

# Public Document Pack

**Gareth Owens LL.B Barrister/Bargyfreithiwr**  
Head of Legal and Democratic Services  
Pennaeth Gwasanaethau Cyfreithiol a Democraidaidd



To:

Councillors: Glyn Banks, Haydn Bateman,  
Alan Diskin, Alison Halford, Patrick Heesom,  
Ian Roberts and Arnold Woolley

Paul Williams

CS/NG

4 June 2013

Sharon Thomas 01352 702324  
sharon.b.thomas@flintshire.gov.uk

Dear Sir / Madam

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **WEDNESDAY, 12TH JUNE, 2013** at **10.00 AM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

## **A G E N D A**

- 1 **APOLOGIES**
- 2 **APPOINTMENT OF CHAIR**  
Nominations will be sought for a Chair of the Committee.
- 3 **APPOINTMENT OF VICE-CHAIR**  
Nominations will be sought for a Vice-Chair of the Committee.
- 4 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

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

- 5 **MINUTES** (Pages 1 - 12)  
To confirm as a correct record the minutes of the meeting held on 13 March 2013 (copy enclosed).
- 6 **WAO ANNUAL IMPROVEMENT REPORT** (Pages 13 - 56)  
Report of Chief Executive enclosed.
- 7 **COLLABORATIVE PROJECTS ARRANGEMENTS** (Pages 57 - 82)  
Report of Chief Executive enclosed.
- 8 **BRIEFING MEETING HELD ON THE 22 FEBRUARY 2013** (Pages 83 - 88)  
Report of Democracy and Governance Manager enclosed.
- 9 **ESTYN MONITORING VISIT** (Pages 89 - 100)  
Report of Democracy and Governance Manager enclosed.
- 10 **ANNUAL ASSESSMENT OF INTERNAL AUDIT 2012/13 (WAO)** (Pages 101 - 114)  
Report of Head of Finance enclosed.
- 11 **INTERNAL AUDIT ANNUAL REPORT** (Pages 115 - 130)  
Report of Head of Finance enclosed.
- 12 **INTERNAL AUDIT PROGRESS REPORT** (Pages 131 - 160)  
Report of Head of Finance enclosed.
- 13 **PUBLIC SECTOR INTERNAL AUDIT STANDARDS** (Pages 161 - 188)  
Report of Head of Finance enclosed.
- 14 **ACTION TRACKING** (Pages 189 - 194)  
Report of Head of Finance enclosed.
- 15 **FORWARD WORK PROGRAMME** (Pages 195 - 198)  
Report of Head of Finance enclosed.

**NOTE: Annual Meeting with Internal and External Auditors**

In accordance with the agreed procedure, Members of the Audit Committee will meet with the Internal and External Auditors immediately following the meeting.

**AUDIT COMMITTEE**  
**13 MARCH 2013**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in Clwyd Committee Room, County Hall, Mold CH7 6NA on Wednesday, 13 March 2013

**PRESENT: Councillor Alison Halford (Chair)**

Councillors: Glyn Banks, Haydn Bateman, Richard Jones, Ian Roberts and Arnold Woolley

**LAY MEMBER:** Mr Paul Williams

**SUBSTITUTES:** Councillor: David Cox (for Alan Diskin)

**ALSO PRESENT:** Councillors: Bernie Attridge and Aaron Shotton

**IN ATTENDANCE:**

Chief Executive (minute numbers 58-62), Head of Finance, Head of Legal & Democratic Services, Internal Audit Manager, Democracy & Governance Manager and Committee Officer

Finance Manager - Strategy & Technical (minute numbers 60-62)

Mr. Alan Morris of Wales Audit Office (minute numbers 59 & 60)

Ms. Amanda Hughes of Wales Audit Office

**57. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

No declarations of interest were made.

**58. MINUTES**

The minutes of the meeting of the Committee held on 30 January 2013 were submitted.

**Accuracy**

Minute 52: Forward Work Programme - The Democracy & Governance Manager asked that references to the Audit Committee and Overview & Scrutiny training session be changed to reflect that this was a briefing session.

**Matters Arising**

Minute 48: Minutes of the Previous Meeting - Councillor G.H. Bateman sought an update on the closure of the accounts for 2011/12. Ms. A. Hughes of Wales Audit Office confirmed that the matter had been concluded and that a certificate had been issued to close the audit and a letter sent to the complainant. Councillor Bateman asked if a copy of the letter could be shared and Ms. Hughes said that consideration could be given to this after the meeting.

Minute 55: Management of Internal Audit - The Chief Executive reported that the recommendation made by the Audit Committee at the previous meeting had been supported and agreed by the Cabinet.

**RESOLVED:**

That, subject to the amendment, the minutes be approved as a correct record and signed by the Chair.

**59. IMPROVEMENT ASSESSMENT LETTER (WAO)**

The Chief Executive welcomed Mr. A. Morris of Wales Audit Office (WAO) and invited him to present the Council's Improvement Assessment Letter of January 2013 from the Auditor General for Wales. Mr. Morris gave an overview of the key points from the WAO letter covering the assessment of the Council's Improvement Plan and Annual Performance Report.

No new statutory formal recommendations had been made: four proposals for improvement had been made and the Council's response was provided. In response to a query from the Chair, Mr. Morris confirmed that the data and information provided by the Council had met the tests of reliability on the sample audit.

The Chief Executive reflected that the letter overall represented a 'clean bill of health'. There were no statutory recommendations and a response had been made on the four proposals as good and established local practice. The first proposal on priorities and resources was significant; the remaining three proposals were more technical. He commented that the Improvement Plan would be better published for the municipal year not the financial year. A selection of priorities for the year would be made by the Cabinet within the Plan with an extract summary published on the Council's website for public interest and engagement.

Mr. P. Williams sought clarification on the amendment of a performance indicator (PI). Mr. Morris explained that this had been due to a flaw in Leisure data which was not significant and that further detail could be provided on request.

Councillor R.B. Jones asked if comparisons were made on how other Local Authorities measured outcomes against PIs. Mr. Morris said that guidance was available based on definitions but there was still scope for interpretation. As part of the WAO assessment, a sample of PIs were analysed based on knowledge of that Local Authority and those PIs which were in need of review. Ms. A. Hughes of WAO explained that ten PIs had been assessed during the last year across North Wales Local Authorities. In response to Councillor Jones' query, she said that differences between Local Authorities could be due to local factors or the need to sharpen up definitions, however information was fed back to the Data Unit Wales to enable any underlying problems to be identified.

**RESOLVED:**

That the Council's Improvement Assessment Letter received from the Auditor General for Wales be noted and the Council's Cabinet response be agreed.

**60. ANNUAL FINANCIAL AUDIT OUTLINE 2012/13**

The Finance Manager - Strategy & Technical introduced the report on the Annual Financial Audit outline for the audit of the Council's accounts for 2012/13 and those of the Clwyd Pension Fund.

Ms. A. Hughes of Wales Audit Office (WAO) gave an overview, highlighting the main risks and proposed actions in Exhibit 1 of both reports. She pointed out that some of the key risks were generic and would apply to other Local Authorities whilst others were specific to Flintshire, including those arising from previous audits with potential implications on this year's audit.

On the Regulatory Plan, Mr. Morris explained that a similar report would be issued for performance audit work under the Local Government (Wales) Measure 2009, possibly in time for the next meeting of the Committee. He reported that the Auditor General had confirmed that a 1.7% reduction would apply to the proposed audit fee for 2013/14 regulatory performance work bringing this to £137,587.

Following a query from Councillor G.H. Bateman, Ms. Hughes explained that the WAO needed to obtain an understanding of the Council's responsibilities in relation to landfill sites and consider whether sufficient accounting provision had been made in financial statements. The Head of Finance clarified that this was not a reflection on the management of landfill sites but that all Councils would need to ensure appropriate accounting provision. The Chief Executive confirmed the need for risk planning and managing closed landfill site liabilities in the medium term financial planning.

On joint committees, pooled budgets and collaboration, Councillor R.B. Jones asked why risks had not been assessed before collaboration arrangements had been put in place. The Chair commented that the North Wales Residual Waste project had been ongoing for some time. Ms. Hughes said that this issue was about ensuring that accounting obligations were being met on collaborative arrangements in accordance with regulations: this applied to accounts for Joint Committees but did not apply to risk assessments. She added that the North Wales Residual Waste Joint Committee had recently approved accounts for the past four years and this was now on track, however her concern was that there may be issues with other joint arrangements.

The Chief Executive said that there were several other collaborative projects of the same scale which would require separate and audited accounts.

Councillor Jones spoke of the difficulty in being able to scrutinise and understand performance in collaborative projects. Mr. Morris agreed that this was a challenge given the increase in joint working arrangements but that work through local service boards and integrated planning enabled more to be done on

achieving clear and purposeful outcomes. Current work on performance with Overview and Scrutiny across Wales would include collaboration.

Following comments by Councillor A. Woolley on the difficulty in shifting focus to understand trends, Councillor Jones suggested that scrutiny of collaborative issues be included on the Committee's Forward Work Programme. The Chief Executive welcomed this and said that reporting arrangements were already in place on adoption of business cases as per the Council's protocol. He suggested that a report with an overview of collaborative projects could be submitted to the next meeting of the Committee to ensure that such arrangements were in place.

In response to a query raised by Councillor G.S. Banks on Single Status and Equal Pay liability, Ms. Hughes explained that as part of the previous audit, the WAO had considered whether the Council had made an appropriate accounting estimate for Equal Pay liability based on relevant information. She was satisfied that progress had been made in providing more accurate information in recalculating the estimate for the accounts.

Following comments by the Chair on the cost of agency workers engaged on Single Status and the provision of Welsh Government (WG) funding, the Chief Executive gave assurance that figures in the accounts for Equal Pay had been refreshed in accordance with audit requirements. He advised that Members would be requested to make decisions on the Single Status Agreement over the Summer, however in-depth discussion was not possible in a public meeting at this stage as negotiations were currently ongoing with Trade Unions.

The Head of Legal & Democratic Services explained that the initial financial estimate for Equal Pay liability provided by the consultant earlier in the process had been at the maximum end of the scale. Subsequent working of different assumptions had resulted in a clearer figure which, together with detailed legal advice, gave assurance of officers' confidence in the process however the final result could not be shared until the completion of negotiations with Trade Unions.

The Chief Executive clarified that it was the Council's responsibility to settle Equal Pay and Single Status. To progress Single Status, the Minister had uplifted the annual Revenue Support Grant to Councils and Flintshire had carried forward these amounts into reserves since 2003/04. On Equal Pay, the Council could apply for capitalisation to Welsh Government to allow borrowing to meet the costs of liability in full or in part and could draw on its Equal Pay/Single Status Reserve.

In response to a query by the Chair on unlisted investments in the Clwyd Pension Fund, Ms. Hughes explained that quoted prices did not apply to private equity investments and that there was a requirement for the Fund Manager to provide internal control reports to give assurance to WAO.

**RESOLVED:**

- (a) That the report be noted; and

- (b) That a report with an overview of collaborative projects be submitted to the next meeting of the Committee.

**61. TREASURY MANAGEMENT UPDATE 2012/13**

The Finance Manager - Strategy & Technical introduced the quarterly update on matters relating to the Council's 2012/13 Treasury Management Policy & Strategy Statement up to the end of February 2013.

The Finance Manager - Strategy & Technical gave an overview of the key considerations, including the suggestion made by Councillor G.S. Banks at the previous meeting for joint investment with neighbouring Authorities. She advised that enquiries had been made by officers and although some pooled investment vehicles were available, there was currently no market for this type of investment. In addition, there were legal issues over shared investments and risk which meant that this option was considered not viable at the present time.

Councillor G.H. Bateman asked about the current investments with liquidity funds at lower rates. It was explained that the list of investments reflected what was available at the time that funds were needed to be invested and the Council's self-imposed three month maximum term had only recently been lifted. There was a need to manage cashflow as well as investments, and liquidity fund investments could be easily accessed. Priority for investments was based on security, liquidity and yield in that order.

**RESOLVED:**

- (a) That the report be noted; and
- (b) That Members agree not to pursue joint investments, as detailed in paragraph 3.05 of the report, any further at this time and that officers continue to monitor the situation in preparation for when market conditions change. Opportunities for collaboration will continue to be discussed within practitioner groups.

