES

#### Risk Based Coverage

Risk / Source	Risk Area	Days	Status
<b>Council Delivery</b>			
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	DRAFT
Complaints Procedure (Social Services)	8	FINAL
Rental Income	15	FINAL

Total	50	
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### ENVIRONMENT

#### Risk Based Coverage

Risks/ Source	Risk Area	Days	Status
<b>Council Delivery</b>			
CD02	Street Scene	30	DRAFT
CD06	Transport arrangements for service users.	1	FINAL
<b>Operational</b>			
	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	FINAL
TAITH	3	FINAL
Environmental Information	1	FINAL

Total	47	
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**Other Internal Audit Coverage**

	<b>Days</b>
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
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Overall Total 

710
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Internal Audit Operational Plan 2011/12

CORPORATE

<b>Risk Based Coverage</b>			
<b>Risks / Source</b>	<b>Risk Area</b>	<b>Days</b>	<b>Status</b>
<b>Council Governance</b>			
4	Risk Management. Effective corporate systems for risk management and business continuity	10	FEB
18	Procurement Effective and cost efficient local, regional and national procurement	20	WIP
<b>Coverage for External Audit Reliance or to fulfil Regulatory Requirements</b>			
<b>Systems</b>		<b>Days</b>	<b>Status</b>
Performance Indicators		20	OCT
<b>Other Internal Audit Coverage</b>			
<b>Topic</b>		<b>Days</b>	<b>Status</b>
Corporate Governance		10	TBA
Collaborative Working		10	TBA
Theatre Clwyd		10	TBA
<b>Advisory / Consultancy work</b>			
<b>Topic</b>		<b>Days</b>	<b>Status</b>
Flintshire Futures		50	WIP
Lean Team		50	WIP
Total		180	

## APPENDIX B

### FINANCE

<b>Risk Based Coverage</b>			
<b>Risks/ Source</b>	<b>Risk Area</b>	<b>Days</b>	<b>Status</b>
<b>Council Governance</b>			
CG06	Medium Term Financial Strategy and Plan	20	WIP
<b>Coverage for External Audit Reliance or to fulfil Regulatory Requirements</b>			
<b>Systems</b>		<b>Days</b>	<b>Status</b>
Main Accounting		40	JAN
Housing Benefit		20	WIP
Council Tax and NNDR		20	NOV
Capital Programme		20	MAR
Treasury Management		15	DEC
Cash and Banking		20	SEP
<b>Other Internal Audit Coverage</b>			
<b>Topic</b>		<b>Days</b>	<b>Status</b>
Enforcement		20	FEB
Housing Benefit Subsidy		15	WIP
Financial Management and Control		15	OCT
Insurance		10	WIP
Corporate Grants		15	JAN
Leasing		15	DEC
Total		245	

### PENSION FUND

<b>Coverage for External Audit Reliance or to fulfil Regulatory Requirements</b>		
<b>Systems</b>	<b>Days</b>	<b>Status</b>
Pensions Administration	20	JAN
Pension Contributions	20	FEB
Total	40	

## APPENDIX B

### LEGAL AND DEMOCRATIC SERVICES

<b>Other Internal Audit Coverage</b>		
<b>Topic</b>	<b>Days</b>	<b>Status</b>
Electoral Register	10	JUN
Data protection	10	JAN
RIPA Compliance	10	DEFERRED
Registration of Charges	15	JUL
Total	45	

### HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

<b>Coverage for External Audit Reliance or to fulfil Regulatory Requirements</b>		
<b>Systems</b>	<b>Days</b>	<b>Status</b>
Payroll & HR System	30	FEB
<b>Other Internal Audit Coverage</b>		
<b>Topic</b>	<b>Days</b>	<b>Status</b>
Absence Management and Return to Work	10	SEP
Agency Staff	15	OCT
People Strategy	10	NOV
Single status – costing of pay model	15	MAR
<b>Advisory / Consultancy work</b>		
<b>Topic</b>	<b>Days</b>	<b>Status</b>
Midland Trent: Phase 2	15	ONGOING
Total	95	

**INFORMATION AND COMMUNICATIONS TECHNOLOGY**

<b>Risk Based Coverage</b>			
<b>Risks / Source</b>	<b>Risk Area</b>	<b>Days</b>	<b>Status</b>
9b	Information Governance Information protects and manages the Councils information assets.	30	ONGOING
<b>Other Internal Audit Coverage</b>			
<b>Topic</b>		<b>Days</b>	<b>Status</b>
Software Licences		10	SEP
Self Service Passwords		5	AUG
Development Standards		15	JAN
IT Training Unit		10	OCT
Registrars		10	NOV
Customer Complaints		20	OCT
Operations Management		20	DEC
	Total	120	

**LIFELONG LEARNING**

<b>Coverage for External Audit Reliance or to fulfil Regulatory Requirements</b>		
<b>Systems</b>	<b>Days</b>	<b>Status</b>
Grants	20	ONGOING
<b>Other Internal Audit Coverage</b>		
<b>Topic</b>	<b>Days</b>	<b>Status</b>
Pupil Statistics – Central Control	15	NOV
Youth & Community	15	DEC
Facilities Services – Catering Services	20	SEP
Schools Corporate Governance	15	OCT
CRB Checks	10	JUL
Transport	15	SEP

## APPENDIX B

<b>Advisory / Consultancy work</b>		
<b>Topic</b>	<b>Days</b>	<b>Status</b>
Leisure Strategy	5	ONGOING
Control Awareness Sessions New Heads and Governors	15	ONGOING
Develop audit presence on schools infonet	5	AUG
<b>Schools Audits</b>		
Central reviews	30	ONGOING
Risk based thematic reviews	30	ONGOING
Control and Risk Self Assessment	10	ONGOING
Total	205	

## COMMUNITY SERVICES

<b>Other Internal Audit Coverage</b>		
<b>Topic</b>	<b>Days</b>	<b>Status</b>
Blue Badges	5	JUN
Asset Management non-HRA	10	FEB
Humanitarian Response Planning	10	NOV
Governance Arrangements	5	AUG
Day Services	10	OCT
Homecare	10	AUG
Appointeeships	15	JUL
Work Ticket Validation	10	DEC
Private Sector Housing	15	JAN
Rent Arrears	15	MAR
Private Rented Sector	10	JAN
Family Information Service	10	SEP
Child Care Development	15	SEP
Re-letting Empty Properties	10	NOV
Total	150	

## APPENDIX B

### ENVIRONMENT

<b>Risk Based Coverage</b>			
<b>Risks/ Source</b>	<b>Risk Area</b>	<b>Days</b>	<b>Status</b>
CL08	Climate Change and flood risk management.	5	SEP
CL09	Regeneration Partnership	5	JUL
CL10	County Town Network Regeneration and Protection	20	AUG
<b>Council Delivery</b>			
CD02	Public Protection <b>Statement of the Priorities of the Administration</b> 2010-12: To improve Council enforcement particularly in environmental services, the cleanliness of the 'public realm' and in planning development control	20	JUL
<b>Council Governance</b>			
CG05	Asset Management	25	NOV
<b>Operational</b>			
	Planning	20	JAN
	Traffic Management Act	15	JUL
	Communities First	10	MAR
<b>Other Internal Audit Coverage</b>			
<b>Topic</b>		<b>Days</b>	<b>Status</b>
Streetscene		20	MAR
3 <sup>rd</sup> Party Claims		10	WIP
Planning – Appeals		15	MAR
Planning – Enforcement		15	SEP
Subsidised Bus Services		10	JUL
Income from Fees and Charges		15	JUL
	Total	205	



## APPENDIX B

<b>INVESTIGATIONS, PROVISIONS AND DEVELOPMENT</b>		
Pro-active fraud work and NFI	50	
Provision for investigations	100	
Provision for ad-hoc requests from Directorates	100	
Audit Development - IDEA	30	
	Total	280
	Overall Total	1565

**Amendments to the Operational Plan**

**Audits deferred**

RIPA Compliance

The Office of Surveillance Commissioners will be reviewing this during 2011.

**Amendments reported to previous Audit Committee meetings**

**Audits added to the plan**

Payroll Overpayments – following a request from the Audit Committee for a further review.

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**

Theatr Clwyd – audit deferred until 2011/12.

Electoral Register – audit deferred because of the referendum on 3<sup>rd</sup> 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.

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

Title	Report Reference	Date Issued	Recommendations			Response Received	Recommendations			
			Category	Made	Previously Implemented		Previously Deferred	Due By 31.05.11	Imp	NOT Imp
<b>CORPORATE</b>										
Procurement	CD0070P1	Nov-10	Fundamental	0	0	0	Y	0	0	0
			Significant	4	0	3		4	0	4
Use of Consultants	CD0500P1	Jan-11	Fundamental	1	0	0	Y	1	0	1
			Significant	10	0	0		5	4	1
<b>FINANCE</b>										
Main Accounting	FD0080N1	Sep-10	Fundamental	1	0	0	Y	1	0	1
			Significant	6	2	3		3	1	2
MTFS	FD0040P1	Apr-11	Fundamental	1	0	0	Y	1	0	1
			Significant	3	0	0		1	0	1
General Ledger	FL0030L3	Apr-08	Fundamental	1	0	1	Y	1	0	1
			Significant	6	3	3		0	0	0
Enforcement	FL0300L1	Feb-09	Fundamental	0	0	0	Y	0	0	0
			Significant	20	8	12		1	0	1

Accounting for Assets	FL0160L1	Sep-08	Fundamental	1	1	0			0	0	0
			Significant	2	1	1		Y	1	0	1
Housing Benefits - WAO	FD0615P1	Aug-10	Fundamental	0	0	0			0	0	0
			Significant	2	0	1		Y	2	0	2
<b>LEGAL &amp; DEMOCRATIC</b>											
Employment Practices Codes	LD0220N1	Mar-10	Fundamental	3	2	1			1	1	0
			Significant	25	19	5		Y	4	3	1
<b>HR</b>											
Payroll	HR0155N1	Jun-10	Fundamental	0	0	0			0	0	0
			Significant	10	8	2		Y	2	2	0
Holiday Entitlement	HR0220N1	Sep-10	Fundamental	0	0	0			0	0	0
			Significant	6	1	5		Y	5	2	3
Payroll	HR0150N3	Sep-10	Fundamental	0	0	0			0	0	0
			Significant	16	9	1		Y	5	1	4
<b>IT</b>											
PCI Compliance Follow Up	IT0030N2	Jun-10	Fundamental	1	0	1			1	0	1
			Significant	0	0	0		Y	0	0	0

Masterpiece Security System	IT0230P1	Apr-11	Fundamental	1	0	0	Y	1	0	1
			Significant	1	0	0		0	0	0
<b>LIFELONG LEARNING</b>										
E-Teach	LL0190N1	Aug-10	Fundamental	0	0	0	Y	0	0	0
			Significant	4	1	1		3	0	3
Leisure Centres Catering Income	LL0070P1	Sep-10	Fundamental	0	0	0	Y	0	0	0
			Significant	8	7	0		1	1	0
Leisure Centre	EC0070K1	Aug-07	Fundamental	1	0	1	Y	1	1	0
			Significant	4	3	1		1	1	0
<b>COMMUNITY SERVICES</b>										
Children's Services Taxis	CS0070P1	Mar-11	Fundamental	0	0	0	Y	0	0	0
			Significant	11	0	0		10	9	1
Client's Files	CS7001P2	Dec-10	Fundamental	1	1	0	Y	0	0	0
			Significant	5	3	2		2	2	0
Multiskilling	CS0330N1	Sep-10	Fundamental	0	0	0	Y	0	0	0
			Significant	4	2	1		1	0	1
Subsistence & Allowances	CS0130M1	Feb-09	Fundamental	1	0	1	Y	1	0	1
			Significant	3	0	3		3	0	3

Rent Recovery & Enforcement	CH0060M1	May-09	Fundamental	0	0	0	Y	0	0	0
			Significant	5	2	3		3	0	3
<b>ENVIRONMENT</b>										
Design Consultancy	HW1000J1	Mar-06	Fundamental	1	1	0	Y	0	0	0
			Significant	6	5	1		1	0	1
Environmental Information	EN0070P1	Jan-11	Fundamental	0	0	0	Y	0	0	0
			Significant	7	0	0		1	1	0
Section 106 Agreements	EN0020P1	Feb-11	Fundamental	0	0	0	Y	0	0	0
			Significant	18	0	0		2	2	0
Affordable Housing	EN0120N1	Feb-10	Fundamental	0	0	0	Y	0	0	0
			Significant	15	7	4		7	2	5
Business Enterprise Units	EN0010N1	May-10	Fundamental	0	0	0	Y	0	0	0
			Significant	8	3	5		5	0	5
Data Management Public Protection	EN0080N1	Mar-10	Fundamental	4	2	2	Y	2	0	2
			Significant	18	7	6		5	0	5
Technology Forge	EN0100N1	Apr-10	Fundamental	0	0	0	Y	0	0	0
			Significant	5	2	2		1	0	1
Street Cleansing	ER0060K1	Oct-06	Fundamental	0	0	0	Y	0	0	0
			Significant	10	7	3		3	0	3

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	CD0070P1
	Procurement

<b>Directorate:</b>	Corporate
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DATE OF AUDIT: NOVEMBER 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><u>Procurement Board</u></p> <p>The Interim Head of Strategic Procurement stated that: -                      “The Head of Procurement is responsible for calling the meetings of the Procurement Board. The chairperson is either the Head of Procurement or the Chief Executive Officer. The agenda is decided by the Head of Procurement. The composition of the board is decided by the Chief Executive and the Leader of the Council.”</p> <p>Due to a lack of staff resources formal minutes are not always taken to record Procurement Board meetings</p>	S	<p>Recommendation:                      Consideration should be given to reviewing:</p> <ul style="list-style-type: none"> <li>the current role and responsibilities of the Procurement Board against its original Terms of Reference and</li> <li>whether the work that it carries out is duplicated elsewhere across the Authority i.e. via the update given to Corporate Management Team by the Head of ICT and Customer Services.</li> </ul>	30.11.10	2	<p>31/03/11                      30/09/11</p>	<p>New management arrangements have recently been implemented and reporting arrangements are to be reviewed.</p> <p>Major review of Procurement underway as part of Flintshire Futures.</p> <p>There is also a Procurement Shared Services review of across North Wales taking place. Any decision of role and responsibilities of the Procurement Board should be made in light of any regional developments as well.</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 available minutes were examined and reviewed and it became apparent that the main output of the Procurement Board is to update and advise elected members and the Chief Executive of the progress made against the Procurement Strategy Action Plan. Officers in attendance varied from meeting to meeting. It was also noted that two elected members had been present at all minuted meetings. One of these being the Procurement Champion.</p> <p>It was minuted and agreed by the Executive on 18/11/08 that quarterly updates would be provided to the Executive and Corporate Management Overview and Scrutiny Committee via the Procurement Board. However, below are the dates of the Procurement Board meetings that have actually taken place:</p>		<p>As originally prescribed quarterly updates on the Procurement Strategy and the revised Action Plan should be provided by the Procurement Board to the Executive and Corporate Management Overview Committee.</p> <p>Formal minutes should be taken at Procurement Board meetings to record what has been agreed and discussed.</p> <p>Management Comment:: A brief review should be undertaken and concluded as to the requirement for the Procurement Board and what added value is provided over existing governance structures in place within the authority Given the move towards a "lean" approach to the way in which the authority carries out its business there should be no scope for expensive duplication of effort and resource requirements.</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>03/11/08                      04/03/09                      20/05/09                      05/08/09                      16/03/10 - no minutes                      No further Procurement Board meetings have taken place since 16/03/10                      The Terms of Reference of Procurement Board are clearly stated in the Constitution.                      Updates on the Procurement Strategy were provided on the following dates:                      18/11/08 Approved by Executive                      16/02/09 Reported to Corporate Management Overview and Scrutiny Committee (CMOSC)                      01/04/09 Reported to Executive                      14/09/09 Reported to CMOSC                      16/09/09 Reported to Executive                      We held discussions with the Head of Finance who was of the opinion that quarterly</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>updates should be provided (as originally prescribed) to the Executive and Corporate Management Overview and Scrutiny Committee.</p> <p><u>Other Reporting Lines</u></p> <p>The Interim Head of Strategic Procurement also compiles procurement updates to the Head of ICT and Customer Services who in turn presents these to Corporate Management Team. Such updates were presented to the Head of ICT and Customer Services in March and June 2010. The latter was discussed at CMT on 22/06/10 where the Head of ICT and Customer Services “provided a progress report on the various procurement activities across the Council including Welsh Purchasing Card; Working Practices; Consortiums, Collaboration and partnering; Supplier Relationship Management and effective use of Technology</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 report and suggestions were welcomed, noting that the Welsh Purchasing card would begin as a pilot scheme within Community Services and that reference to any other frameworks adopted be added as a new number (4) to the Working Practices proposal.”</p> <p>Leadership and progress towards delivery of the Procurement Strategy is therefore achieved via a combination of the Procurement Board providing updates on progress against the Procurement Strategy Action Plan to the Executive and Corporate Management Overview and Scrutiny Committee and reports to Corporate Management Team via the Head of Information Management and IT on procurement issues generally.</p>						

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
4	<p>The original Action Plan was considered and agreed by the Procurement Board on 04/03/09</p> <p>The original Action Plan dates were extended due to a lack of resources leading to the actions not being completed as per the planned timescale.</p> <p>The Interim Head of Strategic Procurement stated that "the revised Action Plan was informally agreed with the Chief Executive and Head of Information Management". There was no documentary evidence provided to substantiate this fact.</p> <p>The Interim Head of Strategic Procurement has set out the Revised Action Plan which has a work plan at a reasonable level of detail showing the key activities, responsibilities, outputs and aims to monitor progress on a quarterly basis.</p>	S	<p>Recommendation:</p> <p>Remedial activities should be put in place where progress against a specific action has "slipped" e.g. the officer responsible for delivering a policy on sustainable procurement has left the employ of the Authority.</p> <p>Where possible the actions should be prioritised.</p> <p>Progress against the action plan should be reported as was originally prescribed to the Executive and Overview and Scrutiny Committee on a quarterly basis.</p> <p>The revised Action Plan should be retrospectively considered and agreed by the Procurement Board who considered an agreed the original Action Plan.</p> <p>The revised Action Plan should be made available on the info net as part of the Procurement Strategy.</p>		2	<p>31/03/11</p> <p>30/09/11</p>	<p>Now new management arrangements have been put in place a full review of the action plan will be undertaken taking account of other priorities emerging from the procurement review and the e-procurement project.</p> <p>Strategy update to be presented to Procurement Board on 8<sup>th</sup> December,2010</p> <p>A revised Action Plan is being developed to take into account of emerging themes from:</p> <ul style="list-style-type: none"> <li>❖ Flintshire Futures review of procurement (Local)</li> <li>❖ North Wales Procurement Shared Services (Regional)</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>❖ Efficiency and Innovation Board: Procurement taskforce recommendations (nationally)</li> </ul> <p>The outcomes of the various initiatives will become clearer by September 2011. Additionally, work has commenced to explore the potential of FCC and DCC sharing procurement resources on a virtual arrangement that will also impact the allocation of actions to respective officers.</p>
			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>All Actions from the previous version of the Action Plan have been incorporated into the revised Action Plan</p> <p>Named officers have been assigned to all the 18 individual actions featured in the Action Plan</p> <p>The Action Plan is split into four quarters for the financial year 2010/11. Most actions have been assigned a target quarter for completion. Three of the actions are classed as "ongoing"</p> <p>The actions were not prioritised.</p> <p>Testing was undertaken to review progress as prescribed for quarter one for each of the 18 actions. It was pleasing to note that 15/18 of the actions were found to be implemented as per the targets set for quarter one.</p>		<p>Management Comment::</p> <p>Many of the actions have had to be put on hold due to the substantial reduction in procurement resource over the past 12 months. Existing resource has had to be targeted to those areas where value can be added, ie the support of procurement projects and initiatives.</p> <p>There has also been significant changes to operational strategies which has to be reflected in the formal procurement strategy and the associated action plans.</p>				

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	The original Action Plan is available for viewing on the Info net as part of the original Procurement Strategy. However the revised Action Plan is not.						