**62. AUDIT OF FINANCIAL STATEMENTS 2011/12 - ISSUES RAISED**

The Finance Manager - Strategy & Technical introduced the Council's response to the Wales Audit Office (WAO) report 'Audit of Financial Statements 2011/12' and action plan of how issues raised in the report would be addressed.

Mr. P. Williams referred to the intention for the accounts to be clear of balancing entries and said that assurances had previously been given that this would be resolved. The Chair pointed out that the need to clear balancing entries was an outstanding issue mentioned in the WAO Annual Financial Audit Outline discussed earlier on the agenda.

The Finance Manager - Strategy & Technical confirmed that it was the intention to do so but was unable to give a guarantee of the outcome. The Head of Finance said that this was a historic issue which had arisen in accounts from previous years and that a proportionate approach would need to be taken to manage resources and time taken to resolve it. Ms. Hughes explained that the

WAO view was to consider whether there was any risk of an underlying problem, however she was confident that there was no material error. The issue had been identified within previous audit reports and if still unresolved, would continue to be raised.

Whilst the Head of Finance understood the concerns raised by Members, she said that there was a shared desire by all for financial records to be correct with no unresolved issues. Officers had continued to make progress under the constraints of a major review of the Finance section and other financial work on major corporate projects across the Council.

In echoing concerns about balancing entries, Councillor A. Woolley asked for clarity on the cause of the problem. The Finance Manager - Strategy & Technical responded that this was not known. She explained that the Statement of Accounts was a technical complex document and there was a difference between management and financial accounts which needed to be produced within a set deadline. The balancing entry of £46,000 would not trigger the materiality threshold and a balance had to be taken between the risk of identifying the source of this and delivering the Statement of Accounts within the statutory timescale.

When asked by Councillor I.B. Roberts if balancing entries were common in accounts of other Local Authorities, Ms. Hughes thought it was comparatively uncommon.

Councillor G.S. Banks queried the issue on the action plan arising from disclosure requirements of the Code of Practice. The Finance Manager - Strategy & Technical remarked on the challenges faced by Councils arising from significant changes in the production of accounts in 2010/11. There was now a need to include more information and this had been addressed through a review.

Councillor R.B. Jones remarked that the £46,000 balancing entry could be a netted figure and therefore possibly not an accurate representation, which was acknowledged by the Finance Manager. Councillor Jones asked that an undertaking be given by officers to eliminate balancing entries by the following year. Mr. Williams said that assurance was needed that dedicated resources were being allocated to this to provide a resolution within an agreed period of time. The Head of Finance noted the concerns raised and reassured the Committee that a team would be identified to pursue the matter.

Whilst the Chief Executive was confident that a wider issue was not being masked, he agreed that the practice of balancing entries could not continue and should cease by 2014 at the closure of the 2013/14 accounts.

The Chair asked if the Committee was prepared to note the report and action plan subject to the assurances given by the Head of Finance and Chief Executive. Councillor Roberts' proposal that the Committee refuse to accept balancing entries was not formally seconded.

Ms. Hughes commented that if there were balancing entries in the 2012/13 accounts, that it could be an issue for 2012/13 if they were more significant than in previous years.



The Chair asked if Councillor Roberts was prepared to withdraw his proposal. He agreed but said that noting the report was not sufficient.

The Chief Executive suggested that an objective be set that the practice of balancing entries would end by no later than the closure of the 2013/14 accounts and that officers would aim to improve practice by the closure of the 2012/13 accounts. Officers would also analyse in more detail the trends and reasons behind the current practice.

In response to concerns by Councillor Roberts on achieving the objective, the Chief Executive said that analysing the situation which had led to the problem would assist officers to achieve the objective.

The Chair proposed that the report and action plan be noted with the suggestion made by the Chief Executive. This was agreed by the Committee.

**RESOLVED:**

- (a) That the report and action plan be noted; and
- (b) That the objective be set for the practice of balancing entries to end by no later than the closure of the 2013/14 accounts and for officers to aim to improve practices by the 2012/13 accounts, be noted.

**63. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager presented the update report on progress of the Internal Audit department.

Following a proposal previously made by the Committee and subsequent Cabinet approval, it was reported that additional resources had been sought to carry out work on the Plan which was aimed to be completed in April 2013. The report indicated that since the Committee had last met, three projects had been deferred from the Plan and one added. The Internal Audit Manager advised that a project on Pollution Control had also been deferred.

On Recommendation Tracking, the Internal Audit Manager said that the request previously made by the Committee for information on the reason for non-implementation of recommendations had been raised with the Corporate Management Team (CMT) with the support of the Chief Executive and it had been agreed that accountable senior officers would need to give their own feedback on the reason for any failure to do this. It was hoped that this additional pressure would have a positive impact as the new system had been introduced and the additional information sought would be included in the next progress report at the June 2013 meeting.

The report detailed reasons for non-implementation of recommendations on Procurement, Consultants and Finance. On the latter, the Head of Finance gave assurances on the value of audit work but said that she had been unable to meet the timescale required to respond due to budget work during the first quarter of 2013 which was a particularly challenging time, taking into account the

introduction of new regulations on the Council Tax Support Scheme. It was envisaged that three of the four reports would be dealt with by the end of March 2013 with the Capital Programme item expected to be resolved at the end of April. She said that the department had undergone a major review and would be in a stable position going forward.

Mr. P. Williams acknowledged budget work pressures faced by the department but pointed out that some recommendations dated back to 2010. In raising concerns about resources within the department, he asked for details on the number of recommendations made on audit reports and how many of these were not yet implemented. The Internal Audit Manager agreed to provide a note on this to the Committee and pointed out that this type of slippage was an issue across other Council departments and not confined to Finance. The figures in the report represented those recommendations due only at this point in time.

In addressing concerns raised by Members on resources, the Head of Finance said that the section had undergone a review to put in place a new structure which, for a number of organisational reasons, had taken longer than expected to achieve. The new structure had been implemented from 1 January 2013 following the evaluation of jobs having been completed. A number of vacant posts had been retained to give greater flexibility and mitigate any risk of redundancy, and it was intended that interim/temporary arrangements would soon be brought to a close with appointments made to those posts. The Head of Finance said that the structure was fit for purpose and that throughout the review, the department had continued to support the organisation on some major pieces of work. She hoped that Members would appreciate the deadlines which applied to the work of the department, for example the Statement of Accounts, which in the majority of cases were fixed with no opportunity for delay.

Mr. Williams said that this was recognised and that if there was an issue with resources in the department, he hoped that the Committee would support any request for assistance.

Councillor A. Woolley said that the issue was one of accountability and which level of officer should make a response on outstanding items. The Internal Audit Manager explained that following discussion of final recommendations with managers/Heads of Service of the areas audited, those officers responded to Internal Audit with an action plan to meet the recommendations and naming the officer responsible, who was usually a manager or Head of Service. Under the new system, failure to respond to non-implementation of a recommendation would be pursued at Director level.

Councillor Woolley said that adequate resources must be made available if recommendations were to be progressed. The Chair commented that the Head of Paid Service was responsible for ensuring staff resources. Mr. Williams pointed out that in agreeing the implementation deadline with Internal Audit, the relevant manager must take into account the available resources.

Ms. A. Hughes of Wales Audit Office (WAO) said that the WAO report received at the end of 2012 had drawn attention to the issue which was more about ensuring that managers had regard to the importance of responding to Internal Audit.

In response to Mr Williams' comment, the Democracy & Governance Manager said that the Committee should acknowledge the potential for exceptional issues, such as the Council Tax Support Scheme, to emerge after agreement of the timescale by managers, which may require diversion of resources. He suggested that the introduction of the new system for more senior officers to provide explanation would result in positive changes and suggested that this be given a chance to make an impact.

The Head of Legal & Democratic Services reiterated that the option to invite relevant Directors, backed up by Heads of Service or managers, would be helpful in reminding officers of actions to be done. He pointed out the timings between this meeting and the previous meeting of the Committee, and said that the new system would require time to adjust and move forward in time for the next meeting in June 2013. In addition, he suggested that the briefings held with the Chair and Vice-Chair could be used to identify and raise any concerns about outstanding responses and to decide on whether to invite a senior officer to attend the Committee meeting.

Councillor Jones felt that the commitment to agree on deadlines to respond to Internal Audit should be included as part of managers' appraisals. The Chair commented that concerns had previously been raised on staff appraisals.

Councillor I.B. Roberts said that outstanding responses from officers to Internal Audit had been an issue for some time and that this was a problem throughout the Authority.

Mr. Williams asked about the reason for deferral of the Pollution Control item and whether there was any implication of risk. He also asked for clarification on the reason for outstanding responses on Procurement, some of which dated back to 2010. It was explained that the deferral had been requested due to a service review of the area currently taking place. The Internal Audit Manager had agreed to the deferral due to the reason stated and was satisfied with the risk. On Procurement, the reissuing of the Council's Contract Procedure Rules (CPRs) had been delayed as these needed to be in line with the national set of CPRs yet to be finalised. Mr. Williams asked if a response could be shared before the next meeting on how long the new system would take to be implemented and how any risks would be covered. The Internal Audit Manager agreed to provide this.

Councillor Roberts asked if a note could also be provided by the Chief Executive, as Head of Paid Service, on steps being taken to ensure that actions and responses were made in response to Internal Audit recommendations. He subsequently withdrew this request as the Democracy & Governance Manager gave a reminder that the new system had been agreed by CMT chaired by the Chief Executive.

The Head of Legal & Democratic Services pointed out that the expectation to provide reasons for non-compliance was now in place following agreement at CMT and he felt that the relevant Heads of Service may be better placed to provide answers. The Chair commented that the Director should also be invited to the relevant meeting to ensure they were aware of the issue.

Councillor Woolley proposed an additional recommendation that from the June 2013 meeting, the responsible officer may be invited to appear before the Committee to explain why Internal Audit recommendations had not been implemented within the agreed timescale. The Democracy & Governance Manager suggested that this be changed to appropriate Head of Service/Director. This proposal was moved and seconded by Councillors Jones and Roberts and then agreed by the Committee.

In response to a query by Councillor G.H. Bateman, the Internal Audit Manager was unable to give an estimate of the timescale of the ongoing major investigation. Following a question by Mr. Williams, the Internal Audit Manager replied that there were sufficient resources for this.

On Performance Indicators, the Internal Audit Manager reported on the average number of days taken to return draft reports and said that there were a number of stages leading up to the final reports. The current timing of reports coming through the system meant that the target was not currently being met, but was improving.

It was also reported that following analysis of the self-assessment questionnaire, the Internal Audit Manager had contacted each Member of the Committee to identify any training needs. No requests for training had been received to date, however the Committee was encouraged to contact the Internal Audit Manager if they required more detail on a particular area.

**RESOLVED:**

- (a) That the report be noted;
- (b) That the Internal Audit Manager provide details on the number of recommendations made and how many had not yet been implemented;
- (c) That the Internal Audit Manager ask the relevant Head of Service to provide details on the estimated implementation date of the Contract Procedure Rules and how any risks would be covered, before the next meeting of the Committee; and
- (d) That from the June 2013 meeting, the appropriate and accountable Head of Service/Director may be invited to appear before the Committee to explain why Internal Audit recommendations have not been implemented within the agreed timescale.

**64. INTERNAL AUDIT CODE OF PRACTICE**

The Internal Audit Manager introduced the report on the level of compliance of the Internal Audit section with the current Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the UK.

The report also included the results of the RSM Tenon review of the quality of audit files and details on the new Public Sector Internal Audit Standards

which would be implemented from April 2013 to replace the CIPFA Code of Practice. The availability of CIPFA guidance on how to apply the Standards would enable any changes to practices to be identified and reported to the Committee.

**RESOLVED:**

That the report be noted.

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

The Internal Audit Manager presented the proposed Internal Audit plan for the three year period 2013/14 to 2015/16 and detailed the considerations to be made by the Committee.

Following a query raised by Councillor G.H. Bateman, the Internal Audit Manager explained that the review of absence management would look at the process for reporting and monitoring staff sickness to ensure that proper controls were in place.

In relation to the 'Strategy for Internal Audit', Councillor R.B. Jones felt that whilst one page represented the Strategy, the rest of the document was a detailed Plan and should be separate.

Following comments by other Members, the Democracy & Governance Manager suggested that the title sheet of the document should reflect that this was both a Strategy and Operational Plan. This was agreed by the Committee.