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>Where a European Union Threshold is reached a specific Tender Notice must be placed in the supplement to the Official Journal of the European Union (OJEU) to give all suppliers in the EU an equal opportunity to tender.</p> <p>If a contractor, thinks that its rights under the European Regulations have been infringed, it has two main courses of action open to it. It may pursue a legal action in the High Court against the contracting authority concerned. It may also make a complaint to the European Commission in the hope of</p>	S	<p>Recommendation: Consideration should be given to the CPU maintaining a central record/register of all contracts let by the Authority which have exceeded the European Union Thresholds for both works contracts and supplies and services contracts (including consultancy contracts). The record/register should include all inter authority awarded contracts.</p> <p>The latest European Union thresholds as at 01/01/10 should be included on the Corporate Procurement Info net site.</p>	30.11.10	2	01/04/11 30/09/11	<p>CPR review originally scheduled for completion April 2011. However, a national working group has now been set up to develop a national set of CPR documentation. A draft copy of the national CPR's is expected to be out to consultation during summer 2011. Hence any local CPR amendment needs to align with the conclusion of the national work.</p> <p>Contract register currently being updated by CPU to be published on Infonet.</p> <p>Further reminders have been sent out to All Directorates requesting outstanding contract register details. A list of service areas that have not yet responded is being compiled, which will be presented to CMT for further 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
	<p>persuading it to intervene. European tendering legislation is communicated across the Authority via advice given from the CPU and information contained within the CPR's. However, at the time of the audit the CPR's and CPU InfoNet site were showing the out of date Thresholds i.e. valid before 01/01/10.</p> <p>In the absence of a Contracts Register (this is an outstanding recommendation from the previous audit report and is detailed in Appendix A) it was difficult to obtain a sample.</p> <p>Especially for goods and services contracts. This is further compounded by the fact that contracts for goods and services are not specifically coded on the General Ledger.</p>		<p>The CPR's should show the latest European Union Thresholds for both works contracts and supplies and services contracts.</p> <p>Consideration should be given to amending the CPR's to state that for all purchases over the European Threshold the CPU must be consulted. <i>(This recommendation should be considered in addition to the review currently being undertaken to amend the CPR's to state that all contracts with an estimated total value exceeding £100k be professionally supported, i.e. with CPU involvement from the outset.)</i></p> <p>Management Comment: This key objective has been supported by Regeneration as well as Procurement for some</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>An attempt was made to examine the Capital Contracts Programme for works contracts although this only shows the annual spend not the estimated contract amount. At the end of the exercise, upon examining records held by Legal Services, five contracts were highlighted for inspection:</p> <p><u>Works</u></p> <p>1) Wynne Construction - 9.7 million - 2 x schools (Flint)</p> <p>2) Read Construction - 7.5 million - (Connah's Quay)</p> <p>3) Alun Griffiths Contractors - 3.5 million - Warren Bank Interchange</p> <p><u>Supplies and Services</u></p> <p>4) In4tek - £150,000 Paris Implementation</p> <p>5) Hertel UK - 2.4 Million Legionella Management</p> <p>The sample is small due to difficulties encountered in extracting data from the</p>		<p>time. The suggested route by the CPU has been to amend the CPR's to make this requirement mandatory and also to include not just historical data but data on future contractual spend.</p> <p>Agreed and can be included in the revision.</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>Financial ledger. Additional testing of compliance with EU Limits is to be carried out on the above area. The outcome of this will be reported separately.</p> <p>In 5/5 instances a copy of the advertisement was placed in the EU Journal to demonstrate compliance with EU Legislation.</p> <p>However, some of the information was held by neighbouring authorities and the information held by FCC was not always readily accessible.</p> <p>The CPU InfoNet site states "For all purchases over the European Threshold the CPU should be consulted"</p> <p>The CPR's state that advice should be obtained from the CPU only if officers are in any doubt over European Legislation.</p> <p>It is considered best practice to take advantage of the expertise of the Authority's</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>CPU who are well placed to offer advice, guidance and direction on such matters.</p> <p>Out of the five contracts featured in the sample the CPU were consulted on two occasions. A further two were collaborative contracts hosted by Wrexham County Borough Council and Denbighshire County Council and the other was arranged between the Highways Section (Environment) and the Welsh Assembly Government.</p> <p>A review is currently being undertaken with a view to amending the CPR's to state that all contracts with an estimated total value exceeding £100k be professionally supported, i.e. with CPU involvement from the outset.</p>						

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
7	<p>The CPU proactively contribute towards the work of the NWPP and where possible work with Service Areas to identify their contractual requirements.</p> <p>The Interim Head of Strategic Procurement and a Procurement Officer represent FCC on the Operations Board of the NWPP.</p> <p>The CPU provide category specific spend data on behalf of FCC to the NWPP as requested. The areas of spend are related to the areas of work that the NWPP are active upon i.e. where there is or where there is a planned framework agreement. However, the above process is hampered by the quality of the spend information at the disposal of the CPU. This will hopefully be improved as a result of an EProcurement solution which is currently being procured which will result in more meaningful spend information.</p> <p>There are also problems with compliance with framework agreements which is being addressed within FCC and the NWPP.</p> <p>The NWPP Framework Agreements currently in place</p>	S	<p>Recommendations:</p> <p>In order to actively promote and communicate the NWPP Framework Agreements currently in place all such agreements should be displayed on the Procurement Unit's PASS InfoNet site which also displays all other corporate contracts.</p> <p>Consideration should be given to amending the CPR's to state that where there is a NWPP framework agreement in place that it must be used. If a decision is made not to use a NWPP framework agreement then an exemption request from the CPR's needs to be completed and authorised at the appropriate level.</p>	31.03.11	2	<p><b>01.12.11</b></p> <p><b>01.10.2011</b></p>	<p>All current NWPP Framework agreements are currently being promoted on the Infonet. Plans are in place to re-launch the PASS website by end of November 2011 following ICT re-development.</p> <p>A WLGA facilitated national working group has been set up to develop a revised national set of Contract Procedure Rules. The draft CPR's will be sent out for wider consultation during the summer, with a target completion date of early Autumn 2011. Any local CPR's reviews need to incorporate the outputs arising from the national working group. The draft version of the national CPR's have already recognised the need to mandate use of framework 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
			<p>Management Comment:                      Work is currently being undertaken by the partnership and Flintshire in identifying a suitable supplier management database where all of the NWPP suppliers will sit. In the medium to long term this information will all be referenced through e-procurement and the e-trading hub. Timescales will be dictated in the short term by NWPP and in the medium to long term by the Flintshire e-procurement project plan</p>				

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	CD0500P1
	Use Of Consultants

<b>Directorate:</b>	CORPORATE
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DATE OF REPORT: Jan 2011

### 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>Our review of the Contract Procedure Rules revealed that they are not detailed or strong enough with regard to the engagement of consultants. 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</p>	F	<p>Recommendation:                      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>	01.04.11	2	01.12.11	<p>Procurement Manager and Head of Finance undertaking:-                      (1) CPR Review                      (2) Advisory Sessions for Procuring Managers.</p> <p>Review of adherence to be undertaken by Internal Audit as part of a review to be scheduled.</p> <p>Revised date due to:                      1. A WLGA facilitated national working group has been set up to develop a revised national set of Contract Procedure Rules. The draft CPR's will be sent out for wider consultation during the summer, with a target completion date of early Autumn 2011. Any local CPR's reviews need to incorporate the outputs arising from the national working group.                      2.Limited capacity in Procurement and Finance                      3. Connection to newly commissioned reviews of</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	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 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		Management Comment: Accepted in full				core base costs across Directorates (to include Consultancy costs, need, value for money and evaluation) and use of agency/interims/consultants under the Flintshire Futures programme



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>suspended if the process is challenged by a losing bidder. 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>						

**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>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 suggested four definitions to use. These are :</p> <ul style="list-style-type: none"> <li>- 'Retained consultant', for instance advisors such as to the pension fund and Tenon</li> <li>- 'Retained for special projects, longer term', such as Stephen Penny for the Environment Directorate</li> <li>- 'Consultants for Specific Processes' such as consultants appointed to look at the voids process in Housing.</li> <li>- 'Consultants employed for specialist services such as training'</li> </ul> <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</p>	S	<p>Recommendation: There needs to be a specific definition of consultants which is understood and agreed by officers and members and adopted by the Authority.</p> <p>Management Comment: CEO has already provided this definition for use in this piece of work. Same definition to be adopted formally.</p>	01.02.11	1	<b>01.04.11</b>	<p>1. Definitions adopted by Corporate Management Team. Definition to be used in all Procurement audit and financial record keeping</p>

## 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>Our review did reveal that the engagement of consultants has not always gone through any 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>	S	<p>Recommendation:</p> <p>The engagement of all consultants should be appropriately authorised and approved as per 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> <p>Management Comment: Accepted in full</p>	01.04.11	1	01.04.11	As per Corporate Management Team instructions based on existing CPR's pending completion of 1 above.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	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 is not documented so can not be demonstrated retrospectively.	S	<p>Recommendation:</p> <p>Proper audit trails should be maintained of managers' decisions and justifications for engaging consultants and a clear demonstration of their evaluation of the 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</p> <p>Management Comment: Accepted in full</p>	01.04.11	1	<b>01.04.11</b>	As per Corporate Management Team instructions based on existing CPR's pending completion of 1 above.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
8	<p>Our testing on consultants' invoices highlighted the fact that differing rates of mileage allowances are being used.</p> <p>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.</p>	S	<p>Recommendation:</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. All claims for additional expenses should always be accompanied by the relevant receipts for inspection prior to the payment of invoices</p> <p>Management Comment: Accepted in full</p>	01.04.11	2	01.10.11	As per 1 above
12	<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>	S	<p>Recommendation:</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> <p>Management Comment: Accepted in full</p>	01.04.11	1		As per Corporate Management Team instruction.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	FD0080N1
	Main Accounting

<b>Directorate:</b>	Finance
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DATE OF AUDIT: SEPT 2010

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
19	<p>A sample of 5 bad debts was reviewed to ensure they had been through the appropriate recovery process prior to write off. Testing identified;</p> <ul style="list-style-type: none"> <li>- No evidence of contact with the customer by the Enforcement team for in excess of 12 months for 3 of the 5 balances reviewed (for 1 of the balances the period with no contact was in excess of 3.5 years);</li> <li>- No evidence on the system scratch pad of any documentation being requested to support client statements that they are unable to pay debt (particularly</li> </ul>	F	<p>Recommendation:</p> <p>The adequacy of the current processes in place for monitoring income collection and the performance of credit control / debt recovery within the authority should be assessed.</p> <p>The resource issues around the recovery of aged debtor balances less than 97 days old need to be resolved as a matter of priority.</p> <p>A statement of policy and an operational procedure should be developed for the management of suppressed accounts, which sets out;</p>	31.3.2011	2	31/12/2011	This activity is undergoing a complete review as one of the Flintshire Futures Projects– Corporate Debt Review (LEAN)

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>in the case of deceased service users).</p> <p>A sample of 14 suppressions was reviewed to ensure appropriate recovery action was being taken by the directorates to recover the debt.</p> <p>Testing identified;</p> <p>- The continued use of suppression codes was only appropriate for 3 of the 14 invoices reviewed. No recovery action has been taken on the other 11 accounts since the suppression code was applied to the invoice (in many cases the suppression codes have sat against the invoices for 3 to 4 years).</p> <p>45 customer accounts were identified with 'Stop markers', all relating to Housing Estates. There are no system generated reminders issued against these accounts, and no formal systems in place for the collection of debt against these accounts (debtor</p>		<p>- The criteria for suppressing an account;</p> <p>- The arrangements for monitoring and managing suppressed accounts;</p> <p>The documentation that should be retained to ensure an adequate audit trail.</p> <p>All suppressed invoices should be reviewed by the Directorate Finance Officers as a matter of priority to determine whether the decision to suppress recovery action remains appropriate.</p> <p>All accounts with a Stop marker should be reviewed by the Directorate Finance Officers to determine whether the decision to suppress recovery action on all current and future invoices remains appropriate.</p> <p>A statement of policy and an operational procedure should be developed 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>balances are collected by the Estates team on an ad hoc basis). There is inconsistent treatment of outstanding debt by the Estates team and aged debts on these accounts are not passed to the Enforcement team for recovery.</p>		<p>management of accounts with Stop Markers, which sets out;</p> <ul style="list-style-type: none"> <li>-The criteria for placing a Stop marker on an account;</li> <li>-The arrangements for monitoring and managing accounts with Stop markers;</li> <li>-The documentation that should be retained to ensure an adequate audit trail.</li> </ul> <p>Management Comment:</p> <p><b>Since this audit was carried out, we have recruited a full-time member of staff to work alongside the current Corporate Debt Recovery Officer.</b></p> <p><b>We are also reviewing a large number of existing processes in order to deliver a more efficient, effective service.</b></p> <p><b>Resource requirements will be reviewed in full as part of the wider Finance Function</b></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><b>Review.</b></p> <p><b>Operational procedures will be developed and circulated and include clarification on the circumstances in which a 'stop' or suppression may be applied to an account, outlining the process for doing so and detailing future monitoring arrangements.</b></p> <p><b>Departments will be requested to carry out regular reviews of suppressed invoices and stop codes.</b></p>				
15	As part of our testing on potential duplicate payments we used IDEA software to match data to highlight possible duplications. Testing identified £75,921.70 of duplications of which £11,381.36 has not been recovered. Testing also revealed that copy invoices are still being used for	S	<p>Recommendation:</p> <p>The occurrence of duplicate payments needs to be addressed and controls enforced to guard against potential losses to the Authority.</p> <p>Management Comment::</p> <p>Following a software</p>	No Date Given	1	Revised Date 31.3.11	The software was purchased at the end of December 2010 and training was carried out with the supplier in mid 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
	<p>payment and in one instance an invoice boldly marked as a 'Duplicate Invoice' was paid.</p> <p>The current inbuilt controls to pick up potential duplicate payments are not adequate to match all possible duplications. We reviewed the daily reports off the system for possible duplications and there was no evidence of any actions taken to investigate any items listed.</p> <p>Investigations have been made into the possibility of purchasing a more sophisticated software package to aid the detection of duplicate payments and the Principal Systems and Performance Officer has had a demonstration of its capabilities.</p>		<p>demonstration on the 25.6.10, the Systems &amp; Performance Manager is to submit a business case recommending the purchase of a market leading Duplicate Payment software that is widely used with great success by numerous Local Authorities, public and private sector organisations.</p> <p>We monitor potential duplicate payments daily but are limited as to what more we can do beyond the capabilities of the queries that have been written.</p> <p>The implementation date will depend on gaining the necessary approval to proceed and the timescales given by the software supplier</p>				
21	A sample of 22 sales credit notes raised between April 2009 and January 2010 were reviewed to ensure that each credit note was supported by an authorised sales credit	S	<p>Recommendations:</p> <p>The Authority's Financial Procedure Rules should be strengthened to include</p>	Feb 11	2	Feb 2012	<p>This activity is undergoing a complete review as one of the Flintshire Futures Projects– Corporate Debt Review (LEAN)</p> <p><b>The recommendation will be taken on board as part of the next annual review of Financial Procedure Rules (viz. FPR 9: Income and</b></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>order (with supporting documentation where appropriate). Testing identified;</p> <ul style="list-style-type: none"> <li>- 18 of the 22 sales credit orders raised had not been authorised at an appropriate level;</li> <li>- 20 of the 22 supporting batch headers had not been authorised at an appropriate level;</li> <li>- none of the 22 sales credit orders reviewed contained enough detail to determine why the credit note had been raised (narrative referred simply to 'cancellation of original invoice').</li> </ul> <p>If sales credit orders are not appropriately authorised there is a risk that erroneous sales credit notes could be raised, leading to an understatement of reported income.</p>		<p>reference to the authorisation of sales orders and sales credit orders by authorised signatories in line with the procedures currently in place for purchase orders.</p> <p>Management Comment: The Authority's Financial Procedure Rules should be strengthened to include reference to the authorisation of sales orders and sales credit orders by authorised signatories in line with the procedures currently in place for purchase orders.</p>				Expenditure).

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
23	<p>PwC make reference to the difficulties in reconciling write offs on the write off register to the general ledger as a result of actual amounts being written off the ledger differing from the amount approved for write off by the Head of Finance (actual amounts written off may sometimes be lower than the level of authorised write off due to additional monies being received between the date of authorisation and the date of write off).</p> <p>In addition testing at paragraph 20 confirmed that there is no consistency in the treatment of bad debt write offs on the general ledger, with bad debt write offs generally being debited against income codes and not against separate bad debt write off codes (as a result it is not possible to reconcile approved bad debts on the bad debt</p>	S	<p>Recommendations:</p> <p>In accordance with the recommendations made by PwC following the 08/09 year end audit it should be ensured that the new database for the write off of bad debts is implemented as soon as is practical to do so.</p> <p>Management Comment:</p> <p>In accordance with the recommendations made by PwC following the 08/09 year end audit it should be ensured that the new database for the write off of bad debts is implemented as soon as is practical to do so.</p>	31.03.11	2	31/12/2011	This activity is undergoing a complete review as one of the Flintshire Futures Projects– Corporate Debt Review (LEAN)

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>register to the total of bad debt write offs on the general ledger).</p> <p>Discussion with the Principal Systems and Performance Officer confirmed that the new database for the management of bad debt write offs is currently under development with IT, with testing of the system due to commence before the beginning of April 2010. The system will automate the bad debt write off process, and will include a system of electronic authorisations and the generation of cash transfer (journal) sheets for electronic transfer to cashiers.</p> <p>The new database will not address the issue of inconsistency in the coding of bad debt write offs on the general ledger.</p>						

<b>Project Ref:</b>	FD0040P1
	Medium Term Financial Strategy

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Directorate:</b>	Finance
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DATE OF AUDIT: APRIL 2011

### ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1	<p>The MTFS is still in draft form with the Head of Finance for further review. This review will be led by the Head of Finance in conjunction with the Corporate Management Team and having input from 1st and 2nd tier officers.</p> <p>The MTFS sets out basic principles to be followed and adopted and provides the framework and overall direction and parameters within which the Medium Term Financial Plan (MTFP) is produced. The MTFP is the forecast for the current year and next three financial years</p>	F	<p>Recommendation: A MTFS needs to be developed and formalised with clear organisational understanding of accountability for, and contributors to the strategy to ensure that the Authority has a sound basis on which to manage its medium term financial priorities.</p> <p>Management Comment:                      It is accepted that the Council needs to further develop its future financial planning to meet the significant financial challenges ahead. The Head of Finance has committed to having a MTFS document in</p>	May 2011	2	<b>June 2011</b>	The draft MTFS was considered by Executive on 17 <sup>th</sup> May 2011 and Corporate Resources Scrutiny on 19 <sup>th</sup> May 2011. Feedback will be presented to Executive on 21 <sup>st</sup> June 2011 and a report will go to Council on 29 <sup>th</sup> June seeking formal adoption of the MTFS.

## ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	and facilitates the development of annual budgets, and in assessing the Authority's overall medium term strategic management the two documents need to be reviewed together. The four year plan is regularly reviewed and updated.		place by May 2011.				
2	Our review of the MTFP revealed that it currently concentrates on one year in respect of revenue and is in the main a budgeting tool. This could be developed much further to include service area priorities and clearly demonstrate how these may be achieved over the medium term. The instigation of the Flintshire Futures Programme, which aims to re-design services and challenge current budgets, should be a major contributor to the MTFP.	S	Recommendation: The Authority's MTFP requires greater development to encompass the three year time frame. It needs to be a clear statement of financial intent which enables service delivery, the outputs of which should form part of an integrated planning and performance framework that monitors performance against the MTFP. Management Comment: Indicative settlements (provided by the Welsh Assembly for 2012/13 and 2013/14) together with the outputs from the detailed	May 2011	2	<b>June 2011</b>	The MTFP included within the draft MTFS covers a four year timeframe for Revenue & Capital resources. (See 1. above for approval timescale.)

**ACTION PLAN**

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			business cases (Flintshire Futures) will enhance the development of the three year time frame.				





## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Debtor and creditor accruals are input to the ledger via AP and AR systems. The Authority only calculates year end accruals as part of the preparation of the Financial Statements.</p> <p>It is standard good practice to account for accruals on a monthly basis to improve the accuracy of accounts and to allow for more meaningful management decision making.</p> <p>Masterpiece does not have the facility to input automatic reversing accrual journals.</p> <p>Commitment accounting whilst good practice is not standard practice across the public sector. Commitment accounting refers to items which have been requisitioned or ordered but not delivered/received but represent a future commitment against available resources. Accounting for commitments provides a higher level of resource control.</p>		<ul style="list-style-type: none"> <li>The Authority needs to account on an accruals basis each month.</li> <li>Budget profiling should be considered to ensure meaningful variances.</li> </ul> <p>Management Comment</p> <p>Agree in principle to all of the recommendations. However the current General Ledger system does not have the capability to allow monthly accruals.</p> <p>It is intended to prepare a report for CMT outlining the issues arising from this report for corporate consideration as to the way forward.</p> <p>Corporate Policies and Budget Profiling will be considered through the Finance Officer's Group.</p>			<p><b>Revised date 3</b></p> <p>30.06.09</p>	<p>Agreement to procure COA software signed 5th January 2009.</p> <p>Also, since the last progress report, it has been agreed that Finance Teams (and by inference all processes undertaken by them) are to be formally the responsibility of the Head of Finance. The practical issues involved in this are to be formulated starting with the appointment of a project manager on 8<sup>th</sup> January.</p> <p>Further to the above, a decision will be made by 30<sup>th</sup> January on the potential to collaborate on the Xchange Wales initiative. This will have significant effects on any accruals process.</p> <p>It would not be appropriate to consider formal recommendations in advance of these events. It is now considered that 6 months is a reasonable time to aim to wrap these into one report for CMT consideration, probably as part of the Finance Function Review.</p>

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>There is not a corporate commitment system, Directorates have developed their own systems to monitor known commitments to aid financial management but there is no consistency across the Directorates.</p> <p>The Education commitment system feeds into the General Ledger, with the information being held in fiscal set 8. All other analysis of commitments and accruals is conducted off ledger.</p> <p>A key action in the Financial Management Service Plans 2007/08 is 'Review Masterpiece commitments module capabilities and the potential to implement across the Authority'. This has yet to be progressed.</p>					<p><b>Revised Date 4:</b> Ongoing</p> <p><b>Revised date 5:</b> 31.3.11</p> <p><b>Revised date 6:</b> Mar 2012</p>	<p>Finance Function review currently considering appointments to the new Senior Management Structure. Detailed structures will take longer than initially expected. Once the detailed structures are in place a consistent approach to all financial processes/procedures and policies will be implemented.</p> <p>The current core financial system (Masterpiece) cannot accommodate monthly accrual reporting. A review of the financial system is scheduled for 2010/11.</p> <p>It is anticipated that the finance function review will be fully implemented by late summer. Once the detailed structures are in place a consistent approach to all financial processes/procedures and policies will be implemented. In addition, system upgrades and improvements are also planned for 2011/12.</p> <p>The review of the financial system is now scheduled to be early 2012.</p>

<b>Project Ref:</b>	General LedgerFL0300L1
	Enforcement

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Directorate:</b>	Finance
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DATE OF AUDIT: Feb 2009

**ACTION PLAN**

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
18	<p>Detailed testing confirmed that sales orders are raised on a timely basis after provision of the goods / services, and invoices are raised on a timely basis following receipt of the authorised sales order.</p> <p>Testing identified 7 sales orders (out of a sample of 42) which had not been authorised prior to being processed. 5 of these orders related to E&amp;R, representing 23% of the sample tested; 2 of these orders related to Finance, representing 10% of the sample tested.</p> <p>Failure to ensure the appropriate authorisation of</p>	S	<p>Recommendation:                      Directorate finance teams should ensure that sales order forms are correctly authorised before they are processed.</p> <p>Management Comment:                      FEM to remind FOG and Departmental Managers of this responsibility</p>	March 2009	2	31/12/2011	This activity is undergoing a complete review as one of the Flintshire Futures Projects– Corporate Debt Review (LEAN)

**ACTION PLAN**

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	sales order forms prior to processing may result in incorrect or inaccurate invoices being pursued by the Enforcement team.						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	FL0160L1
	Accounting For Assets

<b>Directorate:</b>	Finance
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DATE OF AUDIT: SEPTEMBER 2008

**ACTION PLAN**

Para	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
4	<p>The majority of assets on the database are property based and are therefore static and readily identifiable.</p> <p>Each item on acquisition is allocated to a unique reference code based on the general ledger code and any subsequent expenditure relating to this asset is recorded to this code.</p> <p>When the Technology Forge system is fully operational it will hold specific details relating to the asset which will provide additional information on the asset.</p>	S	<p><b>Recommendation</b></p> <p>A detailed implementation and testing plan for the capital accounting module within the Technology Forge system should be compiled.</p> <p><b>Management Comments</b></p> <p><b>Corporate &amp; Capital Accounting</b></p> <p>Related discussions are currently underway with ICT and Valuation team colleagues.</p>	31.03.09	2	<p>Revised date 1 30.06.09.</p>	<p><b>Property Asset and Development</b></p> <p>Valuation module workshop(s) have taken only a monthly basis and are diarised until May 2009.</p> <p><b>Corporate &amp; Capital Accounting</b></p> <p>Necessary date for completion (for the benefit of the 2009/10 final accounts process).</p>

<p>Assets should be readily identifiable from the asset register, however there are a number of cases where the description on the asset register does not positively identify the items concerned. e.g. 1999/00 Bridges Asset value £70,161.67, 2004/05 Transportation £2,153,217.59. Until recently all plant and equipment was leased and therefore did not appear on the asset register. Prudential Borrowing is now being used as alternative in some cases with the result that items of plant are now appearing on the register. These items are not always easily identifiable. E.g. Refuse vehicles £349,178.95 Concerns have been expressed both by the external auditors and in the accounting press on the use of spreadsheets as fixed asset registers with particular concerns being expressed over the accuracy of depreciation calculations and the lack of audit trails of changes made.</p>		<p><b>Property Asset and Development</b>          ...'With the planned workshop relating to valuations module - this is exactly what we are addressing'....</p>			<p>Revised date 2 01.04.10.</p> <p>01.04.11.</p>	<p><b>Property Asset and Development</b></p> <p>Additional workshops have been held and data has been added/amended manually to the system with a view to testing the Valuations module by end Sept and reviewing the results by end Oct. This timescale would lead to a move to using the TF system for the recording of asset valuations for the financial year 2010/11, which will then incorporate the new IFRS requirements.</p> <p><b>Corporate &amp; Capital Accounting</b></p> <p>It is now highly unlikely that the system will be available for 2009/10 final accounts purposes, with various 2007/08 and 2008/09 data still to be loaded, testing to be completed and availability of required output reporting to be ensured. Potential resource issues are also looming, which may impact on continuity.</p> <p><b>Corporate &amp; Capital Accounting</b></p> <p>Work continues in assisting the Valuation team in the planned move to the Technology Forge (TF) System, but recent progress has been hindered because of long term sickness/maternity absence with the Section.</p> <p>A related key action is included within Corporate Finance's 2010/11 Service/Action Plan – the aim is to have the TF system in use for 2010/11 final accounts purposes.</p>
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**APPENDIX E**

	<p>The arrangements for the recording of assets should be robust, with a clear audit trail of changes made. Management accept that the use of spreadsheets for this purpose may not be the most appropriate solution, but until the new asset management software is fully operational and tested the spreadsheet based system is being retained.</p> <p>There has been limited involvement by Accountancy staff in the implementation of the Technology Forge system as resources have been concentrated on getting the main database operational. Concerns have been expressed over possible problems in the ability of the system to be quickly updated to reflect changes necessary to comply with changes in accounting practices.</p>					01.04.12.	<p><b>Corporate &amp; Capital Accounting</b></p> <p>Progress has been hindered by a range of influences – medical and accounting; the requirement to prepare the Council’s accounts on the basis of International Financial Reporting Standards (IFRS) w.e.f. 2010/11 has heavily involved the same accounting and valuation staff who would otherwise have been progressing the Technology Forge Project work. The IFRS requirements have also required updating of the TF system software in order to accommodate the accounting changes.</p> <p>A related key action is included within Corporate Finance’s 2011/12 draft Service/Action Plan – the aim now is to have the (IFRS compliant) TF system loaded, reconciled, tested and implemented for 2011/12 final accounts purposes.</p>
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Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	FD0615P1
	Housing Benefits - WAO

<b>Directorate:</b>	Finance
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DATE OF AUDIT: 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	30.04.11	<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% &amp; 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> <p>The Department of Works and Pensions Performance and Development Team is</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>					<b>31<sup>st</sup> August 2011</b>	Currently working with the department to review all processes. This is to be completed by the 31 <sup>st</sup> August 2011.

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	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.						

## 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	As above	S	<p>Recommendation:</p> <p>It is recommended that training remains a priority within the section and that the results of the training are processed in a timely manner.</p> <p>Management Comments</p> <p>As above the results of quality control checking and procedures will feed into individual and/or group training.</p> <p>In addition we are arranging for refresher system training for all of our existing staff members. This will assist with ensuring that all staff are aware of processes and procedures and there is a consistent approach to claims processing.</p>	31.03.11	2	Aug 2011	<p>The Department of Works and Pensions Performance and Development team is currently working with the department to review all processes. This is to be completed by the 31<sup>st</sup> August 2011.</p> <p>This has been partially met with the introduction of "targeted training " but the PDT is also working with us to further improve our processes.</p>

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	LD0220N1
	Employment Practice Codes

<b>Directorate:</b>	Legal & Democratic
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DATE OF AUDIT: 25.03.10

**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	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. 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	F	Recommendation: Retention periods for all records within HR should be reviewed to ensure that they comply with the County Council retention schedule.  Management Comment:: See 1.2.6 regarding guidance	01.07.10	1	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
						8.06.2011	All paper copies are destroyed after 7 months in line with the FCC retention schedule. IT are in the process of giving the HRSC access to delete online applications, once this access has been authorised we can begin to delete any applications older then 7 months.

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	line applications are therefore being held in excess of the statutory period.						
1.7.4	The CRB database states the results of the disclosure (whether a conviction or warning) but does not include 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.	S	Recommendation: The CRB policy should be updated to include the fact that disclosure results (conviction or warning) are held within the CRB database.  Management Comment: To be reviewed alongside ISA Review	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.
						End of March 2011	As above
						End of Sept 2011	Policy written, awaiting approval.
2.1.5	This area was not tested during the audit.	S	Recommendation: Ensure that accuracy, consistency and validity checks are incorporated into the system.  Management Comment: Defer to ongoing Audit and review subsequent recommendations	01.09.10	1	April 2011	Audit completed in April 2010, Internal Audit no:- HR0155N1 - Actions being addressed  Work is ongoing in relation to the above audit and recommendations fed back to Audit team.

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2.11.3	<p>Staff details are issued to Trade Unions on a monthly basis this includes the new starters name, position and start date, similar details are also provided for leavers. Personal information is not released.</p> <p>Staff are unaware that this information is passed on and are not given the opportunity to object.</p>	S	<p>Recommendations:</p> <p>New starters should be made aware that their details are being supplied to the trade unions and opportunity to object should be given.</p> <p>Management Comment:</p> <p>Part of contract review</p>	01.04.11	1	Jan 2011	<p>Completed and implemented – clause written into the new contract – as below.</p> <p><i>Your information will be shared with the Flintshire Joint Trade Union Committee (FJTUC) unless you indicate by ticking the box below that you do not agree with this.</i></p> <p><i>Information shared on joining Flintshire County Council (FCC) will be limited to Name, Work Location and Start Date; we will also notify FJTUC when you leave the employment of FCC.</i></p> <p><input type="checkbox"/> <i>I do not wish for my information to be shared with the FJTUC.</i></p>
3.3.1	<p>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.</p> <p>CCTV has been installed in other buildings but these have not been examined within this review. No central log of CCTV</p>	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> <p>Management Comment:</p> <p>Sherryl Burrows is in the process of ascertaining the location of CCTV operated by</p>	01.10.10	1	<p>14.01.11</p> <p>07.03.11</p>	<p>This exercise has commenced and is ongoing. 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> <p>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.</p>



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	systems exists. Audio monitoring does not occur.		County Council establishments. The Data Protection Team will advise CCTV Managers on compliance with employment practices code.			01.06.11	This exercise has been completed.  The Data Protection Team has been provided with the location of stand alone CCTV systems operated by County Council establishments (where notification has been received).  The database has been passed to the Data Protection Team who will advise CCTV managers on compliance with employment practices code.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	HR0155N1
	Payroll

<b>Directorate:</b>	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	1	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
	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.					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 5<sup>th</sup> November and work is underway to implement corrections/changes. Proposed end date for this is 31<sup>st</sup> 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>					<p>1 March 2011</p> <p>23 May 2011</p>	<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> <p>Automated forms now "live" all revised forms and processes being used across the organisation and internal process maps completed/</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>						

<b>ACTION PLAN</b>							
<b>Para.</b>	<b>Original Test result / Implication</b>	<b>Cat</b>	<b>Recommendation and Management Comment</b>	<b>Original Agreed Implementation Date</b>	<b>Status</b>	<b>Revised / Implemented Date</b>	<b>Management Comment / Progress</b>
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 &amp; Relief Workers Projects.</p>	December 2010	1	1 March 2011	<p>See above.</p> <p>Project now completed – processes and forms in use and the data cleanse exercise complete to ensure that the data held in workforce reports is accurate.</p>

**APPENDIX E**

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	HR0220N1
	Holiday Entitlements

<b>Directorate:</b>	HR
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**DATE OF AUDIT: Sept 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	The Authority does not have a formal Holiday Entitlements policy. As the International Financial Reporting Standards (IFRS) now requires Local Authorities to accrue for any entitlements not taken at the end of any given year it becomes more imperative to have a standardised policy which is clear and transparent.	S	Recommendation: It is recommended that the Authority implements a comprehensive Holiday Entitlement Policy which is ratified by members and reviewed regularly to avoid confusion and bring consistency. Management Comment:: Need to review current holiday entitlements in line with T's and C's for each of the contractual types. Need to review content of contracts arrangements and current practise around holidays and develop robust guidelines around holiday	Nov 2010	2	April 2011	We have made initial enquiries in relation to Trent Phase 2 and how this would support from a systems point of view however this needs to link to points made below.  In order to proceed would need to understand how much of a priority this is for the organisation – also need to link to Finance as they would be a key stakeholder in any process development.  After carrying out research and internal investigation it would appear that this is not only about implementing a policy it is about understanding entitlement across the whole organisation.  Original commitment was to action this by the end Nov, however the Hr priorities have changed in line with Flintshire Futures and other



ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			entitlement. Project plan to be developed – this will be shared with Audit.			April 2012	<p>organisational requirements, therefore resource will need to be identified by Senior Management to carry out this piece of work.</p> <p>We would suggest that the first step needs to understand current practices to holiday entitlement across the organisation to understand the risks and impact of applying a standardised policy.</p> <p><b>Updated 25<sup>th</sup> May 2011</b></p> <p>We have internally recognised and agreed that a comprehensive holiday policy needs to be agreed which would include reference to holiday entitlement and carry over.</p> <p>A piece of work has been undertaken to identify the general issues re holidays and holiday entitlement and a draft policy has been written.</p> <p>Further consultation is now required to agree on processes/methods to address the issues raised.</p> <p>All of this work will be done in parallel with the Phase 2 Project which will at a future point deliver the capability of recording annual leave for all employees electronically and linking through to payroll. We do not as yet have an expected date for delivery of this functionality but anticipate that</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 will be in 2012.
3	<p>Testing revealed that there is no comprehensive document for officers to follow in their administering of Holiday Entitlement records. Guidance notes can be found on the Info net regarding annual leave entitlements, the calculation of Bank and Public Holidays in relation to part time employees and special leave of absence. These documents are not regularly updated.</p> <p>There has been some confusion as to how to apply holidays where staff work Bank Holidays particularly with regard to Leisure Centre staff and shift hours also apply.</p> <p>Previous service rules require clarity as the Trent system does not give details of aggregated service which can lead to incorrect holiday</p>	S	<p>Recommendation: Guidance from HR should be clear and precise on all aspects of the process of calculating the correct holiday entitlements for all employees. It is imperative that officers are aware of individual responsibilities and those of HR. This could be achieved by producing a comprehensive appendix to a Holiday Entitlement Policy which gives clear procedures and guidance on best practice in administering and monitoring holiday entitlements across the Authority to ensure consistency and accuracy of approach.</p> <p>Management Comment: Phase 2 iTrent implementation is being scoped at the moment</p>	<p>TBC</p> <p>Timescales can be provided once project plan is agreed (approx Nov 2010).</p>	2	<p>March 2011</p> <p>Nov 2010</p> <p>April 2012</p>	<p>We have removed outdated material from the infonet and have identified existing policies/guidance that need revision. Including Bank Holiday Entitlement for part timers, Special Leave, - SC to Action</p> <p>New/ Standardised Holiday Policy work links back to comments made under section 2.</p> <p>Refer to comments made in section 2 re Trent project</p> <p>We have taken steps to ensure that the date of continuous service is now captured earlier on in the recruitment process and that new starters are also prompted to provide this information. Training has taken place within the Service Centre to ensure that all HR SC Assistants are aware of the importance of capturing date of continuous service and know how/where to put this on the system.</p> <p>HR need to establish clarity in relation to continuous and aggregated service and how this</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>entitlements being applied where the system is used to check start dates for entitlement calculation purposes. Our review highlighted two officers with the maximum holiday entitlement but showing less than 10 years service from their commencement dates. HR reported that it is the responsibility of the managers to witness written confirmation of the aggregated previous service but in these instances the Head of Service reported that he had never seen evidence and that this was the responsibility of HR.</p> <p>Testing highlighted that procedures vary across the Authority on the application of 5 days extra leave entitlement after working 5 years and the extra days earned for length of service up to 20 years.</p>		<p>and one of the functions this would potentially give us is the ability to process all holiday requests through Employee and Manager self Service this would immediately ensure consistency.</p>				<p>links to holiday entitlement. This will link through to comments in section 2 –</p> <p>Update 25 May 2011 Please see comments above in relation to point 2</p>

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>Our review revealed that there are a number of staff receiving Holiday Entitlements under the old 'Clwyd' rules:</p> <p>Five Project Workers are receiving 20 days plus 5 for length of service and 2 extra statutory days.</p> <p>Two other officers within Community Services, one an instructor at Glanrafon, the other employed at Abbey Metal, have 9 extra days leave plus length of service and additional pay. This dates back over 10 years when there was a change in contracts and conditions of service agreed with the unions. Manual workers at the Canton Depot have an additional 6.5 days holiday entitlement originating from 2000 when hours were decreased from 39 to 37 per week.</p>	S	<p>Recommendation:</p> <p>Holiday Entitlements should be consistent across the Authority to ensure fairness and transparency, and in accordance with the principals of Single Status.</p> <p>Management Comment:</p> <p>Phase 2 iTrent implementation is being scoped at the moment and one of the functions this would potentially give us is the ability to process all holiday requests through Employee and Manager self Service this would immediately ensure consistency.</p> <p>See point 2 also</p>	TBS  Nov 2010.	2	April 2012	<p>Single Status will only apply to Green Book employees and holidays are not in scope of Single Status therefore this cannot be seen as a resolution.</p> <p>Original commitment was to action this by the end Nov, however the Hr priorities have changed in line with Flintshire Futures and other organisational requirements, therefore resource will need to be identified by Senior Management to carry out this piece of work.</p> <p>We would suggest that the first step needs to understand current practices to holiday entitlement across the organisation to understand the risks and impact of applying a standardised policy. Resource will have to be agreed with HS.</p> <p>Update 25 May 2011 Please see comments above in relation to point 2</p>

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	1	March 2011	<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> <p>Document published on workforce news.</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 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.</p> <p>Carry forward of holidays should be exceptional rather than normal practise.</p>	Oct 2010	1	<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>

**APPENDIX E**

<b>Project Ref:</b>	HR0150N3
	Payroll

<b>Directorate:</b>	HR
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Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

**DATE OF AUDIT: Sept 2010**

**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>All rates held within the essential user table reflect the current nationally agreed rates.</p> <p>It is possible that officers may be paid too high a rate if a lower cubic capacity vehicle is used. As not all vehicle registration numbers are known, this could occur without the knowledge of payroll staff.</p> <p>It was noted that one officer has two vehicles and is an essential user. This officer</p>	S	<p>Recommendation:</p> <p>The permanent element for essential user rates should make reference to the table of rates to ensure updates of rates are applied to officers' allowances.</p> <p>The bulk update conversion routine should be processed as soon as possible to ensure all officers are receiving the correct amount of essential user allowance.</p> <p>A decision should be formally recorded regarding how</p>	31.03.11	1		<p>Essential Car Lump Sum Rates are, and always have been, held on tables within Trent an. A process is now in place to carry out the implementation of revised rates received from the Local Government Employers Organisation.</p> <p>A decision has been recorded regarding how to deal with essential users with more than one vehicle.</p> <p>This data will be collected as part of the Employee Self Service and Manager Self Service modules, currently being tested and rolled out by the Phase II Project.</p>