Councillor Jones re-stated his view that there should be two separate documents and the Internal Audit Manager said that this could be taken into future consideration.

**RESOLVED:**

That the report be approved, subject to the change of title to 'Strategic and Operational Plan'.

**66. ACTION TRACKING**

The Internal Audit Manager presented a report on the actions resulting from points raised at previous Audit Committee meetings. Actions carried out to date were summarised in the appendix to the report. It was noted that the majority had been undertaken and that an update on the remainder would be reported to a future meeting.

**RESOLVED:**

That the report be accepted.

**67. FORWARD WORK PROGRAMME**

The Internal Audit Manager introduced the report to consider the Forward Work Programme for the Audit Committee for the next year.

As agreed under an earlier agenda item, a report on the scrutiny of performance of collaborative projects would be submitted to the next meeting of the Committee.

**RESOLVED:**

That the Forward Work Programme be agreed including a report with an overview of collaborative projects to be submitted to the next meeting of the Committee on 12 June 2013.

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

There were no members of the press or public in attendance.

(The meeting started at 10.00 am and ended at 12.55 pm)

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**Chair**

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**

**DATE:**                 **WEDNESDAY, 12 JUNE 2013**

**REPORT BY:**         **CHIEF EXECUTIVE**

**SUBJECT:**            **WAO ANNUAL IMPROVEMENT REPORT**

### **1.00 PURPOSE OF REPORT**

1.01 To update Members on the Council's Annual Improvement Report 2012 published by the Auditor General for Wales and to note the Council's response.

### **2.00 BACKGROUND**

2.01 The Auditor General is required by the Local Government (Wales) Measure to report on how well Welsh Councils, fire and rescue services and national parks are planning for improvement and delivering their services.

2.02 This is the third Annual Improvement Report for Flintshire which also contains the Appointed Auditor's Annual Audit Letter as previously reported to Audit Committee in March 2013.

### **3.00 CONSIDERATIONS**

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

3.02 The report builds on the work of the relevant Welsh inspectorates, as well as work undertaken by the Wales Audit Office over the last year. The report is in three main sections, which cover the Council's delivery and evaluation of services in relation to 2011/12, and its planning of improvement for 2012/13.

3.03 The Auditor General is making no formal recommendations or proposals for improvement.

3.04 The Council, as is practice, makes a formal public response to any findings within the report. The Council's response to the Annual

Improvement Report (AIR), which has been shared and endorsed by Cabinet , is included at Appendix 2.

- 3.05 The Annual Improvement Report has been developed and improved with input from senior officers at the Council to ensure accuracy, fairness and validity.

**4.00 RECOMMENDATIONS**

- 4.01 Members are asked to receive and note the Wales Audit Office Annual Improvement Report and the Council's response.

**5.00 FINANCIAL IMPLICATIONS**

- 5.01 This report will refer to the financial resourcing of the Council's priorities.

**6.00 ANTI POVERTY IMPACT**

- 6.01 This report will refer to how the council is helping to reduce poverty.

**7.00 ENVIRONMENTAL IMPACT**

- 7.01 This report will refer to how the council is improving the environment.

**8.00 EQUALITIES IMPACT**

- 8.01 Safe and supportive communities will be referred to within the report.

**9.00 PERSONNEL IMPLICATIONS**

- 9.01 The People Strategy will be referred to in the report.

**10.00 CONSULTATION REQUIRED**

- 10.01 None required at this stage.

**11.00 CONSULTATION UNDERTAKEN**

- 11.01 Senior officers have had input into the report. The Annual Audit Letter was presented to the council's Audit Committee in March 2012. The Annual Improvement Report 2012 and the Council's response was considered by Cabinet on 21 May.

**12.00 APPENDICES**

- 12.01 Appendix 1: WAO Annual Improvement Report 2012  
Appendix 2: Council's response to Annual Improvement Report 2012

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



## **BACKGROUND DOCUMENTS**

**Contact Officer:** Karen Armstrong  
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WALES **AUDIT** OFFICE  
SWYDDFA **ARCHWILIO** CYMRU

# Annual Improvement Report: 2012

## **Flintshire County Council**

**Issued:** May 2013

**Document reference:** 260A2013

# About the Auditor General for Wales

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

The Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales. He also appoints the external auditors of Welsh local government bodies, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. The Auditor General's appointed auditors are responsible for the annual audit of nearly £5.5 billion of funding that is passed by the Welsh Government to local government in the form of general and specific grants. Local government, in turn, raises a further £2.1 billion through council tax and business rates.

As well as carrying out financial audit, the Auditor General's role is to examine how public bodies manage and spend public money, including achieving value in the delivery of public services. The Wales Audit Office aims to make public money count, by promoting improvement, so that people in Wales benefit from accountable, well-managed public services that offer the best possible value for money. It is also committed to identifying and spreading good practice across the Welsh public sector.

This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Karen Lees and Huw Lloyd Jones under the direction of Alan Morris.

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# Summary report

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## Summary

1. Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. Drawing on the work of the relevant Welsh inspectorates, as well as work undertaken on his behalf by the Wales Audit Office, this report presents a picture of improvement over the last year. The report is in three main sections, which cover the Council's delivery and evaluation of services in relation to 2011-12, and its planning of improvement for 2012-13.
2. Overall the Auditor General has concluded that service performance remains good in many areas but the Council's Improvement Plans and performance reports are not as clear and outcome-focused as they could be.
3. We found that the Council is making good progress in delivering improvements in several of its service-based improvement priority areas. We reached this conclusion because:
  - The Council is helping to support a sustainable environment by reducing energy usage and improving domestic recycling collection rates:
    - good progress has been made in reducing carbon emissions; and
    - the Council is now collecting a wider range of domestic waste than before.
  - Services to support vulnerable residents continue to improve:
    - the Care and Social Services Inspectorate Wales has published a positive assessment of the Council's services for children and families, reflecting strong leadership and improving outcomes;
    - progress has been made towards achieving a modern and high-performing education service across the county, but pupils' performance in primary schools remains lower than expected;
    - the Council is finding it challenging to deliver its priority of meeting the housing need in the County, but steady improvements are being made; and
    - the arrangements for administering housing benefit improved in 2011-12.
  - Good progress has been made in delivering planned activities relating to growing the local economy and supporting people who are vulnerable to poverty.
  - Performance information indicates that the performance of individual services is often good, and continues to improve.
4. We also found that the Council's evaluation and reporting of its performance are of inconsistent quality and not as outcome-focused as they could be. We reached this conclusion because:
  - The Council has discharged its improvement reporting duties under the Measure, but it should ensure that it acts more in accordance with the Welsh Government guidance:

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- the Annual Performance Report for 2011-12 meets the requirements of the Measure; but
  - the Annual Performance Report makes too little use of data and other information to support a balanced narrative evaluation of the Council's work in addressing its Improvement Objectives.
  - The Council is able to produce balanced, well-evidenced self-evaluations of some specific aspects of its work, but its Annual Performance Report is less robust:
    - social services and education have produced mature service-specific analyses of their performance, but the Council's Annual Performance Report is less robust;
    - despite the service improvements, the Council is not fully able to identify and report the impact of its activities on achieving the Improvement Objectives; and
    - the Council's on-going review of its governance arrangements is wide-ranging and well evidenced.
  - The Council is better placed than in the past to use information effectively to support improvement:
    - the accuracy of the Council's performance data has improved but there remains scope to improve the use of data in the Council's self-evaluation; and
    - the Council manages information well and its approach is generally sound.
- 5.** Finally, the report sets out our views on how well the Council is planning for, and making arrangements to support improvement. We concluded that the Council's corporate arrangements and planning support improvement more effectively than in previous years, but progress has been slower than planned in a few areas:
- The 2012-13 Improvement Plan meets the majority of statutory requirements, but is not easy for residents to understand.
  - Based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators, the Auditor General reported in October 2012 that he believed that the Council was likely to comply with the requirement to make arrangements to secure continuous improvement during the financial year 2012-13. We reached this conclusion because:
    - the Council had made reasonable progress in acting on several of the recommendations in the 2012 Annual Improvement Report but some key projects supporting the corporate improvement priorities were taking longer than anticipated;
    - work on the medium-term financial plan has continued, but the Council did not succeed in completing the plan by the end of September 2012, as intended;
    - the Council's arrangements for the use of technology are likely to support continuous improvement; and

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- The Council is continuing to try and increase the use of the Welsh Language within its business.
  - The Council is starting to streamline its complex governance arrangements as the systems are developing.

## Recommendations

6. We make no new recommendation in this report



# Detailed report

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## Introduction

7. Under the Local Government (Wales) Measure 2009 (the Measure), the Auditor General must report each year on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement and delivering their services. **Appendix 1** provides more information about the Auditor General's powers and duties under the Measure. With help from Welsh inspectorates, Estyn (for education) and the Care and Social Services Inspectorate for Wales (the CSSIW), we have brought together a picture of what each council or authority in Wales is trying to achieve and how it is going about it. This report also sets out the progress the Council has made since the Auditor General published his last annual improvement report, drawing on the Council's own self-assessment.
8. We do not undertake a comprehensive annual review of all Council arrangements or services, and we have not looked at all of the Council's Improvement Priorities. The conclusions in this report are based on our cumulative and shared knowledge and the findings of prioritised work undertaken this year.
9. Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
  - recommend to Ministers of the Welsh Government that they intervene in some way;
  - conduct a special inspection and publish the report with detailed recommendations;
  - make formal recommendations for improvement – if a formal recommendation is made the Council must respond to that recommendation publicly within 30 days; and
  - make proposals for improvement – if we make proposals to the Council, we would expect them to do something about them and we will follow-up what happens.
10. We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24, Cathedral Road, Cardiff CF11 9LJ.

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## The Council is making good progress in delivering improvement in several of its service-based priority areas

### The Council is helping to support a sustainable environment by reducing energy usage and improving domestic recycling collection rates

#### Good progress has been made in reducing carbon emissions

11. The Council's carbon management strategy is having a positive impact, and the Council is successfully reducing the amount of carbon used. In 2011-12, the Council exceeded the Welsh Government's annual target of three per cent carbon reduction, and narrowly missed its own, more challenging, target of four per cent. This is the third year of annual improvement. The Council is also on track with its plans to meet its ambitious target of a 60 per cent reduction in carbon emissions by 2021. The reduction in carbon usage has also led to the Council forecasting overall savings of just over £1 million by the end of 2011-12.
12. Progress to date has been good, and there has been strong political support from members. The Council took the approach of prioritising its investment in areas which offered the greatest energy-saving potential. However, this inevitably means that the cost of achieving further carbon reduction will increase. It will therefore become harder and more costly to meet future annual carbon reduction targets.
13. The Council acknowledges that it has been less successful in its plans to raise staff awareness of their role in reducing the Council's energy costs. Encouraging all members of staff to have wider ownership of, and collective responsibility for, the carbon reduction strategy has the potential to achieve further success at low cost.
14. Although performance data has been routinely reported as part of the Council's performance framework, the financial benefits associated with the carbon management strategy have not been promoted, internally or externally. The financial benefits are worthy of being celebrated more widely, particularly at a time when budget pressures are escalating and sustainability issues are gaining a higher profile. Unless the use of information about the benefits is addressed, there is a risk that lack of awareness about the impact of these initiatives could weaken political support and organisational commitment, prejudicing on-going investment.

#### The Council is now collecting a wider range of domestic waste than before

15. The Council's approach to dealing with household waste has also had a positive impact on carbon reduction. Increasing the amount of waste that is recycled and reducing the amount sent to landfill both indirectly reduce carbon emissions. In 2011, the Council extended its kerbside recycling collection scheme to all residents and, at the same time, introduced food waste collections. The transition process generated a range of concerns from service users. However, the Council responded promptly to

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these concerns and, shortly after the roll-out was completed, developed and implemented an improvement plan.

- 16.** The service performance for domestic waste collection improved during 2011-12, even though the main focus of the Council's efforts was the introduction of the new service. Because of the transition to the new service, the Council's performance in the year did not improve quite as fast as other councils across Wales. As a consequence, the Council ranking slipped from eighth out of 22 councils in 2010-11, to 16th in 2011-12 for the percentage of waste sent to landfill. However, the Council is optimistic that the revised waste collection arrangements, which were completed in the latter half of 2011, will have a significant impact on its waste collection performance for 2012-13 and beyond.