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	receives the higher lump sum rate and the lower mileage rate.		essential users with more than one vehicle are treated.  Management Comment: Facilitating the recommendation will require significant resources and time to amend the system; however this safeguard will be implemented				
9b	A sample of ten payroll new starters was selected for examination to establish if payroll pensions have been informed of those officers making pension contributions. The results of testing showed that: 4/10 of new starters have opted into the pension scheme and were found to have the necessary deductions from payroll 4/10 of new starters had not opted to join the pension scheme and no deductions		Recommendation: Arrangements should be put in place to ensure all new starter information is submitted to the pensions section on a timely basis.  Management Comment:  Completion of T36's for school based staff commenced but resourcing implications to deal with backlog	31.03.11	1		All new starter information is submitted to the pensions section on a timely basis. Backlog nearly cleared.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	were found to have been made from payroll 2/10 new starters had payroll deductions but are not on the pensions database as members of the scheme. One is contributing to the teachers' pension scheme and would not therefore be required to be known to the pensions team.						
14a	End dates had not been completed for any of the one off payments in the sample. Eight of the one off payment approval forms had been certified and authorised by the same person.		<p>Recommendation: All one off payments should be listed by the appropriate job title within the payroll system and end dates should be entered to allow for correct establishment control</p> <p>Management Comment: Groundwork in reducing the number of position titles commenced as part of the Trent Improvement Project in March 2010.</p>	31.03.11	2	30.9.11	Work ongoing to stop all one off payments being paid using the current claim form and process. We aim to cease all payments by 30.9.11 and ensure that in future Managers concerned use the Establishment Control process.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
14c	Five out of ten of the payments examined were extensions to existing honoraria and were approved by the Principal Human Resources Officer on a directorate basis via an emailed spreadsheet attachment.		<p>Recommendation:</p> <p>All honoraria payments should be supported by authorised documentation on the personal file of the officer.</p> <p>A decision should be taken regarding the policy of withholding honoraria for those members of staff who are absent for more than seven working days (excluding annual leave).</p> <p>Management Comment:</p> <p>Following Mike Harriman's review of those in receipt of Honoraria, supporting paperwork will be held on personal files</p>	31.03.11	2	June 2011	Agreed that Mike Harriman will provide payroll with instruction to pay honorarium together with supporting paperwork, that will then be filed on the payroll file.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
15	All allowances had appropriate authorisation with approvals on file except for the meals allowance paid to Nursery Nurses (NNEBs). We were informed that this allowance was part of the conditions of employment for the position agreed between the Council and the relevant union during the 1990s. No information was available to substantiate this fact.		<p>Recommendation:</p> <p>All permanent allowances should be reviewed and verified by management to ensure they remain applicable and valid. All authorisations should be retained on file.</p> <p>Management Comment:</p> <p>It was intended by the Trent Improvement project that confirmation of permanent allowances would be included in a newly created management reported scheduled for distribution in September. It has been subsequently found that permanent allowances cannot be included.</p>	31.03.11	2	<b>August 2011</b>	A report has been created to accommodate this recommendation and will be issued to Budget Holders and HR Managers on an annual basis

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	IT0030N2
	PCI Compliance Follow Up

<b>Directorate:</b>	IT
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DATE OF AUDIT: 4<sup>TH</sup> 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
1	<p>During the course of the review we identified that ownership of the PCI DSS compliance framework has not yet been formally assigned within the Council. This may be impacting on the progress being made to implement the agreed actions and may provide an increased risk to the Council in the operation and control of the PCI requirements.</p> <p>Management should assign formal ownership for PCI DSS compliance to a role with</p>	F	<p>Recommendation:                      Corporate Management should assign formal ownership for PCI DSS compliance to a role with appropriate seniority within the Council to ensure a coordinated approach to the completion of the agreed actions arising from the Socitm report. Dates should also be specified for the completion of the outstanding actions.</p> <p>Management Comment:                      A Task and Finish Group is to be established by the Information Security Manager</p>	Aug 2010	2	May 2011	<p>6<sup>th</sup> December 2010</p> <p>Work in progress</p> <p>8<sup>th</sup> June 2011</p> <p>A meeting is scheduled to discuss the future direction of the Councils payment system. This decision will impact on the PCI DSS compliance requirements.</p>

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	appropriate seniority within the Council to ensure a coordinated approach to the completion of the agreed actions arising from the Socitm report.		to address the issues. Each section processing card payments will be required to participate and take ownership for PCI DSS compliance.				

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	IT0230P1
	Masterpiece Security System

<b>Directorate:</b>	Finance
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DATE OF AUDIT: April 2011

**ACTION PLAN**

Para.	Recommendation	Cat	Recommendation & Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	This facility could result in a user obtaining information which they would not be authorised to view in the Masterpiece system	F	<p>Recommendation: The masterpiece users who have access to run queries within the AS400 system should be established. The requirements for use should be justified and the query access should be removed where it is not deemed necessary</p> <p>Management Comment: Operational Services will provide a list to the systems team with all masterpiece users that have access to query. The systems team will be responsible for informing Ops who needs access removing. A procedure needs to be adapted for future</p>	May 11	2	August 11	As this is a massive exercise after discussion with IT this is now planned to be Implemented in conjunction with the Masterpiece Upgrade to FM4

**ACTION PLAN**

Para.	Recommendation	Cat	Recommendation & Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			access by the systems team, Ops will not grant any further access to query unless authorised by the systems team.				



Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	LL0070P1
	Leisure Centres Catering Income

<b>Directorate:</b>	Lifelong Learning
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DATE OF AUDIT: 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
3	<p>A review of stock control procedures including reconciling income to stock levels was undertaken for each centre.</p> <p>It was identified that a total of five centres (Deeside, Flint, Mold, Hope and Saltney) currently employ the company, Ritestock, to undertake their stock control of vending machines and cafeteria supplies with the remaining four centres undertaking their own controls.</p> <p>Concerns were identified regarding two centres (Hope and Saltney) using Ritestock</p>	S	<p>Recommendation:                      A clear reconciliation process should be in place for controlling stock at all centres to identify levels of profit / loss from each vending machine and cafeteria.</p> <p>Consideration should also be given to reviewing the use of the external company for stock taking purposes, in particular for the two centres identified.</p> <p>Management Comment:                      Agreed for cafeteria, already completed for cafeteria but not for vending machines.</p>	30.03.11	1		<p>Completed for cafeterias at Deeside and Flint. Mold and Holywell cafeterias are now closed.</p> <p>It is not reasonable practical to complete individual profit / loss calculations for every vending machine at the centres. The time this would take far out ways any benefits.</p> <p>The external stocktaking company are no longer used at Hope and Saltney sport centres. They continue to audit Flint, Mold and Deeside.</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 a charge of £80 is made per visit resulting in each of these centres paying a total of £960 each for 2009/10. This equated to 29% (Hope) and 85% (Saltney) of their total income received from the vending machines.</p> <p>Examination of the manual procedures operated at the four centres (Holywell, Buckley, Connahs Quay Swimming Pool and Connahs Quay Sports Centre) identified a range of procedures and documentation used for controlling stock.</p> <p>It was identified that a record is held of all stock levels at each centre, however, it was established that there is no reconciliation process in place to ensure that the stock is equivalent to the orders raised and stock consumed.</p>		<p>Vending</p> <p>The cost of the time requires of doing a profit &amp; loss per machine would out way the benefits, We would need to recruit additional staff to complete this.</p>				<p>As above.</p> <p>New documentation is in place for all leisure centre cafeterias and vending machines. This is the same across all nine sites.</p> <p>The external audit report for the cafeterias produces a gross profit percentage which is monitored by the catering supervisor</p> <p>It is not reasonable practical to complete individual profit / loss calculations for every vending machine at the centres. The time this would take far out ways any benefits.</p> <p>It is not reasonable practical to 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>There should be a control in place to identify all stock purchased and consumed in order to determine profit / loss levels of each vending machine and cafeteria and this process should be clearly documented.</p>						<p>individual profit / loss calculations for every vending machine at the centres. The time this would take far out ways any benefits.</p> <p>The external audit report for the cafeterias produces a gross profit percentage which is monitored by the catering supervisor.</p>

**APPENDIX E**

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	EC0070K1
	Leisure Centres

<b>Directorate:</b>	Education Children’s Services & Recreation
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**DATE OF AUDIT: 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	1	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. Mike Welch appointed Head of Service April2011

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.  SLA's being signed June 8 <sup>th</sup> 2011 by all three schools, Hope, Saltney and C Quay
						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.  Budget for April 2011 reflects new position of reduced staff at these 3 sites
						May 2011	SLA's produced, being discussed with the three sites.  All agreed with School Governing Bodies and implemented June 8 <sup>th</sup> 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>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 NPDO/Trust.</p>	2008; date unknown	1	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> <p>The proposed structure has been costed May 2011as greater than the existing and has been scrapped</p>

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						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. JEQ's completed but still awaiting confirmation on structures as at June 2011
						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 Connahs 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.  Following detailed discussions with Governing bodies all three sites at Hope, Saltney and Quay will sign the SLA's on Wed June 8th 2011

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	CS0070P1
	Children’s Services Taxis

<b>Directorate:</b>	Community Services
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DATE OF AUDIT: MAR 2011

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1	It became apparent during the audit that Transfer Request Forms were sometimes: unsigned, not coded, coded incorrectly, lacking an end date, not displaying the names of escorts, did not always show the successful operator, daily price, contract number, were lacking an approval and date and that requests for transport were sometimes made at short notice. It is therefore necessary to formalise the processes contained within the system with both Children’s Services and Transportation signing up to the level of service they expect from each other and	S	Recommendation: 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  Management Comment: Template to be provided by Transport Section and discussion to ensue with PMI Team.	01.04.11	2	1.9.11	SLA not yet agreed – will bring up at next group managers meeting to progress – awaiting appointment of new manager to progress.



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	the level of documentation and timescales that are required to administer the service efficiently and effectively. Additionally consideration should be given to the compilation of written procedures.						
2	Contact between the two sections is normally via telephone and email. As detailed above there are instances where the system is not operating as intended. Staff from Transportation and Children's Services do not meet with each other to discuss information requests, delays, good practice, perceived problems, issues etc.	S	<p>Recommendation:</p> <p>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.</p> <p>Management Comment:</p> <p>3 monthly attendance by Mike Sullivan at Fieldwork Managers Meetings</p>	01.04.11	1		MAS attending meetings which have been very useful to both parties.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
4	It was noted that out of 134 TRFs that 5 of them did not have an authorising signature. However, it was not possible to determine whether requests for transport had been suitably authorised as there was no Authorising Signatory List in operation.	S	<p>Recommendation: 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</p> <p>Management Comment: Carol Salmon to complete list and forward to Mike Sullivan</p>	31.01.11	1		Memo sent to Mike Sullivan with signatory list. Two signatories missing and to be supplied later.
5	<p>During the course of the audit the Head of Social Services for Children agreed to enhance the TRF with a section specifically dedicated to evidencing that Social Workers had considered all other avenues of transport before requesting taxis.</p> <p>A draft version of the redesigned form was produced in September 2010</p>	S	<p>Recommendation: 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</p> <p>Management Comment: Incorporated into new form</p>	31.03.11	1		Memo sent to all staff on 26.1.11 with revised version of TRF

## 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>The implication in not stating an end date for the transport is that additional unnecessary journeys could be made which would have an overall impact on expenditure committed against the budget. Therefore testing was carried out on all of the latest batch of Transfer Request Forms.</p> <p>10/134 TRFs were found not to stipulate an end date</p> <p>Therefore an end date for the cessation of transport is not always stipulated by Children's Services Social Workers.</p> <p>Additionally:</p> <ul style="list-style-type: none"> <li>Discussions were held with Children's Services officers who stated that on occasions a cessation date was given but that transport continued after this date.</li> </ul>	S	<p>Recommendation:</p> <p>Team Leaders and Social Workers should be reminded that all TRFs should stipulate an end date.</p> <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 SLA</p> <p>Management Comment:</p> <p>Incorporated into new TRF and stipulated on Red Flag Memo/CCC to be circulated by Head of Social Services for Children.</p>	31.01.11	1		Incorporated into new TRF.

**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"> <li>The Transportation Officer stated that occasionally Social Workers would contact him requesting additional dates for transport beyond the original end date.</li> </ul> <p>No evidence was found during the audit to substantiate the two points detailed 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
7	<p>Instances were noted where requests for Transport were made at short notice.</p> <p>The results were as follows:                      7/10 less than 5 days notice                      3/10 more than 5 days notice</p> <p>In fact there were two cases where a days notice was given and one request for transport was made on the same day as the transport was needed</p> <p>The Transport Officer stated that this potentially leads to less operators being able to submit quotes and hence affected the competitiveness of the prices obtained i.e. only a certain number of operators have the spare capacity to respond and react at such short notice. This problem could be further exacerbated if the child then becomes comfortable with the operator and the contract is for a lengthy time period i.e. children are generally kept with operators who they feel at ease with.</p> <p>It is also interesting to note that Adult Transportation requires a minimum of 5 working days notice</p>	S	<p>Recommendation:                      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> <p>Management Comment:                      See 6 above.</p>	31.01.11	1		Incorporated into new TRF

## 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>To enable the operator to carry out the service effectively they will need to be aware initially of collection, destination and return locations. Additionally if the child has any additional needs then these will have to be documented and recorded. When obtaining quotations the names of the children are not divulged. However, the successful contractor will also become aware of the child's name. It is therefore important that the operator has systems and procedures in place for handling, storing and disposing of such confidential and sensitive information.</p> <p>The Senior Transportation Officer stated that the Private Hire Operators used to provide transport for Children's Services were subject to the terms and conditions contained within the School Bus/Taxi Contracts Tender Document 01/02/10.</p>	S	<p>Recommendation: 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.</p> <p>Management Comment: Implemented into February 2011 tender document</p>	28.02.11	1		This is now in the tender documents for all school transport contracts

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	However, no reference was made in the contract documentation in relation to how the operator must store the personal information and that they must have systems and procedures in place which comply with the requirements of the Data Protection Act.						

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
12	<p>Concerns were expressed by various Children's Services staff that they were not always made aware of the escort and operator names prior to journeys. This is important as the children and social workers need to be aware of this information prior to being "picked up" by the operator.</p> <p>The Transport Officer stated that he appreciated the importance of notifying Social Workers of the name of the operator and the escort and that this was carried out via a combination of emails and telephone conversations. However, there was no information/evidence held on file to support that Team Leaders and Social Workers had in fact been notified.</p> <p>Testing was then undertaken to ascertain whether when an escort was needed that the name of the escort was written in the space provided on the TRF form.</p>	S	<p>Recommendation:</p> <p>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.</p> <p>The name of the escort should always be written in the space provided on the TRF.</p> <p>Consideration should be given to redesigning the form to show the name of driver</p> <p>Management Comment:</p> <p>Agreed that Transport Section will advise by Fax or email.</p> <p>To be included in new form</p>	31.01.11	1		Implemented.



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Only in 2/10 cases was the name of the escort detailed on the TRF.</p> <p>In all of the cases sampled the name of the operators was written on the TRF.</p>						

## 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>Discussions were held with staff in Children's Services who were of the opinion that once the TRF had been sent or faxed to Transport that no further updates were provided until the expenditure was recorded in the financial ledger which in the past had led to budget overspends and an overall lack of control over expenditure.</p> <p>The School Transport Monitoring Officer stated that he either telephoned or emailed Children's Services staff with details of the cost per journey, names of operators and escorts etc and was of the opinion that they would be aware of the number of journeys taking place as they had requested them.</p> <p>Discussions were held with the Head of Social Services for Children in an effort to ascertain what level of information was required by</p>	S	<p>Recommendation:</p> <p>Transportation should produce a monthly report to individual Team Leaders detailing:</p> <ul style="list-style-type: none"> <li>• Contract numbers</li> <li>• Children's names</li> <li>• Operator names</li> <li>• Driver names</li> <li>• Escort names</li> <li>• Actual Journeys</li> <li>• start dates</li> <li>• end dates</li> <li>• number of journeys and</li> <li>• cost per journey.</li> </ul> <p>Management Comment: To commence after 31.03.11</p>	28.02.11	1		Spreadsheet handed out at Group Managers and information was well received.

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Children’s Services from the Transportation Section.</p> <p>To satisfy the requirements of Children’s Services staff and to ensure tight control over limited resources a monthly report is needed from the Transportation Section detailing child, operator, driver, escort, journey, start date, end date and amount per journey.</p>						

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
16	<p>4/134 TRFs were found not to display a financial code.</p> <p>15 TRFs were reviewed in detail to ensure that financial coding of expenditure had been carried out accurately.</p> <p>6/15 TRFs were found to be coded correctly i.e. the Transportation Section had coded what was described on the TRF.</p> <p>However, 9/15 were found to be incorrectly coded i.e. the Transportation Section had charged a different code to the invoice as to what was displayed on the TRF.</p> <p>The main problem was that the last four coding digits were always coded against the invoice as 2511 by the Transportation Section.</p> <p>Whereas the codes stipulated on the TRFs completed by Children's Services staff did not.</p> <p>Therefore not all the codes as stipulated by Social Workers</p>	S	<p>Recommendation:</p> <p>The Transportation Section must ensure that the financial codes as stipulated on the TRFs are coded and charged against the resultant invoice.</p> <p>The revised TRF should be deployed as soon as is practically possible to further enhance the financial coding process.</p> <p>All TRFs supplied by Children's Services must stipulate a financial code</p> <p>Management Comment:</p> <p>Revised- with implementation date of 31.01.11.</p> <p>See above</p>	31.01.11	1		New TRF incorporates tick box for budget code.

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>are coded correctly by the Transportation Section which will have led to inaccurate financial information.</p> <p>During the course of the audit the Head of Social Services for Children agreed to enhance the TRF by the inclusion of the various codes that can be used when requesting transport for children with social workers indicating which codes they want to be charged against particular journeys.</p>						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	CS7001P2
	Clients Files

<b>Directorate:</b>	Community Services
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DATE OF AUDIT: December 2010

**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>Connah's Quay</p> <p>A random sample of fifteen open cases was chosen from the Duty, North and South teams. The Auditor established that most of the files were contained within the Social Workers team rooms, although as not all of the staff were available to locate their current files, the Managers did have to look in several areas of the rooms prior to locating them. It was pleasing to note that all the files were located. The Office space and filing units are currently being reviewed with a view to installing tamba units within each office for the safekeeping</p>	S	<p>Recommendation:                      Mancot &amp; Connah's Quay</p> <p>A standardised approach to the identification of files should be considered. This may take the form of a self adhesive label which identifies the number of the file, i.e. file number 1, 2 etc, the date the file relates to and from, the staff member working on the case, the Childs name and unique PARIS No. etc.</p> <p>This would make the task of archiving the file and identifying the file contents easier if a request for information was to be made. An example is</p>	Oct 2010	1	Feb 2011	<p>This was discussed at a recent SSCSMT meeting and will be carried out in Feb 2011 after discussion with business manager, Sally Swarbrick</p> <p>The self adhesive labels will now be used and has been adopted as part of the amended File and Recording Policy</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>of files.</p> <p>It was not possible to establish if more than one file existed for each case. There were files found that had the number of the current file on the front whilst others had dates to and from, and others which only had the name of the child. There were a couple of files that did not identify which file number or the time period the file related to. No consistency was found in the referencing of files.</p> <p>File movement cards are used to record a file that is removed from the filing room. The "pink" tracer card is completed by the member of staff removing the file. At present there is no follow up of the files that are removed from the filing room. This has led to a large number of tracer cards being held by the admin staff and no review of these cards being carried out.</p>		<p>attached, see Appendix a.</p> <p>A review of the pink file movement cards should be carried out. A procedure with regard to how to manage the future of the cards should be introduced with regular reviews carried out and regular follow up of removed files being carried out.</p> <p>Management Comment:: The review of the File and Recording Policy is now completed</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>Mancot</p> <p>A random sample of 10 current open cases was taken and all files were located. Similarly with the files at Connah's Quay it wasn't easy to identify the number of files per case and therefore the same recommendation applies to all files at Mancot.</p> <p>A random sample of closed files was not taken from this location as the archiving of the files has been carried out through Connah's Quay Offices. This procedure has now stopped and archiving will now take place directly with records management</p>						



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5c)	As 5a)	S	<p>Recommendation: As 5a)</p> <p>Management Comment: The pink file movement cards will be discussed further with the appropriate staff and the procedure will be reviewed</p>	Nov 2010		1	<p>This recommendation was discussed at a recent SSCSMT meeting and will be actioned in Feb 2011</p> <p>The self adhesive labels will now be used and has been adopted as part of the amended File and Recording Policy</p>

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	CS0033N1
	Multi-Skilling

<b>Directorate:</b>	Community Services
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DATE OF AUDIT: 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
4	It was identified that when the pilot agreement was introduced it was intended for all relevant tradesmen to undertake an NVQ professional qualification. Deeside college was approached to provide this training as no specific course was available at the time. A program was devised specifically for the requirements for multi skilled works which the college reviewed and determined that it would take two years to complete	S	<p>Recommendation:                      Annual appraisals should include an assessment of each operative to ensure that operatives maintain the necessary skills for undertaking multi skilled works.</p> <p>Management Comment::                      Annual appraisals for trade staff will be amended to include a section on the amount of multi skilling allocated to an operative and their ability to continue to undertake such work.</p>	Nov 2010	2	June 2011	Appraisals commenced but unfortunately the completion has been delayed due to the implementation of other projects. It is now anticipated that the appraisals will be completed by the end of June.