## Services to support vulnerable residents continue to improve

The Care and Social Services Inspectorate Wales has published a positive assessment of the Council's services for children and families, reflecting strong leadership and improving outcomes

- 17.** In June 2012, the CSSIW published a report on the quality of the Council's services for children and families. The CSSIW's overall assessment of services is positive. It found that:
- information about the role of Children's Services is widely available and there is an effective response to those who make contact, with prompt advice and support arrangements;
  - there is an increasing focus upon prevention and early intervention that supports the whole family, with better outcomes for children as fewer are needing care;
  - partnership arrangements work well in delivering a co-ordinated approach to meeting needs;
  - the Head of Children's Services provides strong strategic and operational leadership and managers are working with the workforce to gain commitment to modernised ways of delivering services;
  - there are good systems in place to ensure work is appropriately prioritised; and
  - staff morale is good and social work staff and their managers feel well supported.
- 18.** Although there were many positive features in the CSSIW report, there are nevertheless a number of areas where the Council needs to improve. These include:
- ensuring consistency of approach, practice and understanding among all workers and in the quality of professional supervision;
  - ensuring that there is an appropriate component of experienced workers within the duty system;
  - continuing to address sickness absence in some areas;
  - improving the timeliness of case conference minutes and their subsequent distribution; and

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- ensuring a consistent level of competent use of computer systems by all staff and that data is promptly and consistently recorded within the computer system.
19. As part of the planned work programme, the CSSIW has recently undertaken a site visit to look at some aspects of adult safeguarding by the Council, and the feedback letter is currently being prepared. We will report on the findings of this review, and the Council's response, in our next Annual Report.
  20. Many of the improvement activities planned for the Council's Improvement Priority of 'making our communities safe and to safeguard the vulnerable, with children and older people being priority groups' are medium-term projects. Several key deliverables are due to be completed in 2012-13, and we will report on the Council's progress in delivering on this broad-based priority in our next Annual Improvement Report.

**Progress has made towards achieving a modern and high-performing education service across the county, but pupils' performance in primary schools remains lower than expected**

21. Following Estyn's inspection of education services for children and young people in October 2011, the Council was identified as requiring follow-up through Estyn monitoring. A monitoring visit took place in February 2013, and the team judged that 'the local authority had made good progress towards addressing the recommendations in the inspection report'. As a result, the Council will be removed from the follow-up category of Estyn Monitoring.
22. Estyn's letter following the monitoring visit reported on the Council's progress against the recommendations made after the 2011 inspection. We include extracts from Estyn's letter below.
23. 'The authority has improved its arrangements to support and challenge schools. It provides its schools and officers with a good range of data analysis, including comparisons with similar schools using the free-school-meal benchmarks. Officers use this wide range of data to identify more accurately school strengths and areas for development. The regional categorisation model has a clear focus on assessing the standards achieved by pupils and the quality of leadership and management in schools. However, the level of support that schools will be entitled to as a result of their categorisation is not always fully understood by headteachers and governors. Following visits to schools officers produce useful reports on standards and provision. However, these reports vary significantly in content and quality and identified actions for future improvement do not always focus sufficiently on raising standards.'
24. 'The authority has made good progress on developing a revised funding formula for its schools. Members and senior officers have engaged effectively with headteachers and finance officers to prioritise this work. The authority has also made good progress in monitoring provision for pupils with additional learning needs placed out-of-county. This work has included a thorough review of its procurement policy and of individual placements and has led to a significant reduction in the overall cost of the provision.'
25. Estyn's comments about the Council's improvement planning and its reporting arrangements are included elsewhere in this report.

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26. We have previously reported that the Council is now making progress in reorganising its secondary schools in order to make better use of resources. Following an informal public consultation, the Cabinet has agreed its preferred options for modernising its school provision in the Holywell, Connah's Quay/Shotton/Queensferry and Buckley/Mynydd Isa/Mold areas of the county. The Council has since consulted formally upon the preferred options. There has also been progress in the primary school sector; the Council has opened a new school in Connah's Quay and has amalgamated four pairs of infant and junior schools.
  27. When we consider educational attainment levels, Estyn reported a mixed picture for 2012. There were improvements on some indicators in Flintshire, but this progress was not seen in all areas, and performance was below that which might be expected on a number of others, especially in primary schools.
  28. Following its monitoring visit in February 2013 Estyn reported that, 'in 2012 performance in key stage 4 improved more quickly than Wales. It remains among the best in Wales for those indicators that involve English or Welsh first language and mathematics and also for the level 1 threshold. More able pupils do not attain as well as expected on the higher national curriculum levels and GCSE grades in secondary schools and in English in key stage 2. However the percentage of pupils gaining the core subject indicator in key stage 2 dropped below the average for Wales and performance in key stage 3 improved at a slower rate than Wales as a whole.
  29. When the performance of Flintshire schools is compared to similar schools on the free school meal benchmarks performance in key stage 4 is above average on three of the five indicators and average on the remaining two. However it is below average in the Foundation Phase and in key stage 2 and well below average in key stage 3 where a half of all schools are in the bottom 25 per cent and no schools are in the top 25 per cent.
  30. The gap in performance between boys and girls is less than the average for Wales in most indicators although it is larger at key stage 2.'

**The Council is finding it challenging to deliver its priority of meeting housing need in the County, but steady improvements are being made**

31. In our last Annual Improvement Report in January 2012, we reported that the Council had made continued progress towards a housing stock transfer ballot and that this represented an important step in improving the quality of its housing stock. In March 2012, the Council balloted its tenants on the option of transferring its stock to a housing association. There was a high turnout of 71 per cent of tenants. Of these, 88 per cent voted against the proposal to transfer the stock from the Council.
32. The Welsh Government Housing White Paper encourages more action by social landlords to achieve the Welsh Quality Housing Standard (WHQS) by its revised target of 2020. The Council has a Housing Asset Management Strategy for 2012-2018 that sets out the Council's plan for maintaining its housing stock. This plan takes into account the investment needs of homes across the county and the money available for improvements from the Housing Revenue Account. The Council has estimated that an

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investment of around £166 million is required to bring the properties up to the WHQS and the Council's updated business plan aims to achieve this target by 2022.

33. Flintshire is one of only three councils in Wales which is forecasting that its stock will not be fully compliant with the WHQS by the end of the decade. The Council forecasts that only 26 of its homes will fully comply with the Standard by 2020. Negotiations are continuing between the Welsh and UK Governments to reform Housing Revenue Account Subsidy, which may allow the Council to increase in future years the amount of capital expenditure available to achieve the Standards.
34. The Council reported that in 2011-12 it improved the efficiency of its housing services. This resulted in a reduction in the amount of time Council-owned properties were left empty, and there were improvements in response times for both emergency and urgent categories of repairs.
35. The Council's Improvement Priority for housing is wider than just improving the quality of Council-owned stock. The Council also wants to work with partners to ensure a sufficient supply of quality affordable homes, and support people who are or are about to become homeless. The Council has set itself a challenging target that, by 2016, no homeless person is placed in temporary accommodation for more than 12 months. The average time homeless households spent in temporary accommodation in Flintshire was 208 days in 2011-12. While this is an improvement on the 225 days in the previous year, this remains above the average of 140 days for councils in Wales.
36. In Flintshire, there has been a similar trend to that in Wales for the number of households accepted as homeless, and the Council's Homeless Service witnessed a 37 per cent increase in the number of people seeking assistance in 2011-12. The Council's performance for taking action to prevent homelessness declined in 2011-12, though it remains slightly above the average for Wales.
37. The Council is taking action to try to ensure a sufficient supply of quality and affordable homes and housing services in the social, mixed tenure and private sector markets. The 71 affordable homes completed in Flintshire in 2011-12 was close to the average for Wales, although less than the 115 homes completed in 2010-11 and below the targets the Council had set for itself. In addition to its own continuing work to make affordable properties available in the county, the Council is also working closely with other councils and partners, including Conwy, Denbighshire, and Wrexham Councils.

#### Arrangements for administering housing benefit improved in 2011-12

38. The Council's arrangements for administering housing benefits are improving. In 2011-12, the Council made good progress in improving average processing time for new claims and change of circumstance notifications, which were shorter than the Welsh average. The percentage of new claims decided within 14 days improved, and was higher than the Welsh average. Although the number of counter fraud referrals fell, the number of investigations and successful sanctions increased.
39. In some other key areas, performance was below the Welsh average. The percentage of overpayments identified and recovered fell and was below the Welsh average. More applications for reconsideration or revision were made and it took longer than the

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Welsh average to deal with these. The service had the highest number of appeals for any Welsh council and it also took longer than the Welsh average to submit these to the Appeals Service. A dedicated quality assurance and training team has been established to implement an improvement plan to address historical accuracy concerns that the Council feels are contributing to the number of appeals received.

40. The Council is focusing on reducing the time taken to deal with applications for reconsideration or revision and appeals. We will monitor progress in these areas during the year, as we recognise the challenges the Council faces with implementing the changes introduced through the UK Government's welfare reform.

### Good progress has been made in delivering planned activities relating to growing the local economy and supporting people who are vulnerable to poverty

41. During 2011-12, the Council made good progress with initiatives intended to support and promote economic activity; for example, four new Town Centre Masterplans were launched. The Council also secured approval for a new Deeside Enterprise Zone as a key strategic location for Wales Advanced Manufacturing. This designation is particularly important for the County, since a third of its jobs are associated with manufacturing, nearly three times the all-Wales average.
42. Regeneration and economic development are challenging areas for councils to demonstrate impact. The influence of council initiatives on the economy may not be apparent for several years and the economy will also be significantly affected by external factors beyond the Council's control. Some councils use statistical data produced by external organisations to monitor and report on the state of their local economies, and on changes to poverty levels within their communities. The Council does not use data in this way as part of its routine quarterly or annual performance reporting arrangements.
43. Our own research suggests that Flintshire's economy remains reasonably resilient compared to some other parts of Wales. For example, unemployment levels in Flintshire are lower than the all-Wales average and, during 2011-12, reduced at a much faster rate<sup>1</sup>. Similarly, the proportion of Flintshire residents claiming Job Seekers Allowance is significantly lower<sup>2</sup> than the average for Wales; whilst the proportion of residents claiming Job Seekers Allowance in Flintshire did increase slightly during 2011-12, the average increase across Wales was larger. In 2008, Flintshire was

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<sup>1</sup> Percentage of economically active, unemployed residents in September 2012: Flintshire: 6.3 per cent, Wales 8.4 per cent. Reduction in percentage unemployed, since March 2011: Flintshire one percentage point, Wales 0.1 per cent. Source: Nomis, a service provided by the Office for National Statistics. It provides free access to the most detailed and up-to-date UK labour market statistics from official sources. <http://www.nomisweb.co.uk/default.asp>

<sup>2</sup> Percentage of resident population claiming JSA in February 2013: Flintshire: 3.3 per cent, Wales: 4.3 per cent. Increase in percentage claiming JSA between March 2011 and March 2012: Flintshire: 0.2 percentage points, Wales 0.4 percentage points. Source: Nomis

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ranked 221<sup>st</sup> out of 380 local authority regions across Wales and England on the UK Competitiveness Index<sup>3</sup>. In 2010, this ranking remained stable at 220<sup>th</sup>. Rankings for 2012 have not yet been released, but when available, will provide further insight into the effectiveness of efforts by the Council and its partners to protect and stimulate the local economy.

44. The Council has also been active in developing initiatives to tackle poverty in the County and to mitigate the anticipated impact of welfare reforms on its citizens. The Council's Regeneration Strategy 2009-2020 notes that 'people's actual or potential economic circumstances are influenced by many factors including educational attainment, health status, living circumstances, caring responsibilities and their family situation'. Despite acknowledging these factors, the Council uses a limited basket of indicators as measures of success for its work in this area. Unless the Council adopts a more informed approach, using a wider range of internally and externally-generated performance data, it will not be able to monitor the impact of the support it provides and tailor its approach accordingly. For example, in 2012 the average full-time wage for male residents in Flintshire was significantly higher<sup>4</sup> than the average for Wales and broadly in line with the average across Great Britain. By contrast, the average full-time wage for female residents was lower than the average for Wales and significantly lower than the average for Great Britain. Whilst the Council cannot influence wage levels, better awareness and routine monitoring of such differences might influence the way in which the Council and its partners tailor their education, training and business support provision.
45. The Council has struggled to demonstrate effectively the progress it has made towards achieving several of its Improvement Priorities. In many cases, this is due to the lack of outcome-focused measures in the 2011-12 Improvement Plan. In the next section of this report, we look in further detail at how well the Council has reported its performance for the year 2011-12.