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>This information was apparently shared with the former Interim Director of Community and Housing and a decision was made to provide alternative, in-house training which would be assessed by the Officers (ADMO).</p> <p>It was identified that multi skilling assessments had been undertaken for operatives when the scheme was introduced in 2007 and assessment forms were completed, however, no further assessments had been undertaken since then.</p>						

**APPENDIX E**

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

**DATE OF AUDIT: Feb 2009**

<b>Project Ref:</b>	CS0130M1
	Subsistence & Allowance

<b>Directorate:</b>	HR & OD
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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	<p>The allowance rates for incurred mileage are set nationally and are laid out in the National Agreement. (Green book).</p> <p>The amounts for post entry training are also set nationally and are detailed in the National Agreement.</p> <p>All other expenses including fares and subsistence are set locally. At present there is no policy or guidelines in which to follow. The most recent rates for hotel use is dated February 1997 and were written by the then HR Director.</p> <p>They have not been reviewed or increased during this eleven year period. Of the four Directorates examined only</p>	F	<p>Recommendation</p> <p>A policy or guidelines should be drawn up for staff to use prior to completing travelling and subsistence allowance claims. The policy should include clear guidelines on all rates of expenses, the process of completing the claim forms and other relevant information. The policy should be widely available to all staff and should be reviewed at least annually. This will ensure consistency and uniformity across all Directorates.</p> <p>Management Comment</p> <p>A policy / guidelines can be produced by Human Resources.</p>	31.07.09	2	<p>End of December 09</p> <p>31 July 2010</p>	<p>Information relating to current expenses rates, practice across the Council, current written documentation including claim forms have been reviewed. The guidance now needs to be drawn up and circulated across the organisation.</p> <p>Resource has now been allocated to complete this work as a matter of priority. Draft guidelines for expenses have been drawn up by HR and will be circulated for comment by end of June 2010 once advice received from Kevin McSweeney has been incorporated (see below). Review of existing rates including benchmarking has taken place. Proposal to CMT by end of July.</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>one Directorate was still using the hotel rates (ASC). Staff from this Directorate are only allowed to claim up to £75.11 basic allowance and up to £85.66 enhanced allowance, (London, Cardiff or Edinburgh). Staff from the other three Directorates were able to claim in excess of this if the claim had been duly authorised. (e.g. Hotel costs, C&amp;H - £124.50, E&amp;R- £110, Finance - £175.00.)</p> <p>The Auditor also found items of expenditure that did not relate to Travelling and Subsistence, that had been paid via the employee's claim form.. For example, one member of the E&amp;R Directorate had claimed for coffee expenses and another had claimed for a hot water geezer. There was one instance where four members of the same office had incurred subsistence allowance, although just one member of</p>					<p>30<sup>th</sup> November 2010</p> <p>31 March 2011</p>	<p>Expenses Guidelines were drafted and circulated for comment and feedback by 9<sup>th</sup> July 2010. Clarity now being sought regarding elements of proposed guidelines and potential impact of Flintshire Futures programme. Contents of guidelines may be amended as a result. To be reviewed as FF programme is developed. HR to review position again before end of November.</p> <p>The need to review our position in relation to expenses and subsistence rates and practice has been reinforced given our current discussions on other Costs of Employment matters and proposals for change that are currently being formulated, discussed with the TUs and agreed with Elected Members. The natural progression from moving forward with these proposals will be to consider other elements under Costs of Employment, which will include expenses and subsistence. More time is required to do this and the work undertaken to establish our current position will not be wasted. Our proposals for change will be considered and formulated by the end of this financial year 2010 /11 in preparation for implementation in the early part of 2011/ 12.</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>staff had claimed the subsistence rates on the other staff's behalf.</p> <p>Another member of staff was found to be using public transport to travel to local meetings within the County although they are paid essential car user allowance for providing their car for work.</p>				2	<b>October 2011</b>	<p>Whilst there are clearly 'housekeeping' issues regarding the proper authorisation of claims, it is felt that to review guidance and ensure that this is being closely adhered to by employees and managers should be implemented simultaneously.</p> <p>In line with ongoing discussions regarding above proposals.</p>
3	<p>Within the E&amp;R Directorate it was not always the line Manager that had authorised the claim. The reason given for this relates to the line Managers not having an authority code to be able to authorise claims.</p>	S	<p>Recommendation</p> <p>Only authorised line Managers should be authorising claim forms relating to their immediate staff. Authorising Officers should have a reasonable knowledge of the journeys made or subsistence claimed, prior to endorsing the travel claim form.</p> <p>Management Comment</p> <p>To be included in policy / guidelines</p>	31.07.09	2	<p>As above</p> <p>31<sup>st</sup> July 2010</p> <p>30<sup>th</sup> November 2010</p> <p>31 March 2011</p>	<p>As above – recommendations re authorisation accepted and will be incorporated into written guidance.</p> <p>As above – recommendations re authorisation accepted and have been incorporated into draft written guidance.</p> <p>Guidance drafted but some elements may be in scope of Flintshire Futures programme. HR to review position again before end of November.</p> <p>See comments above regarding the review of expenses and subsistence rates and implementing guidance for authorisation simultaneously.</p>

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						October 2011	In line with ongoing discussions regarding above proposals
4	<p>In the main receipts had been obtained for items of expenditure. A small proportion of claims did not have a receipt.</p> <p>One claim relating to hotel accommodation did not have a receipt attached but a copy of the staff members credit card statement. This should not have been accepted.</p> <p>If receipts are not submitted and the Inland Revenue were to pick this up then the Council could be penalised.</p>	S	<p>Recommendation</p> <p>The claims forms should always provide the necessary receipts for incurred costs, prior to being processed.</p> <p>Management Comment</p> <p>To be included in policy / guidelines</p>	31.07.09	2	As above	Recommendation accepted.
						31 July 2010	Draft guidance includes clear advice regarding receipts including explanations of what is needed and why. Advice taken from Kevin McSweeney regarding HMRC requirements for inclusion in guidelines.
						31 March 2011	See update above regarding the review of expenses and subsistence rates and authorisation practice.
					2	October 2011	Relevant wording already incorporated into draft Guidance.

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>Receipts for fuel usage usually contain all the requirements asked for. Receipts for subsistence claims do not always contain the Revenue &amp; Customs requirements.</p> <p>Also, when certain types of subsistence are claimed for, the member of staff should separate and identify the V.A.T. onto the claim form. At present this is not carried out. The Senior Accountant (tax expert) should be contacted to give further advice to individuals.</p>	S	<p>Recommendation</p> <p>As part of a new policy which should be written, the Senior Accountant (tax expert) should be asked for his advice on the specific requirements relating to Revenues &amp; Customs requirements. This can then be incorporated into the new policy.</p> <p>Management Comment</p> <p>To be included in policy / guidelines</p>	31.07.09	2	<p>As above</p> <p>31 July 2010</p> <p>31 March 2011</p>	<p>Recommendation accepted. A Policy and Guidelines are to be drafted. A timeline to be provided once this is in scope.</p> <p>See previous comments.</p> <p>Resource has now been allocated to complete this work as a matter of priority. Draft guidelines for expenses have been drawn up and will be circulated for comment by end of June 2010. Draft guidance includes clear advice regarding receipts including explanations of what is needed and why. Advice taken from Kevin McSweeney regarding HMRC requirements for inclusion in guidelines.</p> <p>Recommendations will be incorporated into the review of expenses and subsistence rates and authorisation practice.</p>



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						October 2011	Relevant wording already incorporated into draft Guidance.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE OF AUDIT : MAY 2009

<b>Project Ref:</b>	CH0060M1
	Rent Recovery and Enforcement

<b>Directorate:</b>	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><b>Recommendation</b></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><b>Management Comment</b></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	July 2011	<p>A new dedicated Income Management team has now been agreed by Scrutiny and will be in place by July 2011.</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 is being 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 where necessary.</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>						

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>July 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>The new Income Management Team will be in place by July 2011 and will at this time be implementing the new Rent Arrears Policy and Procedure.</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>						
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	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	July 2009	2	July 2011	<p>A new dedicated Income Management team has now been agreed by Scrutiny and will be in place in July 2011.</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</p>

ACTION PLAN							
Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	followed prior to arrears being written off.		not being lost unnecessarily.				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>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>July 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

<b>Project Ref:</b>	HW1000J1
	Design Consultancy

<b>Directorate:</b>	Environment
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DATE OF AUDIT: March 2006

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	The Design Consultancy service areas do not set time budgets for individual projects. The current time recording and time costing systems, maintained on excel spreadsheets, could be updated to include budgeted hours against project codes, but the Heads of Department believe this may result in spreadsheets which are already very large becoming too slow and cumbersome.	S	<p>Recommendation:                      The requirement for the setting, and subsequent inclusion of budgeted hours against each project code on the time costing system (to facilitate formal monitoring of time costs), should be formally considered by senior management.</p> <p>Management Comment:                      New combined consultancy will review systems available with a view to purchasing new system in financial year 2006/07.</p>	1 April 2007	2	1 April 2008	<p><b>Comment Received:</b> June 2007                      New Consultancy is still being set up under Framework. The various systems will be reviewed with a view to obtaining a new system in the financial year 2007/08</p> <p><b>Revised Implementation Date:</b> 01/04/2008</p> <p>The original spreadsheet system is still being used but it is anticipated that a collaborative system will be developed to the specifications required and made available to all North Wales Partner Authorities later this financial year.</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 Heads of Department consider that in the absence of a time management system which allows the inclusion of budgeted hours against project codes, their periodic review of summary costing reports (paragraph 4), and their detailed knowledge of the work carried out within the teams, ensures they are aware of time charged against each project, and as such are able to informally monitor time charges for appropriateness.</p> <p>Internal Audit consider implementation of earlier recommendations to ensure the adequacy of timesheet review and authorisation procedures (paragraph 3) would ensure the departmental heads are aware of time allocation against individual project codes on a week by week basis.</p>					<p><b>Revised Date 1:</b> <b>01/04/2009</b></p>	<p>The existing Time Management system has limitations and to incorporate budgeted hours within the process would have significant resource implications on the section. However, in linking this to the TASK System implementation later in 2008/09, budgeted hours can be incorporated within the set up of this.</p> <p>Please note that the income budget acts as the target for the Consultancy Team. In 2007/08, this totalled £742k.</p>
						<p><b>Revised Date 2:</b> <b>01/04/2010</b></p>	<p>As mentioned above, the TASK System implementation for Time Recording is still awaited due to changeover problems from Windows to Web Based System.</p> <p>However, overall, the Consultancy Team income budget in 2008/09 totalled £750k and was measured against the chargeable time on the timesheets.</p>
						<p><b>Revised Date 3:</b> <b>01/04/2011</b></p>	<p>It was anticipated that TOTAL/TASK be used for this process. However, due to resource implications, this has not progressed as planned. Therefore, the original spreadsheet system is still being used but it is anticipated that a collaborative system will be developed to the specifications required and made available to all North Wales Partner Authorities later this financial year.</p>

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						<b>Revised Date 4: 01/04/2012</b>	Collaborative system under active development with Partner Authorities. About to go out to tender to software companies to deliver a web based system.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	EN0070P1
	Environmental Information

<b>Directorate:</b>	Environment
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DATE OF AUDIT: 28.01.11

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
12	The lack of corporate responsibility within this area could lead to EIR regulations requests not being captured and correctly addressed. Following a meeting between Internal Audit, Environment staff and legal services, it was determined that the Democracy and Governance Manager was willing to assume corporate responsibility for the EIR regulations. EIR regulations requests could be received within other departments. The lack of trained EIR officers within other departments could lead to EIR regulations requests	S	Recommendation: The responsibility for the EIR regulations, to be undertaken by the Assistant Director – Democratic Services, should be formally approved at a Corporate Management Team (CMT) meeting. Directorates should assign designated, trained EIR contact officers similar to the procedure in existence for data protection and FoIA requests. Legal service staff should be appointed to provide EIR advice throughout the Authority as per the Who Does What arrangements under FoIA.	01.04.11	1		Implemented

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>potentially being responded to as FOI requests by FOI officers. Legal advice has been provided previously however there is no specific legal contact nominated. This point is addressed in point 8 within this report.</p>		<p>Management Comment: The Corporate Management Team has agreed that the Lead Officer for EIR should be the Democracy &amp; Governance Manager and that FOI Contact and Complaints Officers should take on these roles for EIR.</p>				



Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	EN0020P1
	Section 106 Agreements

<b>Directorate:</b>	Environment
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DATE OF AUDIT: FEB 2011

### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3.7a	A new development is the introduction of the Community Infrastructure Levy (CIL) from April 2010 and has implications for s106. CIL is a discretionary charge which local authorities will be empowered to charge on most types of new development in their area. The aim of the Community Infrastructure Levy is to create a simpler and more transparent system of standard charges. There should be an up to date development plan for an area before CIL may be charged in that area. Planning obligations will continue to exist if CIL is introduced as they are a useful tool for mitigating site specific impacts to make them	S	<p>Recommendation:</p> <p>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</p> <p>Management Comment:</p> <p>All North Wales authorities are working together to identify the implications of C.I.L.</p> <p>With regard to 106 Local</p>	Mar 2011	1		<p>Work commissioned in collaboration with other North Wales authorities based on FCC's internal audit.</p> <p>Draft LPG on educational contributions presented to Planning Protocol Working Group on 27<sup>th</sup> March 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
	acceptable. Planning obligations will continue to be used to secure affordable housing.		Planning Guidance will set out the terms with respect to what contributions will be sort and for what level				
3.21	<p>The Head of Development Control indicated that for major applications pre-application discussions are held with the applicant and this may also involve other consultees such as Highways and the Play Unit. An outline procedure for pre-application advice is set out in the Development Control Procedure Manual.</p> <p>One objective of pre-application understanding should be to review and agree the potential package of contributions and enable a draft Heads of Terms to be submitted as of part of the application. By making it a requirement for applicants to submit a Heads of Terms</p>	S	<p>Recommendation: 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</p> <p>Management Comment: Pre-application process will identify the role for Section 106 Agreements</p>	Apr 2011			Draft "Standard" Heads of Terms produced for inclusion in pre-application discussions.

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>before an application will be accepted it would be possible for Legal Services to draft a formal agreement that can be discussed at the same time as the application is proceeding through the determination process.</p> <p>Our review of published practice in other Councils showed that it is common practice in English Authorities to require Draft Heads of Terms to be submitted with an application. For example, Cornwall County Council planning obligation guidance states that 'if the development proposal is such that a planning obligation is required and the planning application is not accompanied by an agreed Draft Heads of Terms it might not be registered', and we noted</p>						

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	other examples where a planning application will not be deemed valid unless accompanied by a Heads of Terms.						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	EN0120N1
	Affordable Housing

<b>Directorate:</b>	Environment
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DATE OF AUDIT: Feb 2010

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	It is beyond the scope of this review to assess the validity or quality of the LHMA but the following points are noted: Section 9 of the LHMA discusses affordable housing need and the serious and increasing unmet need for affordable housing in Flintshire. The LHMA highlights that the amount of affordable housing identified in the Fordham Housing Needs Survey is not deliverable and this will have been exacerbated by the current lack of development activity. The LHMA has not been formally approved/endorsed by Flintshire County Council. To	S	Recommendations:  There needs to be a greater focus on monitoring and updating the key variables contained in the LHMA. This should be reported to members and consideration should be given to establishing a forum for considering LHMA involving key stakeholders such as local estate agents and RSLs.  Management Comments: Agreed. As part of the LDP process consideration will be given to the commissioning of a new LHMA.	Mar 11	2		DH. A new LHMA is in the process of being commissioned. Interest has been expressed by Wrexham County Borough Council in joining in with FCC to conduct a broader LHMA encompassing the WCBC area.

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>ensure that members fully understand the LHMA it is important that they are involved.</p> <p>Whilst the LHMA assessment provides an overview of housing need it does not drill down to ward level and does not identify the demand for different dwelling sizes and types of housing ie. intermediate and social rented.</p> <p>To ensure the continuing relevance, the LHMA should be updated regularly. Particular areas of the assessments which will require frequent updating include the numbers and types of housing demand and need and movements between tenures, including through the Right to Buy.</p> <p>The changing data baseline is highlighted through the housing register. At the time of the LHMA there were 4,846 (Feb 2007) on the housing register waiting list. This has</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>reduced to a current waiting list (September 09) of 3167.</p> <p>The Housing Strategy Unit has invested in Home track (£8k per year) which provides intelligence about house prices and housing markets and provides a good means of updating the LHMA with market intelligence.</p> <p>Whilst at some point there will be a need for the Authority to commission a further local housing assessment; in the intervening years the LHMA should be monitored and updated. WAG Local Housing Market Assessment Guide sets out how it should be updated.</p>						
7	<p>In discussion the Housing Strategy Manager indicated that whilst the target was well below the perceived affordable housing need it reflected a position of reality.</p> <p>One of the concerning aspects</p>	S	<p>Recommendations:</p> <p>Target setting needs to be more rigorous and based on mixture of concrete evidence and market intelligence. Targets should be rigorously tested against</p>	Mar 11	2		<p>DH. The LHMA will provide more robust information on the current market situation and will inform future target setting. Results of a study commissioned by the Welsh Government (WG) from Cambridge University provides an indication of the housing demand between 2006 and 2026. The planned LHMA will provide a robust test of the assumptions made in the WG study.</p>

ACTION PLAN							
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	<p>of the current level of delivery is that it does not take account of unmet affordable housing needs in the system. The LHMA proposes that for the period 2003 to 2021 480 homes per annum should be build with 38% affordable. On this basis there is a requirement of 1289 houses between 2003 and 2009. The AHDS records that 35 affordable homes have been delivered during this period leaving potentially an unmet need well in excess of 1000 homes. However, the true figure could be much higher and the impact on housing need of the current recession should be analysed. Whilst house prices have fallen unemployment has increased and the impact on the affordability gap in Flintshire needs to be fully assessed.</p> <p>To date the Authority has not conducted individual site appraisals. The Head of Planning Policy indicated that</p>		<p>a) the profile of sites,                      b)scheme viability and mixed communities                      c)practicality and realism                      It should be fully documented and supported by evidence to provide an audit trail of how the target has been arrived at.</p> <p>Management Comments:                      Agreed.</p>				



ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	the Valuation Office viability assessment model/system was going to be adopted by the Authority to enable the Authority to address development economics.						
8	<p>In accordance with TAN 2 the Authority has established thresholds for affordable housing.</p> <p>Current thresholds are rigid and set at a high a level and have not provided a significant level of affordable housing. The thresholds do not support affordable housing benefit on smaller sites, off-site provision or commuted sums. In rural areas where the general scale of development is smaller, a lower threshold for on-site provision would be appropriate in order to make affordable housing available in a range of locations.</p> <p>TAN 2 proposes a range of site-capacity thresholds in</p>	S	<p>Recommendations:</p> <p>The Authority should review thresholds and site capacity and target thresholds to ensure that maximum affordable housing is delivered within economic viability as part of the LDP process</p> <p>Management Comments:</p> <p>Agreed. The policies will be reviewed as part of the development of the LDP.</p>	Mar 11	2		<p>TAN2 is written as guidance for LPAs to follow in developing policies on affordable housing for LDPs. Any review of thresholds therefore will be part of the general policy review set out in recommendation 5 and therefore the same problem of knowing when this policy review can take place applies here, as in the commentary provided for recommendation 5 above.</p> <p>AR 14.6.11</p>

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>conjunction with differential affordable housing contributions.</p> <p>Threshold comparison with other authorities:</p> <p><b>Conwy</b> Urban 10 units 0.3 ha Rural 3 units 0.1 ha Differential percentages by Community</p> <p><b>Denbighshire</b> 30% 3 units or 0.1 ha</p> <p><b>Wrexham</b> 25% of houses on developments over 25.</p> <p><b>Shropshire</b> Differential based on district. Urban 25 to 50% All sites of 5+ Units Rural 25 to 50% 4 to 15+ units The following Authorities have taken the opportunity to reduce thresholds as part of the production of AHDS to introduce interim site threshold and quota policies.</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><b>Cardiff</b> 40% 10 dwellings or 0.3 ha</p> <p><b>Torfaen</b> 30% 10 units or 0.33ha</p> <p><b>Vale of Glamorgan</b> 30% 10 units or 0.3.</p> <p>The Head of Planning Policy indicated that it is the intention to review the thresholds as part of the LDP process and as part of this consider the experience of other authorities with lower thresholds.</p>						
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	S	<p>Recommendation: The Authority should proactively address the lack of land available for affordable housing, in particular 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</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</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>must maintain accurate records on completions and identify the number of market and affordable housing units built each year: Flintshire has not done this. 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</p>		Authority landholdings				<p>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 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>
	the website as required by TAN 1. (Section 7.6.5).		.			30.3.2011	<p>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).</p> <p>The 2010 JHLAS will be published by WAG this</p>

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
							week (i.e. by Friday 17 <sup>th</sup> June 2011). This shows that the Council has a more than 5 year land supply and is therefore compliant with national guidance. AR 14.6.11
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</p>	S	<p>Recommendation: 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: 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	<p>August 2010</p> <p>October 2010</p>	<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&amp;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> <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</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>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>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>
						May 2011	<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> <p>Survey work was completed and sent to WAG by October 2010 as above, so the completion date was achieved. It took WAG until March 2011 to compile and process the survey information and a study group meeting took place at the end of March 2011 to agree the findings. WAG will publish the final study report this week (i.e. by</p>

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
							Friday 17 <sup>th</sup> June 2011). AR 14.6.11
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> <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</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> <p>DH: In reviewing the 2009-2010 AHDS it is clear that significant advances have been made in the provision of affordable housing with forecast delivery increasing from 180 units to 505. The Housing Strategy Team (HST) is monitoring affordable housing provided outside the planning system i.e. through the private rented sector and empty homes initiatives etc. A review of the current Local Housing Strategy (LHS) is being undertaken by the HST in conjunction with the Flintshire Housing Partnership (FHP). The aim of the review is to develop a comprehensive and integrated housing strategy encompassing an</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>interpreted as the housing unit being available for habitation'.                      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>						affordable housing.