### Performance information indicates that the performance of individual services is often good, and continues to improve

46. Flintshire's performance in 2011-12 was better than the national average in over two-thirds of the statutory and non-statutory national indicators. The Council's performance shows an improvement in 28 (72 per cent) of the 39 national performance indicators for which comparison with previous years is possible.

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<sup>3</sup> The Centre for International Competitiveness provides information on the competitiveness of economies and businesses. It produces the UK Competitiveness Index, which provides benchmarking data on the competitiveness of UK regions and localities <http://www.cforic.org>. The Index is updated every 2 years, most recently in 2010.

<sup>4</sup> Average Gross Weekly Full Time Wages (2012) Flintshire Males £545.70, Wales: £493, Great Britain: £548.80  
Flintshire Females £402.80, Wales: £406.70, Great Britain: £449.60. Source: Nomis



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## The Council's evaluation and reporting of its performance are of inconsistent quality and not as outcome-focused as they could be

47. Councils are required under the Measure to evaluate their performance in the previous financial year, benchmark this, and report the information. We review how well councils complied with this aspect of the Measure and the associated guidance. Our review of the Council's 2011-12 Annual Performance Report concluded that:

### The Council has discharged its improvement reporting duties under the Measure but it should ensure that it acts more in accordance with Welsh Government guidance

48. We reached this conclusion because:
- the Annual Performance Report for 2011-12 meets the requirements of the Measure; but
  - the Annual Performance Report makes too little use of data and other information to support a balanced narrative evaluation of the Council's work in addressing its Improvement Objectives.

### The Annual Performance Report for 2011-12 meets the requirements of the Measure

49. The Council published its Annual Performance Report (the Report) in English and Welsh on its website on time. Meeting this deadline represents an improvement on last year and partly addresses one of our previous proposals for improvement.
50. The Report includes the Council's assessment of its performance against the Improvement Objectives set in the 2011-12 Improvement Plan. There are sections that include the Council's performance as measured by the full set of statutory performance indicators and a range of non-statutory indicators.

### The Annual Performance Report makes too little use of data and other information to support a balanced narrative evaluation of the Council's work in addressing its Improvement Objectives

51. The Report provides a clear overall assessment, using a 'Red, Amber, Green' (RAG) colour coding, of how well the Council considers that it performed during 2011-12 against each of its 10 Improvement Objectives.
52. The Council's overall assessment of its performance against each Improvement Objective is broadly consistent with its assessment of the success or otherwise of the contributory improvement activities. However, the narrative tends to focus too heavily on success; even in those objectives and activities rated as amber. As a result, the Council's RAG assessments of the 'outcomes' of its work during the year are not fully supported by the evidence in the Report.

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53. The Council acknowledges in the introduction to the Report that, in its 2011-12 Improvement Plan, the quantitative success measures associated with its Improvement Objectives were limited to a small number of national performance indicators. None of the measures reported relate, for example, to customer satisfaction or other data stemming from the Council's engagement with its citizens.
  54. The Report is a long and detailed document. Though clearly written on the whole, it does not enable the reader to grasp readily a succinct evaluation of what the Council intended to achieve during the year, the resulting benefits to the public and what needs to be improved in future.
  55. The Report does not, therefore, do as much as it might to enable the Flintshire public to hold the Council to account for its performance. This accountability is further limited by the fact that the Council, in reviewing its work during the year, made changes to its plans and targets, which were not then incorporated into the version of the 2011-12 Improvement Plan published on its website.

### The Council is able to produce balanced, well-evidenced self-evaluations of some specific aspects of its work but its Annual Performance Review is less robust

#### Social Services and education have produced mature service-specific analyses of their performance, but the Council's Annual Performance Report is less robust

56. The CSSIW has judged that the annual report written by the Council's Director of Social Services provides a comprehensive and accurate account of the service's performance in 2011-12. The CSSIW also said that, in its self-evaluation, the Council had carefully aligned its evidence to support its evaluation, which was increasingly outcome-focused with measurable targets, underpinned by clearly-defined timescales and lines of accountability for delivery.
57. Similarly, in October 2011, Estyn described the Council's self-evaluation process with regard to its education services for children and young people as 'adequate' (strengths outweigh areas for improvement). Estyn reported that much of the Council's self-evaluation report was evaluative and used a range of evidence, including appropriate data. As a shortcoming, Estyn found that the Council had not included other stakeholders and agencies or young people well enough in making judgements about quality and standards.
58. When Estyn undertook the follow-up visit in 2013, they reported that the Council 'has comprehensive planning and performance management arrangements. It evaluates its performance quarterly and completes an annual self-evaluation. However, these arrangements mainly focus on recording actions that have been completed rather than evaluating whether these have brought about improvement. The Lifelong Learning directorate plan identifies appropriate themes and policy priorities for action. However, corporate and service plans focus on delivery measures rather than outcomes and individual initiatives and projects are not evaluated well enough to know whether they

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have an impact. As a result elected members and senior officers do not always know exactly how much progress has been made and are not able to consistently hold those responsible for delivering services and projects to account’.

59. Despite these useful service-level assessments, the evaluations within the Council’s Annual Performance Report of those Improvement Objectives to which social services and education services contribute most extensively are, as described earlier, too focused on activity rather than on outcomes.

**Despite the service improvements, the Council is not fully able to identify and report the impact of its activities on achieving the Improvement Objectives**

60. The Council’s limited use of clear links between the activities it delivers and the outcomes relates to many service areas. Much of the information provided does not refer to the stated outcomes, and the narrative often refers to work planned for the future. This shortcoming is particularly important at a time of restricted finances, when the Council needs to carefully weigh up how its wants to allocate its resources.
61. The Council has undertaken a lot of work in 2011-12, for example, in modernising street-scene services, a comprehensive review of support provided to all sheltered housing tenants, and co-locating all operational streetscene services at the Alltami Depot. Yet the benefits of these are not clear in the Annual Performance Report.
62. To a greater or lesser extent, the same issues apply across all 10 of the Council’s priority areas. Its current arrangements for monitoring and reporting its performance remain necessary, not least because many of the indicators it reports on are mandatory. However, the lack of a clear statement that sets out the difference that the Council’s work makes to the lives of people living and working in the County is significant. A more informed approach, able to capture and monitor benefits, outcomes and impact will help the Council to focus its efforts and its resources more intelligently.

**The Council’s on-going review of its governance arrangements is wide-ranging and well evidenced**

63. The Council is undertaking a self-evaluation of its governance, as well as its strategic and service performance and the performance of partnerships to which it contributes. We continue to provide support and challenge to this work and will provide feedback in due course. At the time of drafting this Report, the Council’s leadership has yet to decide how best to involve councillors fully in the self-evaluation. However, our early impressions suggest that officers have drawn on a wide range of evidence thus far.

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## The Council is better placed than in the past to use information effectively to support improvement

The accuracy of the Council's performance data has improved but there remains scope to improve the use of data in the Council's self-evaluation

64. We proposed in the 2012 Annual Improvement Report that the Council should improve quality assurance arrangements to ensure that data used to support performance management is accurate and robust.
65. In July 2012, we reported the results of our audit of the accuracy of a sample of the Council's performance indicators. Though our sample was smaller than in the past, the results were encouraging. We qualified none of the Council's performance indicators and we amended only one indicator. The robustness of performance data represents a key building block in enabling the Council and its citizens to place reliance on the Council's assessment of its own performance. However, we have referred earlier in this report to areas in which the Council might improve and extend the way in which it uses data to evaluate its performance and improve the management of services.

## The Council manages information and its approach is generally sound

66. We also reviewed how the Council manages its information. We found that:
  - the Council manages its information well and is beginning to drive change more effectively than before, better supporting its aims to achieve service improvements and efficiencies; and
  - the Council's Information Management arrangements are generally sound but the Council lacks robust training arrangements and a single accountable officer to take responsibility at a senior level for the information asset and the risks it poses to the Council.
67. The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts and, based on this, the Appointed Auditor's view is that the Council complied with its responsibilities relating to financial reporting and use of resources. However, there is still scope to improve financial controls in a number of areas and the Council needs to further develop its financial planning to help it meet the financial challenges ahead. [Appendix 3](#) gives more detail.

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## The Council's corporate arrangements and planning support improvement more effectively than in previous years, but progress has been slower than planned in a few areas

68. Following the local government elections in May 2012 the Council appointed a new Cabinet and a new Leader. The Cabinet includes seven Members of the Labour Party, and one Independent Member. The eight Members have Portfolio Lead responsibilities for a portfolio of Council activities. The Cabinet has agreed to continue with the existing 10 Improvement Objectives, although they have slightly amended the underpinning priorities and actions to reflect their political intentions.
69. The new Council adopted its Improvement Plan in October 2012, and we reviewed this Plan to assess the extent to which it complied with the Measure and associated Guidance. We found that the Council has discharged its improvement planning duties under the Measure, but it should ensure it acts more in accordance with Welsh Government Guidance.

## The 2012-13 Improvement Plan meets the requirements of the Measure in all but one respect, but it is not easy for residents to understand

70. The Plan sets out the Council's priorities for the period 2012-2017. These 10 priorities, which also represent the Council's Improvement Objectives, are wide-ranging, and comply with at least one of the seven 'aspects of improvement' described in the Measure. Six priorities relate to public-facing service-based improvement, and four relate to improving the corporate workings of the Council. The Flintshire Local Service Board has endorsed the Council's Improvement Objectives as supporting the 'County Vision' as set out in the Community Strategy 2009-2019.
71. The Measure requires councils to report in their Improvement Plans their proposed actions in response to any statutory recommendations received during the preceding year. The Plan does not include this information but the required information was included in the Council's Annual Performance Report, published at the same time as the Plan. The Council's 10 Improvement Objectives are phrased in a way that reflects the Council's ambitions to improve outcomes for citizens over the five years to 2017. To support the Improvement Objectives, the Council has defined 66 Secondary Priorities which set out in more detail the Council's intentions. These Secondary Priorities are described mainly in terms of actions that the Council plans to take. However, in many cases, the Plan does not include enough information about current performance to enable councillors and readers of the Plan to hold the Council to account for its performance at the end of the year.
72. The Plan aims to fulfil two functions: it aims to be an internal management tool; and, at the same time, it represents a vehicle by which Flintshire citizens might better understand what the Council intends to achieve and hold it to account for doing so. In seeking to address these two aims, there is room for improvement in the presentation

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and content of the Plan. Currently the Plan includes too much information for citizens, but not enough for internal management purposes. The Council decided not to produce a summary of its Plan and, in doing so, missed an opportunity to engage with the public and to promote its aims and objectives more widely.

73. Given that the Measure requires councils to set their Improvement Objectives annually, the Council has agreed that it might usefully consider choosing fewer objectives from among its current priorities so that its focus in a single year is more sharply defined and to encourage citizens to engage more fully with the Council's planning and performance.
74. In our Letter in October 2012, we reported on the Council's likelihood to secure continuous improvement, as described under the Measure. The conclusion and supporting findings are described below:

**Based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators, the Auditor General reported in October 2012 that he believed that the Council was likely to comply with the requirement to make arrangements to secure continuous improvement during the financial year 2012-13**

75. To help us reach this conclusion we considered the arrangements the Council has in place to help it deliver its forthcoming Improvement Plan. We previously identified, in August 2010, that some of these arrangements were not fully supporting the Council to deliver its planned improvement, including the policy and strategy framework, use of resources, business processes and people management. The Council has made good progress on many of these areas.
76. We reached this conclusion in October 2012 because:
- the Council has made reasonable progress in acting on several of the recommendations in my last Annual Improvement Report, but some key projects supporting the corporate improvement priorities are taking longer than anticipated;
  - work on the medium-term financial plan continues, but the Council has not succeeded in completing the plan by the end of September 2012, as intended;
  - the Council's arrangements for developing, using and supporting technology are likely to support continuous improvement; and
  - the Care and Social Services Inspectorate Wales (the CSSIW) has published a positive assessment of the Council's services for children and families, reflecting strong leadership and improving outcomes (as described earlier in this report).
77. During the year, we and other organisations have undertaken reviews of services or arrangements at the Council. Several of these pieces of work were reported after we made our judgement of the Council's likelihood to secure continuous improvement in October 2012. We have included these below, as they contribute to the overall annual assessment we make in this Report, on the Council's improvement planning.