**APPENDIX E**

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

**DATE OF AUDIT: 25.05.10**

<b>Project Ref:</b>	EN0010N1
	Business Enterprise Units

<b>Directorate:</b>	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
3	A discussion was held with the service manager and it was identified that a business plan has not been created. It was noted that the Head of Regeneration and the Head of Technical Services were in the process of creating a plan; however this work has since been placed on hold until the completion of the service review and Options review.	S	<p>Recommendation:                      The service should arrange for the business plan to be completed and approved by the Director.</p> <p>Management Comment:                      A business plan will be prepared based on the findings of the options review currently being undertaken by Grant Thornton.</p>	Aug 2010	2	<p><b>February 2011</b></p> <p><b>30.06.11</b></p>	<p>Service Review and Grant Thornton Options Review still on-going. Business Plan to be drafted on findings of the above.</p> <p>The required comments to finalise this audit are still outstanding pending completion of the Grant Thornton Report. This is finally drawing to a close and we should be in a position to complete and close the Audit Report by end of June.</p>

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
							30.06.11

**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	<p>April 2011</p> <p>30.06.11</p>	<p>Grant Thornton Report is on-going. An Investment Plan will be considered once the report is finalised.</p> <p>The required comments to finalise this audit are still outstanding pending completion of the Grant Thornton Report. This is finally drawing to a close and we should be in a position to complete and close the Audit Report by end of June.</p>
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	<p>April 2011</p> <p>30.06.11</p>	<p>Will be determined once the Grant Thornton report has been completed.</p> <p>The required comments to finalise this audit are still outstanding pending completion of the Grant Thornton Report. This is finally drawing to a close and we should be in a position to complete and close the Audit Report by end of June.</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>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	<p>April 2011</p> <p>30.06.11</p>	<p>Will be determined once the Grant Thornton report has been completed.</p> <p>The required comments to finalise this audit are still outstanding pending completion of the Grant Thornton Report. This is finally drawing to a close and we should be in a position to complete and close the Audit Report by end of June.</p>

<b>ACTION PLAN</b>							
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</p>						



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	March 2010. 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

DATE OF AUDIT: MAR 2010

<b>Project Ref:</b>	EN0080N1
	Data Management – Public Protection

<b>Directorate:</b>	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
1b)	<p>Our review highlighted fundamental problems with the integrity of master data held in APP. The principle of the Database is that every premise has one record and that all activities are recorded and linked to that premises record; this enables a full history of a premise.</p> <p>APP database is intended to be an integrated system which records actions against activities and links these to a single premises record. Under the current arrangement Public Protection set up premises using a different coding structure from other users, the</p>	F	<p>Recommendation:</p> <p>There needs to be a data assessment to analyse the data structures within APP to ensure that data is held efficiently and logically in the system and can be extracted to meet the information needs of the Authority. To enhance data quality there needs to be well-defined processes which should be set out in a protocol to ensure that master data recorded in the system is recorded once only and in a</p>	September 2010 (for consultation with IT & APP)	2	Feb 2011	<p>Following the Report research was undertaken through the APP User Group Forum and through discussions with other local authorities on how they have addressed this issue. Civica confirmed they have not changed the way in which the system works and other authorities are using the system the way APP is use in FCC. A discussion was undertaken in the User Group meetings where it was agreed to continue with the current process.</p> <p>Verification work is continuing mainly in Land Charges. Previous global verification processes have left a significant numbers of problematic addresses and it was the view of the User Group after careful consideration that the task of verifying accurately should remain a manual one.</p>

<b>ACTION PLAN</b>							
<b>Para.</b>	<b>Original Test result / Implication</b>	<b>Cat</b>	<b>Recommendation and Management Comment</b>	<b>Original Agreed Implementation Date</b>	<b>Status</b>	<b>Revised / Implemented Date</b>	<b>Management Comment / Progress</b>
	<p>result being a huge duplication of premises within the system. Because there are multiple customer and premises master records in the system this affects the ability to report without establishing the links between duplicate customers. This has implications for service efficiency and delivery of an effective service to the Authority's customers and the integrity and value of the data to the Authority is compromised.</p> <p>The APP User Group developed a protocol for entering premises into APP but this requires updating and our review highlighted that it is not followed.</p> <p>There is an inbuilt verification process which enables the verification of addresses based on the Post Office Address file which is imported into APP. Our review highlighted that many addresses are unverified</p>		<p>consistent and accurate manner to ensure that a single premises/customer record exists in the system.</p> <p>A data cleansing exercise must be undertaken to improve the quality of the existing data, all addresses should be verified. Methods of undertaking data cleansing should be explored with the assistance of Corporate ICT.</p> <p>Management Comment: The current protocols were advised by APP to meet the needs of those who require a property focussed database and those in Public Protection who want a Premises/ Business focussed database. There is a need to assess if the position has changed as far as company is concerned. Second option is to make contact with other corporate APP users to find out how they have managed the conflicting demands.</p>			Feb 2011	<p>A trial verification by ICT in the APP Test System is to be undertaken to verify against LLPG in early 2011</p> <p>There is a protocol for inputting and verifying addresses and System Administrators monitor the process. The Civica page on Infopoint which is in the process of being constructed will contain help and guidance notes for users.</p> <p>Testing by IT will now take place in July/August 2011 following an upload of the next release of the APP software.</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>A report drawn off the system on 22<sup>nd</sup> October revealed that there are currently 37747 premises not verified.</p> <p>Areas of land cannot be verified in this way and the protocol sets out the terminology options to be used to describe the location of land. Our review highlighted that the terminology to describe is not used consistently.</p> <p>Whilst efforts have been made by the Land Charges Manager to cleanse the data, the premises master data quality remains very poor. There is little control over master record set up although attempts have been made through the APP user group to disseminate good practice.</p> <p>The Authority has set up a Local Land and Property Gazetteer (LLPG) the intention is that all systems across the Authority with land and</p>		<p>Only postal addresses can be verified. A Gold Star project was to be undertaken after the system went live in 2002 after the import of 35000 records from legacy systems. This was to be undertaken by APP and Corporate ICT. This proved to be problematical and was abandoned.</p> <p>Consult Corporate ICT and APP to assess if modern software can now undertake the task.</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>property references will all use the same source and be integrated with the LLPG. ICT have an ongoing project to integrate systems. As part of this process 1000 addresses were extracted from the APP system last year to assess data quality. These addresses were compared against the LLPG. There was only a 50% match rate between the LLPG and APP. This indicates that the quality of address data being held within APP is very poor and needs a significant amount of work to be cleansed. As a comparison, the Electoral Role System and Revenues and Benefits system produced a match rate to the LLPG of approximately 90%. IT are anticipating undertaking the APP integration sometime next year and advised audit that the Directorate should address data quality issues in preparation for this.</p>						

<b>ACTION PLAN</b>							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
15	There is no Systems Manager or anyone designated with overall responsibility for APP; our discussions with officers at the APP user group highlighted this as a major problem. Within each user area there is an individual nominated as the Systems Administrator, although the roles and responsibilities of these individuals varies significantly. Some officers have taken on responsibilities but this has not been formalised and as a consequence they have no authority to be able to set requirements for other departments/officers.	F	<p>Recommendation: It is recommended that a Systems Manager is appointed to take control of the data base and its management.</p> <p>Management Comment: This has been held in abeyance for a number of years. Post on Structure and agreed by Executive 23/6/09. Awaiting job evaluation process</p>	Oct 2010	2	<p>March 2011</p> <p>March 2012</p>	<p>Business Support Team Leader post revised JDQ to fit in with the revised programmed for Job Evaluation at the end of December 2010.</p> <p>Awaiting Service Review following retirement of Head of Service</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>A specific example was highlighted by the Food Safety section. The lack of a System Manager compounded the difficulties with the production of the Local Authority Enforcement Management System (LAEMS) returns. It has been very time consuming for officers in the section and has affected her availability to do the job. She doesn't have the knowledge to do what needs to be done efficiently. For example she has to go into every premise to change a code - it would be possible to do a global update but she doesn't know how to do it and it requires all users to be logged out of the system which she doesn't have authority to require.</p> <p>There needs to be System Manager who fully understands the APP and has the authority to implement and enforce effective data management.</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>practices</p> <p>The problem of over reliance on individuals within some departments was highlighted as a concern. There needs to be a cascade mechanism to ensure that there is a good distribution of skills amongst users.</p> <p>There is a strong need for the appointment of a systems manager to ensure that maximum effectiveness of use is obtained from the system.</p>						
12	<p>Departmental and cross departmental requirements have not been established and as a consequence there is inconsistent usage of APP.</p> <p>Process mapping of the systems has not been achieved; a specification identifying the business process was produced when APP was originally adopted and other documentation of the</p>	S	<p>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 Information Strategy. These policies and procedures should be tested and monitored to</p>	July 2010	2	TBC	<p>Directorate Plan identifies the need to comply with the requirements of this Audit</p> <p>We are awaiting the availability of a <u>corporate</u> training programme for Information Management. Not within Directorate 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>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>It is important that the Directorate establishes transparent, auditable policies, standards and procedures for data management to ensure the integrity of data. Data</p>		<p>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
	management policies should cover the whole life-cycle from data acquisition, operation through to long term preservation of the data.						
16	<p>The User Group meets once or twice annually. As part of the Audit we attended the meeting on 20th May 2009 as a familiarisation exercise to understand the purpose and focus of the User Group. The meeting has an agenda and notes of the previous meeting (July 2008) were circulated.</p> <p>A range of issues were discussed including the testing of 'hot fixes' and changing passwords. Data quality was discussed and a sample of records within the APP system was viewed on the projector to highlight data inputting issues.</p> <p>The Team Leader Development (ICT) reported that he is invited to the User Group Meetings and</p>	S	<p>Recommendation:</p> <p>It is recommended that in order to maximise the effectiveness of the User Group it is given a formal status with terms of reference and that all users are made aware of its existence. Formalising the User Group should ensure:</p> <p>Users have clear instructions on how they can report any issues they would like to be addressed at the meetings, and that outcomes from the meetings are fed through to all users to achieve resolutions of problems.</p> <ul style="list-style-type: none"> <li>• The meetings are attended by a senior manager who will ensure that ongoing issues are reported at the appropriate level</li> </ul>	July 2010	2	<p>December 2010</p> <p>Feb 2011</p> <p>March 2012</p>	<p>Terms of Reference have now been agreed by the User Group.</p> <p>The notes of meetings have now become formal minutes.</p> <p>More User Group information i.e. schedule of meetings, minutes, members etc. will be included on the new Infopoint page for Civica.</p> <p>App Civica page waiting to go live Post still reliant on the Service Review</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>attends when he can. The User Group Meetings are not attended by senior managers</p> <p>The User Group has no formal terms of reference and was established to try and resolve issues arising from the use the system. It consists largely of Systems Administrators and it was reported that many users of the database are unlikely to be aware of its existence. It meets on an irregular basis when it is considered that issues need to be discussed and it is uncertain that the outcomes from the meetings are fed down to the users of the system. Notes of the meetings rather than formal minutes are maintained. A review of the notes on the</p>		<p>in the Directorate.</p> <p>Management Comment: Role of Business System Team Leader reporting to Directorate Support and Performance Manager and DMT</p>				

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	more recent meetings highlighted the fact that issues are not being resolved and the same problems are being discussed.						
17	<p>To ensure the effective usage of APP it is essential that users are adequately trained. Our audit highlighted that training on APP has been inconsistent some staff who should be key users, such as in Planning, have limited skills and are unable to use the system even to a basic level. Not all systems administrators have been on the system administrators' course.</p> <p>As users are not fully conversant with the operation of the system they cannot be expected to operate it efficiently and be aware of its capabilities. The inconsistency of usage of the system across and within</p>	S	<p>Recommendations:</p> <p>A training needs assessment should be undertaken as a matter of priority to identify training requirements for users. This should then be used to :</p> <ul style="list-style-type: none"> <li>• deliver a programme of training</li> <li>• identify in-house trainers to deliver the training programme in a cost effective way</li> </ul> <p>Management Comments:</p> <p>Planning DC Sub Group currently undertaking this role in their service.</p>	Feb 2011	2	March 2012	<p>Identified Planning staff have been trained by Civica to cascade training within Planning Services down to the correct level.</p> <p>It is envisaged that the post of the Systems Manger will co-ordinate training across the Directorate. This is pending the Service Review</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>departments because of lack of skills is highlighted by the inefficient work processes that are in place.</p> <p>APP offers the Environment Directorate an integrated and versatile premises database and to maximise the benefits and capability of the system there is a need to ensure that staff are suitably trained on APP.</p>		<p>Appraisals have been undertaken this year. There is a need to identify training needs for APP emanating from that process. Alternatively undertake a gap analysis and consider formal and informal gap filling and APP enhancement programme.</p> <p>Land Charges, BC and PP offer training updates on new upgrades and induction. Planning have undertaken annual training updates but commitment from officers has been mixed.</p> <p>In some instances formal training has not always resulted in successful implementation</p> <p>Needs to marry targeted training with officer commitment to use the system efficiently and effectively. There is a need to explore move to more in-house training expertise to allow on-the-job assistance.</p>				

<b>ACTION PLAN</b>							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
19	<p>The draft Environment Directorate Service Plan 2009/10 Directorate Priorities states 'the Directorate will aim to work closely with Corporate ICT to develop a strategic approach to the management of the key information resources to better inform service decision making, to have a robust basis for measuring performance, and in planning for the future.' There is no specific reference to APP.</p> <p>There is a need to have a co-ordinated and coherent approach to assessing how APP will contribute to the delivery of service objectives and improved service delivery. There has not been a formal assessment of what information is needed to meet the Authority's strategic and operational objectives, or an analysis of future data requirements for the APP users or the Directorate.</p>	S	<p>Recommendations:</p> <p>There should be a full assessment of the information requirements of the Directorate to meet strategic and operational needs and how APP can support the identified requirements</p> <p>Management Comments:</p> <p>Identified as an action in the Directorate Plan.</p>	Feb 2011	2	March 2012	<p>Projects for Mobile/Agile working are now programmed within the Directorate. Certain issues have yet to be resolved such as the ability to see past applications through APP. EDRMS will be the ultimate solution for all but currently, Planning and Building Control are back scanning applications and linking through the APP Action Diary for access.. The final link will be the ability to access APP through Citrix. Once this is all completed, Agile/Mobile working will be fully operational.</p>

ACTION PLAN							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	The Directorate has not considered how services can be enhanced through greater and more effective use of the information held in APP and also how best to make use of the APP features and functionality. In particular, there is heavy reliance on manual systems and processes. Consideration should be given as to whether remote access and mobile working devices could be utilised.						
23	<p>The audit revealed that the document logging facility within APP is not being maximised largely due to the configuration of the system.</p> <p>Presently APP is not linked to the e-mail system or to the photograph library; due to different servers being used and IT configurations need to be streamlined to assist all users of the database. The planning section is moving</p>	S	<p>Recommendations:</p> <p>To ensure that a full record is maintained in APP all documents should be logged in the database.</p> <p>It is recommended that the EDMS is prioritised to promote the optimisation of the document logging facility and to provide the database with a full and complete record of activities.</p> <p>Directorate officers should</p>	Feb 2011	2	<p>Commencing June 2011</p> <p>Commencing July 2011</p>	<p>Planning and Building Control have now been put forward as a pilot for the new EDRMS system which will link into APP. The project is programmed to start in June 2011 but may take up to 12 months to be effective.</p> <p>Most of the Planning Application files pre 1996 have now been scanned.</p>

<b>ACTION PLAN</b>							
Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>over to a Windows server and testing will begin by mid September.</p> <p>The Planning Department is the main user of the document scanning facility but not all documents are scanned. There is a lack of consistency with document scanning, for instance, consultation responses received are not scanned and therefore it is not possible to view the responses on the system.</p> <p>It was reported by the Administration Manager that scanning procedures are under review and that the implementation of the Electronic Document Management System (EDMS) is long overdue.</p>		<p>review other departments within the Authority who have successfully implemented paperless work flow procedures such as Housing Benefits</p> <p>Management Comments: Accepted. This has been an aim for a number of years but requires corporate EDMS. It was the subject of a proposal for an invest to save initiative for 2009/10. The Directorate has been advised to await a corporate solution. Environment was not selected as a pilot. Consult ICT on current progress corporately.</p> <p>Good progress has been achieved with Planning online which has seen a paperless on line solution for application forms plans, minutes and maps. In addition over 25000 planning application files have been scanned and destroyed working</p>				<p>A new programme is about to commence in back scanning the FCC files 1996-2003. These will be linked to APP to allow Mobile/Agile working.</p>



**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			with a private sector contractor				

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	EN0100N1
	Technology Forge

<b>Directorate:</b>	Environment
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DATE OF AUDIT: 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
3	To ensure that a complete property record is available for users of the Technology Forge System all relevant lease and deed packet information needs to be electronically attached to the relevant property record. However, to scan all lease and deed pack information held by Records Management and to attach it to the Technology Forge system would be a considerable resource issue. The Principal Solicitor (Environment) added "a view which has been expressed consistently by the Legal Section ever since Technology Forge was purchased without any prior consultation with the	S	<p>Recommendation:                      To enable the Technology Forge system to operate effectively, representatives from Environment and Legal Services need to agree how the lease, deed packet and plan information held in Records Management and Legal Services can be accessed electronically via the Technology Forge system</p> <p>Management Comment:                      Environment and Legal Services have agreed on a way forward. Legal are going to submit a budget bid to purchase an extract from the Land Registry which details the</p>	Mar 2011	2	Sept 2011	<p><i>Land Registry data package has been purchased by legal. Arrangements are being made with GIS (Geographical Information System) Managers to set this up.</i></p> <p><i>For any further work from a legal perspective discussions with the legal service department have taken place which has identified a framework agreement to allow the provision of additional capacity and utilisation of resources.</i></p> <p><i>Further work to programme and plan the support work this will require will be necessary.</i></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>Legal Section."</p> <p>Further discussions were held with the Principal Solicitor (Environment) who stated that "Legal Services are currently arranging for the registration, at HM Land Registry (HMLR), of all land owned by FCC which is presently unregistered. Once completed, the title information will be held electronically by HMLR." Potentially this information could then be viewed by Technology Forge users.</p> <p>The information required by Technology Forge users is the lease, deed packet and plan information.</p> <p>Legal Services are also of the opinion that the Technology Forge description of the land does not always correspond to the description used in Legal Services.</p> <p>The majority of leases and deed packet information is currently held in a hard copy format. The Solicitor</p>		<p>extent of FCC ownership and can be held on a layer within the GIS system. Each property record will, via the GIS tab, show the extent of ownership and potential deed packet reference. Following voluntary registration the majority of deeds will be accessible electronically from the Land Registry.</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>(Conveyancing) stated that “90 % of all leases and deed packs are held securely in Records Management, approximately 10% are out in offices as they are classed as leases and deed packs which are currently being worked on”</p> <p>Discussions were held with Records Management who confirmed that these records are held securely in a fire proof environment.</p> <p>It is of concern that the exact total of leases and deed packs is not known. Also it is not known when all such leases and deed packs will be held in an electronic version by the Land Registry.</p>						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