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The Council has made reasonable progress in acting on several of the recommendations in the 2012 Annual Improvement Report, but some key projects supporting the corporate improvement objectives were taking longer than anticipated

78. We have previously made a number of recommendations and proposals for improvement, and also noted some areas where we would undertake further work. We include a full list of previous recommendations and proposals for improvement in [Appendix 5](#), along with our assessment of progress to date and our plans for future reporting. We summarise progress on some of these matters below.
79. The Cabinet (and previously the Executive) has received updates from officers on the Council's progress in delivering one of its 2011-12 Improvement Objectives, 'to be a modern, caring and flexible employer with fair and equal pay, and terms and conditions of employment under a Single Status Agreement'. This work is continuing, as the date for the full implementation of Single Status remains under review, having again been deferred. In this respect, the Council has been unable to meet its intended timetable, as recommended in my last Annual Improvement Report.
80. The work of reaching a Single Status agreement is complex and the Council has understandably engaged external support for this work. The Council understands and accepts that there are financial risks associated with the implementation of Single Status and the settlement of existing and potential equal pay claims. It has set aside financial reserves to mitigate these risks. However, our audit of the Council's financial statements for 2011-12 concluded that the Council had been too willing to rely, without sufficient review or challenge, on externally produced estimates for equal pay claims. As a result, the Council amended the figure included in the accounts to better reflect the liability for accounting purposes. The Council acknowledges that further work is required to estimate the actual liability. The size of this liability will emerge from the Single Status agreement and through negotiations with the Trades Unions.
81. We recommended in January 2012 that the Council should complete its work in quantifying the financial benefits of its programme of efficiencies and organisational change by mid-2012-13. A key part of this programme, known as 'Flintshire Futures', represents an important strand in the Council's medium-term financial planning. Flintshire Futures also forms part of the Council's Improvement priority 'to be a modern, efficient and cost effective public organisation.' Flintshire Futures supports the Council's ability to continue to maintain and invest in services in the context of reduced external funding. The Flintshire Futures programme is ambitious and comprises five major workstreams. Senior officers acknowledge that progress is variable across the workstreams, and slower than planned in several areas. The Council has established a Programme Board to maintain and, where necessary, to increase momentum and to improve overall governance of the programme. The Council acknowledges that further focused work is required to determine the full impacts of the financial savings that could be archived through Flintshire Futures.
82. Proposals for improvement and then a formal recommendation had been made to improve the HR Strategy delivery and reporting arrangements. This Strategy also forms part of the Council's Improvement priority 'to be a modern, efficient and cost

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effective public organisation. The Council has made good progress on improving the delivery of the HR Strategy and there is now clearer reporting to Members on progress on the delivery. The time taken to deliver a Single Status agreement and to complete the HR service reorganisation, has led to further reprioritisation of several HR projects. These projects will be included in the Council's next People Management Strategy.

- 83.** Members receive regular progress reports on the 10 Improvement Priorities. The reports identify the officer who is accountable for the work but do not name the responsible Cabinet member. Including the named political lead alongside the named officer lead would help reinforce the joint responsibilities of officers and councillors for delivering the Council's priorities.

**Work on the medium-term financial plan has continued but the Council did not succeed in completing the plan by the end of September 2012, as intended**

- 84.** Officers reported to Cabinet in June 2012 that they planned to complete the Council's medium-term financial plan and to refresh the financial strategy by the end of September 2012. At the time of writing our second update letter to the Council in January 2013, the production of the medium-term financial plan continued but remained incomplete.
- 85.** All councils face considerable financial uncertainty in the medium term. The level of revenue support they are likely to receive from the Welsh Government may change and increased demand for council services may well drive up costs. The Council's medium-term financial plan does not yet recognise the full extent of the pressures on the budget, particularly the financial implications of the single status agreement. This undermines the Council's understanding of the scale of the financial challenge. Nonetheless the Council has identified the potential for substantial efficiencies from the Flintshire Futures programme, but the sums are not sufficient to bridge the funding gap. The Council has consequently identified a number of other areas of investigation to potentially yield further savings, but these need to be quantified.
- 86.** However, at present, the Council's financial planning takes insufficient account of longer-term projects, particularly those that require services to be reconfigured, and whose financial benefits may not be realised for some time. It is important that the intended financial benefits arising from such work are established from the outset so that the Council is better placed to achieve a balanced budget in future years. Some of these projects, planned for two or three years ahead, also require early decisions to ensure that the intended savings become available in the year in which they are planned.
- 87.** The Council has developed processes to allow Members to agree to redirect resources to priorities. This was demonstrated in the recent budget for 2013-14, where the Cabinet clearly articulated that funding was being directed towards seven of the 10 Improvement Priorities, including education and social care. The Council needs to ensure the medium-term financial planning matures effectively over the next year to allow Members to make informed decisions on funding for priorities for 2014-15 and beyond, and the emerging Flintshire Futures projects.



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### The Council's arrangements for the use of technology are likely to support continuous improvement

- 88.** The effective use of technology is essential for transforming the delivery of public services, improving outcomes for citizens and delivering efficiency savings. Technology can support different ways of working, delivering services and engaging with citizens, enabling councils to deliver more for less. The way in which technology is delivered and managed has a direct impact on the efficiency, effectiveness and quality of work undertaken across the Council and affects almost every council worker.
- 89.** In 2010, we identified that many local authorities were grappling with ensuring that technology was used effectively to support service transformation and achieve efficiency savings. As a result, we undertook reviews of technology at all councils during 2011-12.
- 90.** In Flintshire, we found that the Council's arrangements for developing, using and supporting technology are likely to support continuous improvement. The delivery of the Information, Communication and Technology (ICT) Strategy also forms part of the Council's Improvement priority 'to be a modern, efficient and cost effective public organisation. The Council has established a sound technology infrastructure, and is starting to use technology effectively to transform services and achieve efficiencies. In particular, we found that:
- arrangements for developing, using and supporting technology are sound with examples of good practice but a more corporate approach to funding technology would maximise improvement opportunities; and
  - performance in the use of technology is sound and improving, but there is scope for further improvement through the better use of performance information.

### The Council is continuing to try to increase the use of the Welsh Language within its business

- 91.** The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. Over time, new powers to impose standards on organisations will come into force through legislation. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993. The Commissioner works with all councils in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of councils to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every council is committed to providing an annual monitoring report to the Commissioner outlining its performance in implementing the language scheme. The Commissioner analyses every monitoring report; provides a formal response and collects further information as required.
- 92.** The Welsh Language Commissioner has found that:
- The Council amended its tendering documents to include the requirements of the language scheme and questions about Welsh language provision, and noted that it

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was necessary to further strengthen the procedure of monitoring compliance with the procurement process.

- A good variety of Welsh language courses are provided on different levels for staff, and a high number of staff have registered to learn Welsh.
- There are weaknesses in terms of appointing Welsh speakers to jobs with Welsh as an essential skill, and ensuring that non-Welsh-speaking staff fulfil the requirements of their jobs in terms of learning Welsh.
- The Council acknowledges that it is necessary to introduce a more formal procedure for monitoring and assessing non-Welsh-speaking staff to ensure that they fulfil the relevant requirements. No language awareness training was held during the last year, and the Council agreed to give this urgent attention and to prioritise training for members of staff who have regular contact with the public.
- The Council has also agreed to establish a procedure for measuring the quality of the Welsh language service offered.

### The Council is starting to streamline its complex governance arrangements as the systems are developing

93. As part of their follow-up visit, Estyn looked at the Council's approach to leadership and improvement planning for education. In their letter to the Council in early 2013, Estyn said:
94. 'Since the Estyn inspection in 2011, the new administration has prioritised the need for change and improvement in the directorate of Lifelong Learning. The chief executive and director of education accept the need for swift action in order to remove hurdles to improvement and, already, arrangements for the new single plan aim to streamline planning arrangements. Members and senior officers are committed to taking difficult decisions to improve provision and make effective use of resources. They have taken useful steps to bring about service level improvements although a few important areas for development remain in leadership and management.
95. The Children and Young People Partnership's plan is outside the main corporate planning arrangements of the council. These two planning systems make it difficult for partners to work effectively with core education services. It leads to duplication and missed opportunities to dovetail resources and interventions to support the most vulnerable learners.'
96. These findings are similar to the results of our work at the Council during 2012-13. We have found that the senior leadership of the Council is actively working to improve the internal governance and planning arrangements. Officers recognise that, while the current arrangements are adequate, there are opportunities to streamline processes, and gain further benefits from combining a range of corporate governance documents into a cohesive core improvement plan. This streamlining will have the added benefits of:
- simplifying and reducing the amount of reporting, thus saving officer and member time;

- 
- a more joined-up approach to risk management and improvement planning;
  - an enhanced focus on outcomes and achievement of the improvement objectives; and
  - re-energising the Council's planning process.

The Council is now well placed to take forward work on these areas.

# Appendix 1

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## Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether, as a result of his improvement plan audit under section 17, he believes that the authority has discharged its improvement planning duties under section 15.

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

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is informed by a forward-looking assessment of an authority's likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority's track record of improvement. This report also summarises the Auditor General's conclusions on the authority's self-assessment of its performance.

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the relevant authorities and Ministers, and which he may publish (under section 22). This published Annual Improvement Report summarises audit and assessment reports including any special inspections (under section 24).

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

# Appendix 2

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## Useful information about Flintshire

### The Council

The Council spends approximately £317 million per year (2012-13 budget), including specific Welsh Government grants. This equates to about £2,076 per resident. In the same year, the Council also planned to spend £33.6 million on capital items.

The average band D council tax in 2011-12 for Flintshire was £1,151 per year. This has increased by 2.9 per cent to £1,184 per year for 2012-13. 68.4 per cent of Flintshire's housing is in council tax bands A to D.

The Council is made up of 70 elected members who represent the community and make decisions about priorities and use of resources. The political make-up of the Council is as follows:

30 Labour

19 Independent

8 Conservatives

7 Welsh Liberal Democrats

1 Plaid Cymru

5 Not affiliated

The Leader is Councillor Aaron Shotton

The Council's Chief Executive is Colin Everett. He is supported by:

Ian Budd, Director of Lifelong Learning;

Neil Ayling, Director of Community Services;

Carl Longland, Director of Environment:

### Other information

The Assembly Members for Flintshire are:

Sandy Mewies, Delyn, Labour Party

Carl Sargeant, Alyn and Deeside, Labour Party

Llyr Huws Gruffydd, North Wales Region, Plaid Cymru

Mark Allen Isherwood, North Wales Region, Welsh Conservative Party

Aled Roberts, North Wales Region, Welsh Liberal Democrat

Antoinette Geraldine Sandbach, North Wales Region, Welsh Conservative Party

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The Members of Parliament for Flintshire are:

David Hanson, Delyn, Labour Party

Mark Tami, Alyn and Deeside, Labour Party

For more information see the Council's own website at <http://www.flintshire.gov.uk/> or contact the Council at Flintshire County Council, County Hall, Mold, Flintshire, CH7 6NB.

Telephone Number: 01352 752121

# Appendix 3

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## Appointed Auditor's Annual Audit Letter

The auditor appointed by the Auditor General issued the following auditor's report on 29 November 2012.

**The Council complied with its responsibilities relating to financial reporting and use of resources but there is still scope to improve financial controls in a number of areas and the Council needs to further develop its financial planning to help it meet the financial challenges ahead**

It is the Council's responsibility to:

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

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards. On 26 September 2012 I issued an unqualified audit opinion on the accounting statements stating that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to members of the Audit Committee and Council in my Audit of Financial Statements reports on 25 September 2012.

The following issues were identified regarding Flintshire County Council's accounts:

- The accounts contained two uncorrected misstatements, although they were not material. The first related to the charge for depreciation on fixed assets, which was understated by £628,000 (and as a result non-current assets were overstated by the same amount) and the second related to the misclassification of £4.710 million of grants received in advance, which were incorrectly disclosed as short-term creditors on the balance sheet. However, the Council provided management representations to explain the reasons for not amending and confirmed that the issues will be resolved in the 2012-2013 accounting statements.