Date of Audit: October 2006

<b>Project Ref:</b>	ER0060K1
	Street Cleansing

<b>Directorate:</b>	Environment
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### ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1(a)	<b>Rural Sweeping Schedules</b> All rural roads and routes etc should be reviewed, updated and transferred to the Mayrise system.	S	This is a long term project which involves considerable investment in Officer time. An Asset Manager for highways has been included in the Framework review and the position will be filled shortly, as will supporting staff.	Fully 01.04.08	2	01.04.09	The implementation date has been set back as the Asset Management team is engaged on higher priority projects such as the Asset Management Plan. The proposed review of services to adopt a Streetscene approach to service delivery and the final formulation of the Litter Plan will also impact on the completion of this action.
						01.04.11	The revised implementation date of 1.4.09 was optimistic for the reasons set out in the management response. The paper versions of the schedules are regularly reviewed but they have not yet been transferred to the Mayrise software system. The Council's review of Streetscene services, of which sweeping is a part, may revise the sweeping policy. This is due for implementation in September 2010. A realistic target for the transfer of roads/routes onto the Mayrise system will be 1st April 2011. This activity is resource hungry and there are

## ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
							other priorities associated with completion of the HAMP.
						01.10.12	The Streetscene restructure and launch are due for completion on 1 <sup>st</sup> October 2011. Sweeping standards for all classification of roads and footways are being set by Members. Once approved they will form part of the Streetscene standards which will be reported quarterly. The Mayrise system has been adopted by Streetscene for all service monitoring and requests however the operation to load all the routes onto the system will be extensive. Staff resources have been identified to carry out the task once the review is completed.
2(a)	<b>Urban Sweeping Schedules</b> All urban roads and routes etc should be reviewed, updated and transferred to the Mayrise system.	S	See 1(a) above.	Fully 01.04.08	2	01.04.09	As above
						01.04.11	The revised implementation date of 1.4.09 was optimistic for the reasons set out in the management response. The paper versions of the schedules are regularly reviewed but they have not yet been transferred to the Mayrise software system. The Council's review of Streetscene services, of which sweeping is a

## ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
							part, may revise the sweeping policy. This is due for implementation in September 2010. A realistic target for the transfer of roads/routes onto the Mayrise system will be 1st April 2011. This activity is resource hungry and there are other priorities associated with completion of the HAMP.
						01.10.12	The Streetscene restructure and launch are due for completion on 1 <sup>st</sup> October 2011. Sweeping standards for all classification of roads and footways are being set by Members. Once approved, they will form part of the Streetscene standards which will be reported on quarterly. The Mayrise system has been adopted by Streetscene for all service monitoring arrangements and the receipt of all service requests, however the operation to load all the routes onto the system will be extensive. Staff resources have been identified to carry out the task once the review is completed.
5	NAWPI The 'Relevant Land' register should be updated with land and adopted streets.	S	Precise details of relevant land will be built-in to the Mayrise system but see 1 (a) for comment and timescale	1.4.07		1.04.09	The implementation date has been set back as the Asset Management team is engaged on higher priority projects such as the Asset Management Plan. The proposed review of services to adopt a Streetscene approach to service delivery and the final formulation of the Litter Plan will also impact on the completion of this action.

## ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						01.04.11	The revised implementation date of 01.04.09 was optimistic for the reasons set out in the management response. Whilst the Mayrise system is being populated with grassed areas, the system is not yet sufficiently advanced to accept and calculate 'relevant land'. This will be a task for the Asset Management Team once the HAMP is completed for adoption. A more realistic implementation date of April 2011 is therefore appropriate. The PI calculation which uses the 'relevant land' data is presently robust for comparison with other LA's across Wales.
						01.10.12	The Streetscene restructure and launch are due for completion on 1 <sup>st</sup> October 2011. The Mayrise system has been adopted by Streetscene for all service monitoring arrangements, the receipt of all service requests and the management of the HAMP. Staff resources have been identified in the review to carry out the task detailed once the review is completed however, the operation to load all the information onto the system will be extensive.



**FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 12**

**REPORT TO:**      **AUDIT COMMITTEE**  
**DATE :**           **29 JUNE 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.

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Date: 21/06/2011

**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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## APPENDIX A

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
FD0040P1	MTFS	Limited	1	3	4
HR0240P1	Employee Appraisals	Limited	0	6	4
HR0150P1	Payroll Overpayments	Good	0	3	1
IT0230P1	Masterpiece System Security	Limited	1	1	6
LL7002P1	College Transport	Adequate	0	2	0
CS0060P1	Complaints Procedure	Adequate	0	0	7
CS0090P1	Rental Income	Adequate	0	4	2
EN0030P1	Follow Up of Public Transportation	Adequate	0	3	3
EN0140N1	Communities First – Central Function	Limited	0	8	19
EN0015N1	Streetscene	n/a	0	6	1
	<b>Investigation Report</b>				
OA9068P1	Fleet Manager	n/a	0	0	0

### 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

#### Medium Term Financial Strategy, FD0040P1

The review highlighted 1 fundamental & 3 significant concerns covering the following:-

- A MTFS has not been fully developed and formalised
- There is no single integrated strategy for aligning resources to corporate priorities.
- The MTFS does not include capital programme planning.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
1	The draft MTFS document needs to be developed and formalised with clear organisational understanding of accountability for, and contributors to the strategy to ensure that the Authority has a sound basis on which to manage its medium term financial priorities.	Fundamental	Y	It is accepted that the Council needs to further develop its future financial planning to meet the significant financial challenges ahead. The Head of Finance has committed to having a MTFS document in place by May 2011.	May 2011	Head of Finance
2	The Authority's MTFP requires greater development to encompass the three year time frame. It needs to be a clear statement of financial intent which enables service delivery, the outputs of which should form part of an integrated planning and performance framework that monitors performance against the MTFP.	Significant	Y	Indicative settlements (provided by the Welsh Assembly for 2012/13 and 2013/14) together with the outputs from the detailed business cases (Flintshire Futures) will enhance the development of the three year time frame.	May 2011	Head of Finance

## APPENDIX A

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
4	<p>The Authority's MTFS should be a single integrated strategy that can clearly demonstrate how resources will be used to achieve priorities using differing assumptions on challenge. This needs to include details of joint plans and how these will be achieved over the medium-term with resources available.</p> <p>Work on completing some of the policies, namely Fees and Charges and Debt Recovery should be a priority moving forward.</p>	Significant	Y	<p>The MTFS is scheduled to be published in May 2011.</p> <p>However, progress with joint plans and policy development will be driven by the North Wales Collaboration Programme Boards and the Flintshire Futures workplan – this will be more medium to longer term.</p>	<p>May 2011</p> <p>December 2011</p>	<p>Head of Finance</p> <p>Head of Finance</p>
10	The MTFS should incorporate capital programme planning with sensitivity reviews based on key variables.	Significant	Y	Officers have committed to providing Members with a Prudential Borrowing Strategy post April 2011.	Summer 2011	Head of Finance in conjunction with Director of Environment

**Employee Appraisal Policy, HR0240P1**

We have made six significant recommendations arising from the following:

- There is no central repository detailing the total number of appraisals carried out, those that are due and those that are still outstanding. Additionally, there is no defined period of time during the financial year for carrying out appraisals
- The Employee Appraisal Policy alludes to there being a standardised electronic training schedule issued by the Training Manager. However, from the testing carried out none of the audit sample were aware of the existence of the standardised training schedule.
- The Employee Appraisal Policy also alludes to all directorates having a nominated officer responsible for electronically capturing training needs on the aforementioned electronic training schedule. Not all Line Managers are aware of the identity or the existence of such officers. The Policy states that the training needs of each directorate are to be forwarded via the electronic training schedule to Corporate Training by 30th of September of each year. This does not take place
- Not all staff sampled received an appraisal
- Not all staff sampled received their six monthly review
- Not all Line Managers are aware that the appraisal process should be used to help develop departmental training plans which will in turn link into corporate objectives.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
1	Consideration should be given to: <ul style="list-style-type: none"> <li>• reviewing the Employee Appraisal Policy as part of the People Strategy 2009-2012 and</li> <li>• re-launching / re-publicising the Employee Appraisal Policy</li> </ul>	Significant	Y	The Appraisal Policy for the Workforce.	April 2012	Steve Hughes Training Manager Sharon Cave
2	All Line Managers should be reminded that all employees should be appraised at least once every year with a minimum of one review during the 12 month period	Significant	Y	As part of the above re-launch, Managers will be informed of the requirement for appraisals to be undertaken annually, with appropriate	April 2012	Steve Hughes Training Manager

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Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>Consideration should be given to the Authority imposing a defined period of time within the financial year when appraisals are scheduled to take place.</p> <p>There should be a central repository detailing all staff who are subject to the appraisal process. From this record it should be possible to obtain and produce a position statement as to the number of appraisals carried out, those pending and those which are outstanding</p>			<p>reviews. Local arrangements should be made to monitor and record the completion of appraisals.</p> <p>The implementation of Phase II of HRMIS (employee and Manager self-service) will include a module on appraisals and training and development, which will enable Managers to record appraisals and development needs "on line". The project plan for Phase II is currently being developed. The implementation of these modules is likely to take up to 18 months.</p>	December 2012	<p>Rebecca Noble (Project Manager) for Phase II</p> <p>Steve Hughes Training Manager</p>
3	To enable both the manager and job holder to comment on performance and progress made to date on the objectives set in the full appraisal, HR should remind all Line Managers that all employees should be subject to a 6 monthly review	Significant	Y	Will be emphasised as part of the re-launch.	April 2012	Steve Hughes Training Manager HR Managers
9	<p>As per the Employee Appraisal Policy the Training Manager should issue to all directorates an electronic schedule for recording training needs.</p> <p>All Line Managers should be reminded that the appraisal process should be used to help develop departmental training plans which will link into corporate objectives.</p>	Significant	Y	An electronic schedule is available on the Infonet for Managers to record and submit development needs.	In place	<p>Steve Hughes Training Manager</p> <p>HR Managers</p>
10	<p>As per the Employee Appraisal Policy an identified person within each directorate needs to be nominated and be provided with an electronic form for recording training needs for their directorate.</p> <p>The identified person or persons from each</p>	Significant	Y	This can be developed as part of local/directorate arrangements.	April 2012	Steve Hughes Training Manager HR Managers



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Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	Directorate need to be publicised e.g. on the Info net. Alternatively, rather than having an electronic form or each Directorate having its own method of capturing training needs data, consideration should be given to compiling a bespoke corporate database for use by all staff to capture, classify, analyse and report training needs etc		Y	The development and introduction of a Lotus Notes type database system to be explored.	December 2012	Steve Hughes Training Manager
11	<p>As per the Employee Appraisal Policy the identified person should forward the electronic form by no later than 30 September so that identified training needs can be included in the budget plans for the following fiscal year.</p> <p>As described in section 10, consideration should be given to the compilation of a bespoke, corporate database to capture, classify and analyse training needs. Uniform reports could then be produced detailing the corporate training needs from each directorate which in turn could be forwarded to the Corporate Training Unit by 30th September</p>	Significant		<p>The proposal of setting a “window” for completion of appraisals will be considered as part of the review of the Appraisal Policy.</p> <p>The development and introduction of a Lotus Notes type database system to be explored.</p>	<p>April 2012</p> <p>December 2011</p>	<p>Steve Hughes Training Manager</p> <p>Steve Hughes Training Manager</p>

**Masterpiece Security System, IT0230P1**

The review highlighted 1 fundamental and 1 significant concern covering the following:-

- Users who have restricted access to Masterpiece are able to access all information via the query function, providing they have access the query function.
- The audit logging function within masterpiece is limited to only one file and user requirements have not been determined.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
6	The masterpiece users who have access to run queries within the AS400 system should be established. The requirements for use should be justified and the query access should be removed where it is not deemed necessary.	Fundamental	Y	Operational Services will provide a list to the systems team with all masterpiece users that have access to query. The systems team will be responsible for informing Ops who needs access removing. A procedure needs to be adapted for future access by the systems team, Ops will not grant any further access to query unless authorised by the systems team.	May 2011	Paula Hurstfield/Dianne Talbot
9	The situation regarding the use and capability of audit logging within the Masterpiece system should be reviewed. The review should involve all stakeholders and should determine the reasons for audit logging, the levels required and how this could be achieved.	Significant	Y	A paper will be produced reviewing the problems and limitations of the current system and identifying practical possibilities for improvement. The paper will be produced for the Head of Finance to consider.  However WAO have already recognised that due to the limitations of the current system significant improvement will only be made when a new system is implemented.	After July 2011 (post upgrade) FM4	Dianne Talbot

**Communities First – Central Function, EN0140N1**

Reviews were completed within the Central Function in County Hall and at each of the Community First partnerships. Individual reports were prepared for each Communities First board. However, our role for the boards is advisory only as they are not run by the Council. Summarised findings were included in the overall report for information.

The review highlighted 8 significant concerns covering the following:-

- The inconsistent approach to dealing with conflicts of interest across the five Partnerships;
- The lack of representation on the Partnership Boards by a Senior Officer of the Grant Recipient Body (in accordance with the requirements of the WAG Communities First Guidance);
- The lack of formal financial processes in place within the individual Partnerships for the management of non Communities First core funding;
- The inclusion of members of staff as authorised signatories on Partnership Board bank accounts.
- Lack of evidence of the detailed discussion and formal approval of Work Plans by the Partnership Boards (prior to submission to WAG);
- Lack of evidence of the detailed discussion and formal approval of Annual Monitoring Reports by the Partnership Boards (prior to submission to WAG);
- Failure to comply with the Flintshire County Council Contract Procedure Rules
- Inconsistencies in the level of financial detail provided to Partnership Board members.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager Responsible
<b>A</b>	<b>RECOMMENDATIONS TO BE ADDRESSED BY COMMUNITIES FIRST CENTRAL</b>					
13	In accordance with the WAG Guidance the GRB should delegate one of its senior officials to represent it on the Partnership Boards. This representation should come with full voting rights.	Significant	Yes	The Agreement between FCC and the 5 PBs has only recently been adopted after a long period of negotiation, with WCVA (on behalf of WAG CF), PBs and	Review Agreement Feb 2012.	Senior Co-ordinator , Barbara Coleman

APPENDIX A

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager Responsible
	<p>As it is not considered appropriate for County Councillors to sit as representatives of the GRB on the Partnership Boards then this role should be undertaken by the Senior Co-ordinator or the Chief Regeneration Officer.</p> <p>Due to the resource implications of representatives of the GRB attending monthly Board meetings for each of the 5 Partnerships consideration should be given to quarterly attendance, with the GRB representatives being copied in on all Board papers.</p>			<p>with FCC Legal Services.</p> <p>Para . 5.4 says</p> <p>The Senior Coordinator shall not have a vote at partnership meetings, but will be responsible for ensuring the requirements under paragraph 8 of this agreement are met.</p> <p>It would be difficult and probably counter productive in relationship terms to demand voting rights at this stage. The Agreement is due for review in 12 months, it can be raised then if CF is to continue.</p> <p>Attendance at PBs was included in the post PAC report revised WAF guidance Oct 2010. With reasonable advance notice of meetings, the GRB should aim to be represented at minimum 8-10 Board Meetings per annum, to include all areas in rotation.</p>		Head of Regeneration, Dave Heggarty
<b>B</b>	<b>RECOMMENDATIONS TO BE ADDRESSED BY INDIVIDUAL COMMUNITIES FIRST PARTNERSHIPS (FOR INFORMATION ONLY)</b>					
12	Each Partnership should have clear rules in place for dealing with Conflicts of Interest, and these should be defined in the Rules of Conduct, with Member	Significant	n/a	Not applicable – see individual Partnership audit reports	n/a	n/a

## APPENDIX A

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager Responsible
	<p>Interests included as a standing agenda item at the start of every Partnership Board meeting.</p> <p>Discussions around Partnership Board members' interests in contracts should be fully minuted.</p> <p>Partnership Board members should formally resign from Partnership Boards prior to quoting for contracts.</p> <p>In addition each Partnership should hold a formal Register of Interests which can be made available to the Assembly Government on request.</p>					
18	Detailed discussion of the content of Work Plans by the Partnership Boards should be formally minuted and there should be evidence in the Board Minutes that the Action Plans have been formally approved by the Partnership Boards prior to submission to WAG.	Significant	n/a	Not applicable – see individual Partnership audit reports	n/a	n/a
19	In accordance with the WAG Communities First Guidance the Annual Monitoring Report should be formally approved by the full Partnership Board prior to submission to the GRB and WAG. This formal approval should be evidenced in the Board minutes.	Significant	n/a	Not applicable – see individual Partnership audit reports	n/a	n/a
22	<p>In accordance with the Communities First Guidance each Partnership should have documented financial processes in place which are open and transparent. The formally documented financial processes should complement the Flintshire County Council Financial Regulations and work practices.</p> <p>The Financial Processes should provide a clear Scheme of Delegation for the approval and authorisation of expenditure, allowing the Co-ordinator to make decisions around day to day expenditure, whilst ensuring that the Partnership Board are required to approve more significant items of expenditure. The Scheme of Delegation should be formally approved by the Partnership Board.</p>	Significant	n/a	Not applicable – see individual Partnership audit reports	n/a	n/a

## APPENDIX A

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager Responsible
	The documented Financial Processes should be approved by the GRB, and adopted by the Partnership Board, and should be published (for example as an appendix to the Partnership Agreement).					
23	The Flintshire County Council Contract Procedure Rules should be applied to all appropriate transactions entered into by Partnerships regardless of the source of funding.	Significant	n/a	Not applicable – see individual Partnership audit reports	n/a	n/a
31	<p>To ensure Partnership Boards are fully informed about their finances and fully involved in discussion and decisions about each part of their budget where local decisions are required they should be provided with summary financial information at each Board meeting which provides;</p> <ul style="list-style-type: none"> <li>▪ Details of budgeted expenditure; actual expenditure and committed expenditure for each of the main expenditure headings defined by WAG;</li> <li>▪ Details of budgeted and actual salary costs (ensuring the Partnership Board are kept informed and are able to comment on significant changes).</li> </ul> <p>All discussion around finance reports should be minuted; formal approval of the finance reports at each Board meeting should also be evidenced in the Board minutes.</p>	Significant	n/a	Not applicable – see individual Partnership audit reports	n/a	n/a
32	All authorised signatories on Partnership Bank accounts should be Partnership Board members. Members of staff should not be authorised signatories on Partnership bank accounts.	Significant	n/a	Not applicable – see individual Partnership audit reports	n/a	n/a

**Streetscene, EN0015N1**

We have made six significant recommendations arising from the following:

- The Authority is not maximising the opportunities afforded by modern Information Technologies which could enhance service delivery.
- Numerous telephone numbers are used for receiving customer complaints and requests for service and there is no central point of contact.
- Streetscene complaints received by the authority are not all currently recorded centrally in the Corporate Complaints Database.
- A number of databases are used by the authority for storing customer requests, however they are not networked and a complete central record is not maintained to allow performance to be reported corporately.
- Duplication of customer requests exist within service areas and clear audit trails are not available.
- Robust customer service policies have not been established for Streetscene.

APPENDIX A

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
3.16	There needs to be a full appraisal of the information technology available, the associated investment costs and compatibility with existing systems.	Significant	Y	The new Streetscene service will require a single IT system to control ticket generation. The previous investment in the symology system and the reliance upon the system, particularly in Highways Asset Management, has resulted in the system being put forward as the chosen option for the future of the Streetscene service.	1 April 2012	SJ
3.17	IT systems should be improved to enable better sharing of data and a reduction in duplication of activities.	Significant	Y	A single system will enable all staff to access information.	1 April 2012	SJ
3.18	All complaints should be recorded in the Corporate Complaints Database.	Significant	Y	All complaints will be dealt with in accordance with the Corporate Complaints procedure.	1 March 2011	SJ
3.27	Streetscene customer service policies should be developed.	Significant	Y	Customer services policies to be developed as part of the Contact Centre development Plan.	1 October 2011	SJ



APPENDIX A

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
3.28	Clear and consistent customer service standards should be established and monitored across Streetscene services and reported to Senior Management and Members on a regular basis.	Significant	Y	Standards for all Streetscene services are being developed by the StreetsceneTask and Finish Group. Performance Management reports will be regularly reported to Environment Overview and Scrutiny Committee.	1 October 2011	DN
3.30	Telephony analysis for Streetscene services should be conducted to evaluate the service provided to customers.	Significant	Y	The new CRM system will allow telephony analysis to take place. Performance of the Contact Centre in respect of the telephony service will also be reported to Environment Overview and Scrutiny Committee as part of the Streetscene standards.	1 October 2011	DN

## Performance Indicators

<b>CORPORATE</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for Audit Committee 24 Mar 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	5 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	20 days	0 days
Time from receipt of management response to issue of final report	5 days	8 days	0 days

<b>FINANCE</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 24 Mar 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	8 days	2 days
Time from issue of draft report to receipt of management response	20 days	21 days	14 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	1 days	37 days *

\* MTFS FD0040P1 – Wording had to be amended prior to agreement and annual leave fell between receipt of Management Comments and issue of Final

## Performance Indicators

<b>LEGAL AND DEMOCRATIC</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for Audit Committee 24 Mar 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	0 days	0
Time from issue of draft report to receipt of management response	20 days	0 days	0
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0
Time from receipt of management response to issue of final report	5 days	0 days	0

<b>HUMAN RESOURCES</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 24 Mar 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	0 days	9 days
Time from issue of draft report to receipt of management response	20 days	0 days	56 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	5 days

\* Strategy - Appraisals  
Overpayments

83 days Further discussions over recommendations  
29 days Further discussions over recommendations

## Performance Indicators

<b>INFORMATION TECHNOLOGY</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 24 Mar 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	4 days	2 days
Time from issue of draft report to receipt of management response	20 days	31 days	37 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	1 day

\* Masterpiece System Security IT0230P1 There was a delay in responding as a result of staff holidays and changes in staff responsibilities

<b>LIFELONG LEARNING</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 24 Mar 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	8 days	13 days
Time from issue of draft report to receipt of management response	20 days	0 days	35 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

\* College Transport LL7002P1 When Draft issued became apparent that crossed 2 Directorates, had to wait for agreement from both Directorates also annual leave during this time

## Performance Indicators

<b>COMMUNITY SERVICES</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for Audit Committee 24 Mar 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	3 days	2 days
Time from issue of draft report to receipt of management response	20 days	0 days	23 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	80 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	2 days

<b>ENVIRONMENT</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 24 Mar 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	14 days	34 days*
Time from issue of draft report to receipt of management response	20 days	44 days	30days*
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	1 days	12 days

\*Follow Up of Public Transport EN0030P1 Interim Mgr within Transport was only available 1 day each week before leaving post meaning process had to be completed by another party.

\*Follow Up of Communities First Central Function EN0140N1 Delay in returning draft report which had been completed within time but not returned to audit.

## 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
Corporate	CD0020P1	Risk Management	26	20	Limited
Finance	FL0060P1	Clwyd Pension Fund Governance	25	20	Adequate
Lifelong Learning	LL1065P1	ICT Unit – Security of Mobile Devices	21	20	Limited
Environment	EN0060P1	Fleet Management	82	20	Limited

Risk Management – CMT 25<sup>th</sup> May

Clwyd Pension Fund Governance – Review by Clwyd Pension Fund Manager and Head of Finance.

ICT Unit Security of Mobile Devices – First Testing of new Audit Papers System

Fleet Management – Referred to CMT on 5<sup>th</sup> April and 14<sup>th</sup> June.

## FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 13

**REPORT TO:**     **AUDIT COMMITTEE**  
**DATE :**         **29 JUNE 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. An allegation was received relating to the procurement and use of gas parts by Housing Maintenance. No evidence was found to substantiate the allegation.
2. An allegation was received concerning a member of staff using demonstration vehicles and a hire vehicle for his own use. The issues were investigated and proven. A disciplinary investigation was conducted and the employee was dismissed.
4. An allegation was received about an employee using a council vehicle whilst on sickness absence, evidence was obtained to suggest that this was the case and the matter has been referred to Human Resources to progress with a disciplinary investigation.

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Date: 21/06/2011

**3.03 The following investigation has been referred:**

3. An anonymous complaint has been received regarding an employees relationship with a Council contractor and why this contractor is used whilst not being on the Authority's select list.

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 and are currently being investigated.

**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

Contact Officer: David Webster  
Telephone: 01352 702248  
E-Mail: david\_webster@flintshire.gov.uk

**Detailed referral report (2011/12)**

Number	Status	Referral	Draft report	Description	Value (if applicable)	Outcome	Recommendation		
		Date	date				F	S	M
1	Completed	04/11/2010		Inappropriate use of parts		No evidence to substantiate			
2	Completed	07/02/2011	02/05/2011	Misuse of demo vehicles		Employee dismissed			
3	WIP	16/05/2011		Play unit complaint					
4	Completed	30/05/2011		Misuse of vehicle whilst on sickness absence		Referred to HR for disciplinary action			

## FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 14

**REPORT TO:**     **AUDIT COMMITTEE**  
**DATE :**           **29 JUNE 2011**  
**REPORT BY:**    **HEAD OF FINANCE**  
**SUBJECT :**       **AUDIT COMMITTEE SELF ASSESSMENT - RESULTS**

### **1.00 PURPOSE OF REPORT**

1.01 To inform members of the results of the Audit Committee self assessment which has fed into the preparation for the Annual Governance Statement and will form the basis for further development of the committee.

### **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. However, this is not prescriptive and local arrangements may be implemented which provide the same level of assurance.

2.02 The toolkit included a self assessment questionnaire. This is completed annually by members of the Audit Committee as well as the Chief Executive and Head of Finance. It has recently been completed.

2.03 The Audit Committee itself is part of the governance framework of the Authority. It is therefore appropriate for the self assessment questionnaire to be completed as part of the preparation for the Annual Governance Statement for 2011, which reports on the overall governance within the Authority and will be published with the annual accounts.

### **3.00 CONSIDERATIONS**

3.01 The questionnaire and supporting information are shown in the Appendix. The results have been analysed to show the number of 'yes' answers to each question, and the individual 'no' or 'n/a' answers. Where comments were made by any of the respondents these are also given.

3.02 The results show that the committee in the main meets the guidelines. Some areas have been highlighted where the committee can be developed, or where further training is necessary, or existing arrangements need to be communicated better. These areas will be addressed during 2011/12.

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Date: 21/06/2011

3.03 Many of the points raised are administrative. These will be extracted for further discussion.

**4.00 RECOMMENDATIONS**

4.01 That the committee notes the results of the self-assessment questionnaires.

**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

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**  
**BACKGROUND DOCUMENTS**

None

Contact Officer: David Webster

Telephone: 01352 702248  
E-Mail: david\_webster@flintshire.gov.uk

## AUDIT COMMITTEE SELF-ASSESSMENT CHECKLIST RESULTS

<b>ESTABLISHMENT, OPERATION AND DUTIES</b>					
<b>Role and Remit</b>					
<b>Priority</b>	<b>Issue</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Comment/Action</b>
1.	Does the Audit Committee have written terms of reference?	8	X		Cllr Pemberton
1.	Do the terms of reference cover the core functions of an Audit Committee as identified in the CIPFA guidance?	8			Cllr Pemberton 'Don't know'
1.	Are the terms of reference approved by the Council and reviewed periodically?	6	X		Cllr Halford 'Not sure' Cllr Pemberton 'Do' KF 'To be reviewed as part of requirements of L.G.measure (subject to timescales)'
1.	Has the Audit Committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	6	X X		Cllr Halford 'We have to work hard to get some facts' Cllr Pemberton Cllr Dodd 'This state of affairs is capable of interpretation both ways'
1.	Can the Audit Committee access other committees and full Council as necessary?	8	X		Cllr Pemberton 'Presumably' Cllr Bateman
1.	Does the Authority's Statement of Internal Control include a description of the Audit Committee's establishment and activities?	6	X X		Cllr Halford 'Not sure' Cllr Pemberton Cllr Peers 'Could not find the statement on the Authority's website'
1.	Does the Audit Committee periodically assess its own effectiveness?	5	X X X X		Cllr Halford 'I'm sure it does not' Cllr Bateman Cllr Peers 'Not formally as a committee' Cllr Pemberton
2.	Does the Audit Committee make a formal annual report on its work and performance during the year to full Council?	5	X X X X		Cllr Bateman 'Chairman report' Cllr Dodd Cllr Pemberton CE KF

<b>Membership, Induction and Training</b>					
1.	Has the membership of the Audit Committee been formally agreed and a quorum set?	9			Cllr Peers 'Formally through full Council Meeting'
1.	Is the Chair independent of the Executive function?	8			Cllr Peers 'Chair is member of opposition group' Cllr Roberts – no answer
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?	7	X		Cllr Peers 'Training for all Audit committee Members has been given' Cllr Pemberton 'Don't know'. Cllr Bateman 'Not sure'
1.	Are new Audit Committee Members provided with an appropriate induction?	8			Cllr Mullin – no answer
1.	Have all Members' skills and experiences been assessed and training given for identified gaps?	5	X X X		Cllr Mullin 'Training has been given' Cllr Halford 'Not sure but it is officers who bring to bear such training' Cllr Dodd 'But training is generally available' Cllr Peers 'Members have not been asked of any previous audit work that they may have experience of outside this authority' CE 'Not fully/regularly'
1.	Has each Member declared his or her business interests?	9			Cllr Halford 'I have' Cllr Pemberton 'As far as I know' Cllr Peers 'In the Council's Register of Interests'
2.	Are Members sufficiently independent of the other key committees of the Council?	5	X		Cllr Mullin – no answer Cllr Dodd 'Again both answers can be correct' Cllr Pemberton 'Not necessarily' KF 'Some members are also members of Overview & Scrutiny especially Corporate Resources O & S'
<b>Meetings</b>					
1.	Does the Audit Committee meet regularly?	6	X X		Cllr Pemberton Cllr Peers Cllr Bateman – no answer
1.	Do the terms of reference set out the frequency of meetings?	5	X X X		Cllr Halford – no answer Cllr Pemberton Cllr Peers KF

1.	Does the Audit Committee calendar meet the Authority's business needs, governance needs and the financial calendar?	7	X	Cllr Dodd 'Just about' Cllr Peers 'Meets to discuss annual letter for example before full Council' Cllr Halford 'Not sure – last budget was rather messy' Cllr Pemberton 'Not in my opinion'
1.	Are Members attending meetings on a regular basis and, if not, is appropriate action taken?	8		Cllr Mullin 'Members will inform Chair if cannot attend' Cllr Halford 'As chair of Planning clashes are beginning to occur'
1.	Are meetings free and open without political influences being displayed?	9		
1.	Does the Authority's S.151 Officer or Deputy attend all meetings?	8		Cllr Mullin 'At all meetings' Cllr Peers 'In the main, yes' Cllr Pemberton – no answer - 'Usually'
1.	Does the Audit Committee have the benefit of attendance of appropriate Officers at its meetings?	8		Cllr Dodd 'Generally, yes' Cllr Pemberton – no answer - 'Not always'
<b>INTERNAL CONTROL</b>				
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?	8	X	Cllr Pemberton
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?	7	X	Cllr Halford – no answer - 'Not sure' Cllr Pemberton
1.	Does the Audit Committee consider how meaningful the AGS is?	6	X X	Cllr Halford – no answer - 'Not sure' Cllr Dodd Cllr Pemberton



1.	Does the Audit Committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	8	X		Cllr Halford 'We are often left in the dark'
1.	Has the Audit Committee considered how it integrates with other committees that may have responsibility for risk management?	5	X X X X		Cllr Mullin "Audit has the ability to actions from all committees" Cllr Halford Cllr Pemberton Cllr Bateman Cllr Peers
1.	Has the Audit Committee (with delegated responsibility) or the full Council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption"?	6	X X		CE 'By default – see notes' Cllr Halford – no answer - 'Not sure' Cllr Peers KF 'However, FCC does have Corporate Anti-Fraud & Corruption & Fraud Response Plan & the principles are carried out in practice.
1.	Does the Audit Committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?	7	X X		Cllr Peers 'Report received on Fraud Investigations' CE 'As above' Cllr Halford 'Often kept in the dark. AD Waste!' KF 'See above'
2.	Is the Audit Committee made aware of the role of risk management in the preparation of the internal audit plan?	8	X		Cllr Halford 'Don't think so'
2.	Does the Audit Committee review the Authority's strategic risk register at least annually?	5	X X X		Cllr Roberts – no answer Cllr Dodd Cllr Pemberton Cllr Peers 'SARC reviewed by other committees'
2.	Does the Audit Committee monitor how the Authority assesses its risk?	5	X X X		Cllr Roberts – no answer Cllr Pemberton Cllr Bateman Cllr Peers
2.	Does the Audit Committee's terms of reference include oversight of the risk management process?	4	X X X		Cllr Roberts – no answer Cllr Mullin – no answer - 'Has ability to raise concerns over risk management' Cllr Dodd Cllr Pemberton Cllr Peers

FINANCIAL REPORTING AND REGULATORY MATTERS					
1.	Is the Audit Committee's role in the consideration and/or approval of the annual accounts clearly defined?	6	X X		Cllr Roberts – no answer Cllr Halford Cllr Pemberton
1.	Does the Audit Committee consider specifically: <ul style="list-style-type: none"> <li>the suitability of accounting policies and treatments</li> <li>major judgements made</li> <li>large write-offs</li> <li>changes in accounting treatment</li> <li>the reasonableness of accounting estimates</li> </ul> the narrative aspects of reporting?	5 1	X  X		Cllr Roberts – no answer Cllr Bateman – both columns Cllr Halford – no answer - 'Feel we are not told everything. Eg overspends & costs of consultants' Cllr Pemberton
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?	8			Cllr Roberts – no answer
1.	Does the Audit Committee review management letter of representation?	6	X X		Cllr Roberts – no answer Cllr Dodd Cllr Pemberton
2.	Does the Audit Committee annually review the accounting policies of the Authority?	6		X	Cllr Roberts – no answer Cllr Mullin 'No, unless there have been legal changes' Cllr Pemberton
2.	Does the Audit Committee gain an understanding of management's procedures for preparing the Authority's annual accounts?	7			Cllr Bateman 'More training needed' Cllr Halford – no answer- 'Not sure. School overspends etc. Things go wrong' Cllr Pemberton – no answer - 'No, not fully'
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?	5		X	Cllr Peers 'In part (training yes, circulars, no)' Cllr Mullin 'Always given topical information' Cllr Halford Cllr Pemberton Cllr Bateman 'More training needed'

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?	9			
1.	Does internal audit have an appropriate reporting line to the Audit Committee?	9			.Cllr Peers 'On a regular basis through committee'
1.	Does the Audit Committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	8	X		Cllr Dodd – ticked both columns Cllr Bateman – no answer
1.	Are follow-up audits by internal audit monitored by the Audit Committee and does the Committee consider the adequacy of implementation of recommendations?	9			Cllr Halford 'Could be better' Cllr Pemberton 'Most of the time – some matters don't come back'
1.	Does the Audit Committee hold periodic private discussions with the Head of Internal Audit?	3	X X X X X	X	CE 'Annual as agreed' Cllr Roberts 'Don't think we meet formally' Cllr Mullin Cllr Halford Cllr Pemberton Cllr Bateman 'Not to my knowledge' Cllr Peers
1.	Is there appropriate co-operation between the internal and external auditors?	8			Cllr Pemberton 'As far as one can tell' CE 'As per the protocol and regular meetings' Cllr Halford – no answer - 'I don't know'
1.	Does the Audit Committee review the adequacy of internal audit staffing and other resources?	6	X X X		Cllr Peers 'Audit Committee have commented previously on internal staffing & resources' Cllr Dodd 'Not the adequacy' Cllr Pemberton Cllr Bateman 'As above'
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.	8	X		Cllr Peers 'It does' KF 'Achieved through I.A. reporting to the Cttee with a self assessment' Cllr Pemberton

2.	Are internal audit performance measures monitored by the Audit Committee.	7	X X		Cllr Pemberton Cllr Bateman
2.	Has the Audit Committee considered the information it wishes to receive from Internal Audit?	7	X X		Cllr Halford 'But do we get it' Cllr Dodd 'Generally, yes but not in advance on some occasions Cllr Pemberton Cllr Bateman
<b>EXTERNAL AUDIT</b>					
1.	Do the external auditors present and discuss their audit plans and strategy with the Audit Committee (recognising the statutory duties of external audit)?	8	X		Cllr Peers 'Wales Audit Office have made several appearances at committee' Cllr Pemberton
1.	Does the Audit Committee hold periodic private discussions with the external auditor?	4	X X X X	X	Cllr Mullin Cllr Halford "2 of us went to meet Stephen Martin" Cllr Pemberton Cllr Bateman Cllr Peers 'Not that I know of'
1.	Does the Audit Committee review the external auditor's annual report to those charged with governance?	9			
1.	Does the Audit Committee ensure that officers are monitoring action taken to implement external audit recommendations?	8	X		Cllr Dodd
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?	9			
1.	Does the Audit Committee assess the performance of external audit?	5	X X X X		Cllr Mullin 'Now that they have changed' Cllr Halford 'In part I think' Cllr Pemberton Cllr Bateman CE 'Not directly' KF

1.	Does the Audit Committee consider and approve the external audit fee?	5	X X X	X	Cllr Halford 'In part I think' Cllr Mullin Cllr Pemberton CE 'Not directly' KF
<b>ADMINISTRATION</b>					
<b>Agenda Management</b>					
1.	Does the Audit Committee have a designated secretary from Committee/ Member Services?	8	X		Cllr Bateman 'Sharon Thomas' Cllr Dodd
1.	Are agenda papers circulated in advance of meetings to allow adequate preparation by Audit Committee Members?	5	X X X X		Cllr Roberts 'Despite the problems with the post service' Cllr Bateman 'Was 3 days now 5 days' KF 'Timescale for despatch of agendas has been amended to allow greater preparation time' Cllr Mullin 'Some concern in this area of late' Cllr Halford 'This is a bad area and we have complained' Cllr Pemberton 'Certainly not enough time to digest properly with amount and detail. It must be remembered that members also have other ongoing commitments which can take up time preceding meetings' Cllr Peers 'Committee members are unhappy with receiving large reports only days before committee'
2.	Are outline agendas planned one year ahead to cover issues on a cyclical basis?	5	X X X X		CE 'Forward planning' Cllr Dodd Cllr Pemberton Cllr Peers KF 'Not formally but this could be actioned for forward planning papers'
2.	Are inputs for Any Other Business formally requested in advance from Committee Members, relevant officers, internal and external audit?	2	X X X X X X		Cllr Peers 'On request' Cllr Roberts 'AOB is not on agenda' Cllr Dodd Cllr Pemberton Cllr Bateman CE KF 'Not as A.O.B. but requests for items for agenda are requested from Officers and External Audit as well as Internal Audit' Cllr Halford – no answer - 'Not sure'

<b>Papers</b>					
1.	Do reports to the Audit Committee communicate relevant information at the right frequency, time, and in a format that is effective?	8			Cllr Pemberton 'Usually' CE 'Generally' KF 'Reporting being considered early 2011/12 for improvements' Cllr Halford – no answer - 'Not always'
2.	Does the Audit Committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	4	X X X X	X	CE 'Standard Corporate Practice' Cllr Peers 'Via commentary at committee meetings' Cllr Mullin Cllr Halford 'Not sure' Cllr Pemberton Cllr Bateman KF 'However, see above. Proposed revised reporting to be discussed with members prior to implement'
<b>Actions Arising</b>					
1.	Are minutes prepared and circulated promptly to the appropriate people?	6	X X X		CE 'Verbal as required' Cllr Halford 'No, quite a delay' Cllr Pemberton Cllr Peers 'Minutes will be circulated to members with agenda for next meeting'
1.	Is a report on matters arising made and minuted at the Audit Committee's next meeting?	8	X		Cllr Halford 'Usually' CE 'Verbal as required' Cllr Peers 'Included as part of the minutes not as a report.'
1.	Do action points indicate who is to perform what and by when?	5	X X X		KF 'Action Point sheet has been introduced' Cllr Halford – no answer - 'Not always' Cllr Dodd Cllr Peers 'Action points not included as stand alone entry in minutes' Cllr Pemberton