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- Non-current (fixed) assets and related accounts were subject to extensive restatement for a number of reasons, but in particular, because the draft set of accounts had not been reconciled to the new fixed asset software system. This hampered progress with the audit as the Council did not provide the final reconciliation and resulting amendments to the accounts until late in the audit window.
  - There were a number of general issues relating to the quality of the accounts and supporting records, some of which we had reported previously, including: the need to address balancing items within the accounts, ensure full compliance with disclosure requirements and ensure all information is available to correctly value Council Houses.
  - There were three other matter which were significant to the oversight of the financial reporting process:
    - The Council needs to ensure that it does not over rely on external advice when preparing its financial estimates. The Council used estimates prepared by an independent expert as the basis for its accounting provision for equal pay liabilities without carrying out any review. In the final statements the figure was amended to better reflect the potential liability.
    - Based on legal advice, the Council did not recognise a liability for pension contributions on its equal pay liabilities. This is contrary to legal advice received by the Appointed Auditor which suggests that pension contributions should be paid on payments to resolve equal pay claims. Given the diverging legal views and uncertainty regarding the need to recognise a provision, the Appointed Auditor concluded that he would not take any further action as part of the 2011-2012 audit of accounts.
    - A number of members failed to return related party declarations which were required to comply with disclosure requirements.

Since the financial statements were approved, I'm advised that the Council has made good progress in terms of both reviewing and clearly determining the financial implications of single status and equal pay, as it works with relevant parties, to put in place its single status agreement.

The following issue was identified regarding the Clwyd Pension Fund accounts:

- The accounts contained an uncorrected misstatement, although it was not material. Investments were recorded in the accounts based on valuation reports available at the time of preparation. Prior to the conclusion of the audit, more up to date valuation reports became available which showed that investments at 31 March 2012 had been understated by £2.297 million. However, as this was a timing issue, the Council provided management representations, which we accepted, to explain the reason for not amending.

My consideration of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government (Wales) Measure (2009). Overall, I am satisfied that the Council has appropriate arrangements in place. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.



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As referred to in the Auditor General for Wales' recent Improvement Assessment letter to the Council (dated October 2012), the Medium-Term Financial Plan (MTFP) still requires further development and this is acknowledged by the Council. In its response to the Improvement Letter, the Council identified that the plan is not static but rather, is under continual review as the Council responds to the volatility in public finances, the economy and the range of challenges being faced by local government and public services.

In a Cabinet report (16 October 2012), the Head of Finance outlined how the MTFP has been developed in accordance with the key objectives of the Medium-Term Financial Strategy. The report identified a potential budget gap, at that stage of £8.4 million, against which efficiencies need to be identified to balance the budget for 2013-14. Using similar planning assumptions this would be a gap of £35 million over the MTFP period to 2017-18. It was also reported that the MTFP would be updated with any revenue implications from the:

- development of the capital programme taking place during October; and
- outcome of the negotiations on single status on agreement being reached by the Council.

I understand from the Council that work is ongoing with 2013-14 budget planning and that budget gap proposals for the 2013-14 budget, including efficiency measures, will be reported to Cabinet in December, alongside an update of the implications for future years.

I am concerned that the implementation of efficiency measures, particularly those that impact on service delivery, often need significant lead in time from the decision to the saving realisation. Whilst elements of the Flintshire Futures programme take a medium-term view, this is not consistently the case across the wider programme, where some plans continue to primarily focus on the shorter term. It is essential that, for all projects within the programme, there is clarity on the timing of and the benefits to be realised and, where they result in cash savings, how and when it impacts on the MTFP. The Council acknowledges this and has recently reviewed its internal arrangements through the establishment of a Flintshire Futures Board comprising members and officers to oversee the delivery of its efficiency programme.

I have not yet issued a certificate confirming that the audit of the accounts has been completed as there is an outstanding matter raised by a member of the public into which I need to make enquiries.

The financial audit fees for 2011-12 are currently expected to be in line with the agreed fees set out in the Annual Audit Outlines.

Yours sincerely

John Herniman  
Group Director

For and on behalf of the Appointed Auditor  
29 November 2012

Local electors and others have a right to look at the Council's accounts. When the Council has finalised its accounts for the previous financial year, usually around June or July, it must

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advertise that they are available for people to look at. You can get copies of the accounts from the Council; you can also inspect all books, deeds, contracts, bills, vouchers and receipts relating to them for 20 working days after they are made available. You can ask the auditor questions about the accounts for the year that they are auditing. For example, you can simply tell the auditor if you think that something is wrong with the accounts or about waste and inefficiency in the way the Council runs its services. For more information see the Wales Audit Office leaflet, *Council accounts: your rights*, on our website at [www.wao.gov.uk](http://www.wao.gov.uk) or by writing to us at the address on the back of this report.

# Appendix 4

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## Flintshire Council's improvement objectives and self-assessment

### The Council's improvement objectives

The Council is required by the Welsh Government to make plans to improve its functions and the services it provides. Each year, it must publish these plans along with specific 'improvement objectives' that set out the key things that the Council intends to do to improve. The Council must do this as soon as possible after 1 April each year.

The Council published its improvement objectives for 2012-13 in its Improvement Plan 2012-2017 which can be found on the Council website at [www.flintshire.gov.uk](http://www.flintshire.gov.uk). They are:

#### 2011-12 and 2012-17 Improvement Objectives

To be a modern, efficient and cost effective public organisation through our four resources strategies - the Medium-Term Financial Strategy, the People Strategy, the Asset Management Strategy and the ICT Strategy - whilst ensuring our local taxes and fees and charges are fair and affordable.

To achieve the greatest possible cost efficiencies through regional and sub-regional collaboration to reinvest in local public services.

To be a modern, caring and flexible employer with fair and equal pay and terms and conditions of employment under a Single Status Agreement.

To achieve the highest standards of customer service and care through our Customer Services Strategy.

To make our communities safe and to safeguard the vulnerable with children and older people being priority groups.

To protect and grow the local and regional economy, to be a prosperous County and to provide help and support for those vulnerable to poverty.

To promote independent, healthy and fulfilled living in the community with the highest quality personalised and supportive social and health care services.

To meet housing need in the County and to work with partners to ensure a sufficient supply of quality and affordable homes and housing services in the social, mixed tenure and private sector housing markets.

To secure a modern and high performing range of learning, cultural, play and leisure opportunities for all ages with our schools, colleges and other partners.

To protect, plan and develop sustainable natural and built environments.

### The Council's self-assessment of performance

The Council's self-assessment of its performance during 2011-12 can be found in its Annual Performance Report. This can be found on the Council's website at [www.flintshire.gov.uk](http://www.flintshire.gov.uk).

# Appendix 5

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## Previous proposals or recommendations for improvement made to the Council

Over the course of our work since 2010, we have made proposals or recommendations for improvement. These have previously been reported to the Council and are set out below for information. The Council has made progress in addressing many of these, and this is included below. We will continue to monitor and report on the progress made by the Council in implementing the remaining proposals or recommendations under our future programme of work.

### Preliminary corporate assessment 2010

P1	Review arrangements to ensure that appropriate behaviour standards of councillors are maintained.	Progress has been made. This is now complete.
P2	Complete work on the Council (Governance) Plan Framework.	Progress has been made. This is now complete.
P3	Develop the process to enable the allocation of resources to priorities.	Progress has been made. This is now complete.
P4	Complete the People Strategy 2009-2012 and action plan.	Progress has been made. This is now complete.

### Annual Improvement Report 2011

As above plus the Council should:

P1	Complete the review of the Priorities of the Administration, formally adopt these as the priorities of the Council, and publish them widely.	Progress has been made. This is now complete.
P2	Establish that there are clear leadership and accountability arrangements, success measures, and reporting processes for progress against all of its priorities.	Progress has been made. This is now complete, as more recent recommendations have superseded this.

### Corporate assessment update letter 2011

P1	By the end of 2011, the Council should complete the development of its medium-term financial plan so as to allow informed decisions on how funding pressures will be addressed and resources allocated to achieve improvement objectives.	Progress has been made. This is now complete, as more recent recommendations have superseded this.
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## Preliminary corporate assessment 2010

P2	By the end of October 2011, the Council should complete a review of overall progress with the People Strategy 2009-12, prioritise the outstanding actions and resources necessary to achieve them, and report on this to elected members.	Progress has been made. This is now complete.
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P3	Develop an improved corporate approach to engagement with communities and users of services including arrangements to enhance the contribution of elected members.	While some progress has been made, this remains an on-going area for improvement, and the proposal remains in place.
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## Annual Improvement Report 2012

These recommendations follow from proposals for improvement made in August 2010 and August 2011.

### Recommendations:

R1	The Council should report more fully and regularly to the Executive Board on progress in delivering the Human Resources (HR) strategy and <i>Single Status Agreement</i> and ensure capacity and capability are available to achieve intended outcomes and timetables.	Progress has been made. This is now complete.
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R2	The Council needs to complete its work in quantifying the financial benefits of its programme of efficiencies and organisational change by mid 2012-13, to determine the remaining funding gap (shortfall or surplus) and then establish clear plans to identify further savings and/or redirect resources to priorities.	Progress has been made, although the Council did not fully meet the planned timescale. The Council's work continues and we shall review progress and report on this during 2013.
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### Proposals for improvement:

P1	Complete the work in progress to set clear success measures for all improvement objectives and ensure regular, clear reporting.	This proposal for improvement was first made to the Council in January 2011. Good progress has been made, although this remains on-going work for the Council in 2013.
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P2	Develop and agree a detailed business plan for improving customer access showing how success measures will be achieved and offer value for money.	Progress has been made. We will review this work in 2013, and report on this during 2013.
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## Preliminary corporate assessment 2010

P3	Ensure its Annual Performance Report is published by 31 October in line with statutory requirements and more fully reflects Welsh Government guidance.	Reporting requirements were met in 2012, but a further proposal on improving the quality of the report was made in 2013. Therefore this proposal is now complete.
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P4	Improve quality assurance arrangements to ensure that data used to support performance management and monitoring is accurate and robust.	Progress has been made. This is now complete.
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**Letter 1 2013:** No new proposals or recommendations for improvement

**Letter 2 2013:**

### *Improvement Planning*

P1	Within the context of its medium-term corporate planning, the Council should define a set of annual Improvement Objectives that encapsulates its ambitions for the year and communicate them in a form that enables the public to hold the Council to account for its performance.	Current.
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P2	Ensure that the Improvement Plan available to the public on the Council's website reflects any changes resulting from reviews during the year, and that any revised Plan includes a record of any such changes.	Current.
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### *Improvement Reporting*

P3	Increase the use of relevant data to support the Council's evaluation of outcomes in relation to its Improvement Objectives	Current.
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P4	Improve the balance of the narrative supporting each assessment, drawing out the lessons learned from particularly successful work and from work that has not gone as well as intended.	Current.
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WALES **AUDIT** OFFICE  

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## Wales Audit Office Annual Improvement Report 2012

### Executive Response

This Annual Improvement Report (AIR) is broadly a fair, evidenced and agreeable summary of the position of the Council. The report is a further positive endorsement of another year of achieving continuous improvement in Flintshire.

There are no new statutory recommendations or proposals for Improvement.

Listed below are the principal topics within the AIR. The number in brackets refers to the paragraph in the AIR where the issue can be found

<b>Topic</b>	<b>Issue</b>	<b>Response</b>
Carbon Reduction (11)	Performance	Greater organisational commitment and action on energy usage reduction required
Domestic Waste (15)	Performance	Organisation confident of meeting collection and recycling targets post service changes
Vulnerable Residents (17)	Performance	Council has a full action plan in response to CSSIW recommendations
Education (21)	Performance	Council has a full action plan in response to 2011 Estyn inspection and 2013 monitoring visit
Housing (31)	Achieving the Wales Housing Quality Standard (WHQS)	Council has a revised and updated Housing Business Plan showing achievement of the WHQS by 2022. Negotiations are advanced with the Welsh Housing Task Force on options to achieve WHQS by 2020
Housing Benefits (38)	Performance	The Housing Benefits Services is a priority service for continued local improvement
Economy (41)	Strategic impact	Economic Development continues to be a top Council priority
Performance Systems and Information (46, 64 and 70)	Further improving and simplifying performance systems	<ul style="list-style-type: none"> <li>• The Improvement Plan and Annual Performance Report formats and contents have been reviewed to improve the impact of the documents</li> <li>• The reviewed and streamlined outcome-based Council Priorities/Improvement Objectives are to be reported in June with a new style Improvement Plan to be published in June 2013</li> <li>• The Strategic Assessment of Risks and Challenges will be incorporated in the Improvement Plan</li> <li>• The organisation is improving the consistency of its self-evaluation methods</li> </ul>
Governance (63)	Improving Governance systems	The Council has strengthened its arrangements for reviewing and reporting on Governance. A recent Wales Audit Office national study has made positive conclusions on the arrangements in Flintshire
Information Management (66)	Performance	The Council has an adopted ICT and Customer Services Strategy and is reviewing the structure and priorities of the ICT Division

Single Status (80)	Achieving a Single Status Agreement	<ul style="list-style-type: none"> <li>• All work-streams in the 'recovery plan' from 2009 have been completed</li> <li>• A provisional agreement on Part 3 Terms and Conditions has been agreed</li> <li>• Final options on a future Pay and Grading Model are being reviewed against affordability</li> <li>• There is a parallel strategy to settle against potential Equal Pay liabilities</li> </ul>
Flintshire Futures (81)	Clear planning for and achievement of efficiency targets through organisational change	<ul style="list-style-type: none"> <li>• The governance and management of the Flintshire Futures five work-streams has been improved</li> <li>• Overall achievement of efficiency targets runs at around 85%</li> <li>• Further efficiency target planning is running as part of the Medium Term Financial Plan and Council Priorities review</li> </ul>
Human Resources Strategy (82)	Progress with the Strategy	The strategy has been reprioritised and performance of the strategy and the individual work-streams are reported regularly to both Cabinet and Overview and Scrutiny
Financial Planning (84)	Publication of the second Medium Term Financial Plan (MTFP)	<ul style="list-style-type: none"> <li>• The second MTFP will be published in June 2013 alongside the Improvement Plan</li> <li>• The MTFP will be far more advanced in planning the costs of Council Priorities and investments and in setting new efficiency targets for the period to 2018</li> <li>• The changing financial national picture and it's impact on Council financial planning is important context</li> </ul>
Welsh Language (91)	Performance	The Council has an adopted Welsh Language Plan which is under continuous review

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**

**DATE:**               **WEDNESDAY, 12 JUNE 2013**

**REPORT BY:**       **CHIEF EXECUTIVE**

**SUBJECT:**           **COLLABORATIVE PROJECTS ARRANGEMENTS**

### **1.00 PURPOSE OF REPORT**

- 1.01 At its previous meeting Members of the Audit Committee requested a report to consider the scrutiny of performance of collaborative projects.

### **2.00 BACKGROUND**

- 2.01 In the first quarter of 2011, the Welsh Government published the *Local, Regional and National: What services are best delivered where?* report (The Simpson Review) along with national reports on the delivery of education (Thomas Review) and social services (Sustainable Social Services). A key recommendation of the Simpson report was that:

*“A Compact detailing the development of collaborative and national service delivery will be agreed by the Assembly Government and the Welsh Local Government Association (WLGA). This Compact will set down a realistic but challenging timeline for dealing with our recommendations”.*

- 2.02 On 5<sup>th</sup> December 2011 the Welsh Government and the WLGA signed such a compact and requested that each local authority sign up to demonstrate their commitment to collaboration and national policy. Following reports to the then Executive and Council early in 2012. Flintshire signed up to the compact.

- 2.03 Within the compact, it is emphasised that :

“Transparent performance management and governance arrangements which allow councillors continued engagement in service scrutiny are prerequisites for effective collaboration. Increasingly councillors will also have to give due consideration to their role as community leaders and engage positively in the reform process, recognising that their role extends beyond their own borders.” and that:

“There may be occasions when the case for change may be less strong or broadly neutral for one partner in collaboration than another. Relative scale of benefits should not be a reason to avoid working together where the outcome for public services will meet the criteria outlined above” (relating to the greater good).

2.04 Flintshire is committed to working in collaboration on a number of projects and service areas not only with local authorities but across all public sector organisations. There are a number of significant collaboration projects underway in the region, for example:-

- residual waste
- food waste
- school improvement
- transport
- social services commissioning
- planning (minerals and waste)
- ICT infrastructure

2.05 Appended to this report is a copy of the Cabinet report dated 21<sup>st</sup> May which provides an overview of regional collaboration in North Wales to (1) assure the Committee that it is meeting its commitments under the National Compact and is acting as a positive regional partner and (2) enable the Committee to make suitable arrangements to govern, review and evaluate collaborative working. The report was welcomed by the Cabinet and it was also agreed to submit the report to both the Community Profile and Partnerships and Corporate Resources Overview and Scrutiny Committees.

A summary of all principal collaboration projects within the region where Flintshire is a partner is also included.

### **3.00 CONSIDERATIONS**

3.01 At the time of becoming a signatory to the compact Flintshire's then Executive and Council put in place the following arrangements to directly address the governance of collaboration and performance monitoring arrangements:

1. For new collaborations – the appropriate Overview & Scrutiny Committee will have a full report at the three stages of inception, outline business case (OBC) and final business case (FBC) for major projects and that committee's full input will be presented to cabinet as part of the formal decision making process.
2. Post implementation of a new collaborations – the appropriate Overview & Scrutiny committee will receive regular post implementation performance reports (at intervals to be agreed, for example quarterly) for the first 12 months following

implementation thereafter mainstreamed reporting in our local performance reporting.

3. Members information on service changes – prior detailed notice to all members over operational changes (for example, contracts performance standards, service failure remedy routes, etc).
4. Regional scrutiny post implementation – arrangements will be considered over and above the local arrangements on key collaborations, for example, school improvement. This could have the shape, for example and using the same example, of the six local respective scrutiny chairs meeting to oversee implementation and to ensure thorough and timely reporting to their constituent authorities.

3.02 The above arrangements have led to the following collaborative projects being reported to Overview & Scrutiny Committees:-

- Social Services Regional Commissioning Hub
- The Regional Educational School Improvement Service
- North Wales Adoption Service
- North East Wales Emergency Duty Team
- North Wales Regional Waste Partnership.

#### **4.00 RECOMMENDATIONS**

4.01 That the committee note the arrangements in place for the scrutiny of performance and collaborative projects.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None as a result of this report noting that collaborative projects have investment costs and financial risks as well as financial benefits.

#### **6.00 ANTI POVERTY IMPACT**

6.01 None directly.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly.

#### **8.00 EQUALITIES IMPACT**

8.01 None directly.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None directly from this report noting that the more significant

collaborative projects can have implications for the workforce both positive (e.g. career development) and negative (e.g. reductions in numbers).

**10.00 CONSULTATION REQUIRED**

10.01 None directly.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None directly.

**12.00 APPENDICES**

12.01 Appendix 1 – Cabinet Report dated 21<sup>st</sup> May – Regional Collaboration Review.

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

No background papers.

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**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**                   **TUESDAY 21 MAY**

**REPORT BY:**           **CHIEF EXECUTIVE**

**SUBJECT:**               **REGIONAL COLLABORATION REVIEW**

**1.00**   **PURPOSE OF REPORT**

1.01    To provide an overview of regional collaboration in North Wales to (1) assure the Council that it is meeting its commitments under the National Compact and is acting as a positive regional partner and (2) enable the Council to make suitable arrangements to govern, review and evaluate collaborative working.

**2.00**   **BACKGROUND**

2.01    The North Wales region has a developing portfolio of collaborative projects. The majority of collaboration projects are more recent developments with their origin being regional choice or national policy direction; a minority of collaborations are legacies of local government re-organisation (1995-96).

2.02    The national policy expectations for collaboration were ‘codified’ by the National Compact which was co-signed by Welsh Government and Local Government in 2011. There are three implementation contracts or work programmes under the Compact: Education, Social Services and Other Services. Given that all three work programmes are well advanced it is timely to review the progress made, at both national and regional levels and to consider options for further collaborative working.

2.03    Attached to this report is a summary of all principal collaboration projects within the region where Flintshire is a partner. The summary, in tabular form, shows for each collaboration - the service or function, the lead authority, the partners, the progress status of the project, the target date for implementation, the purpose and benefits of the collaboration and the governance model.

**3.00**   **CONSIDERATIONS**

3.01    Collaboration projects range in type and scale. Some are restricted to collaboration within local government, some are cross public service and some operate at a national scale. To provide an overview of the

developing and increasingly complex 'map' of collaborative activity it is useful to understand for each collaboration:-

- its type
- its purpose and benefits
- the progress made
- the performance of the collaboration in meeting its purpose
- the governance arrangements

3.02 **Types of Collaboration:** collaboration can range in type from:-

- strategic working e.g. developing the regional economy
- cross sector whole systems reform e.g. health and social care integration, community safety, vulnerable families
- cross sector 'like for like' sharing e.g. shared building assets such as Flintshire Connects
- local government 'like for like' service integration e.g. transport, school improvement, adoption

3.03 Collaboration can range in scale and coverage from:-

- national e.g. National Procurement Service
- regional e.g. school improvement
- sub-regional e.g. Emergency Duty Team for Social Care
- local e.g. training and development with Deeside College

3.04 The origin of a collaboration can be:-

- development of an existing collaboration e.g. transport
- emerging opportunity e.g. Emergency Duty Team for Social Care
- external market management e.g. ICT procurement
- external market requirements e.g. residual waste
- strategic alignment e.g. economic development
- national direction e.g. supporting people

3.05 **Purpose and Benefits:** the purpose and benefits of each collaboration can range from:-

- improving service resilience e.g. making better use of specialist resources (an example: emergency planning)
- improving service quality e.g. higher overall performance (an example: school improvement)
- cost avoidance by working together (example: residual waste)
- achieving cost efficiencies (examples: ICT procurement, social services commissioning)



- 3.06 **Progress:** the progress status of collaborations can be tracked as:-
- Stage 1: concept and pre-outline business case stage
  - Stage 2: post outline business case and pre business case stage
  - Stage 3: in transition post final business case stage
  - Stage 4: implemented and operational

- 3.07 **Performance:** performance of collaboration can be gauged against:-
- progress status against timescale
  - management against a risk profile
  - performance in achieving service standards
  - performance in achieving business benefits
  - quality of governance
  - feedback, confidence and reputation

- 3.08 **Governance:** the governance model for each collaboration can vary from:-
- a statutory joint committee
  - a lead authority
  - a commissioning partnership
  - a strategic partnership
  - an informal arrangement.

3.09 Generally, the more significant and the higher risk the collaboration the more formal the governance model required. Under a governance model there can be no ambiguity around roles and responsibilities and the discharge of statutory duties.

3.10 Members will recall that at the meeting of the Corporate Resources Overview and Scrutiny Committee held on 19<sup>th</sup> January 2012 it was resolved:

“That having considered the contents and the implications of the Compact, both for Flintshire and the wider local government family and its relationship with the Welsh Government, the Committee recommends that Flintshire should be a signatory, with the following caveat:-

“That this Council’s commitment to collaborations with other local Authorities and public bodies be reaffirmed, wherein this can either provide existing services more efficiently and/or provide better services at no additional cost, as long as a business case is provided and local sovereignty is protected through appropriate levels of democratic input and scrutiny.”

- 3.11 Following this resolution the Council has introduced a protocol where:-
- for any newly proposed principal collaboration the outline business case is reported to both Cabinet and the respective Overview and Scrutiny Committee for consideration
  - for any principal collaboration already under development the final business case is reported to both Cabinet and the respective Overview and Scrutiny Committee for review
  - for any adopted and implemented principal collaboration a way of reporting and evaluating performance is set as part of the regional and local governance arrangements (e.g. an annual report or reporting within the quarterly performance reports). Prior to any major service changes detailed information will be given to local members on the service changes, contact personnel and the arrangements for enquiry, complaint and performance review
- 3.12 The Corporate Resources Overview and Scrutiny Committee and the Audit Committee will be invited to review governance and performance reporting arrangements for principal collaborations.
- 3.13 For statutory partnerships which have a certain annual turnover separate annual accounts are required. This already applies to TAIH and Residual Waste and will apply to the School Improvement Service.
- 3.14 More recent developments to improve the development of business cases for new collaborations to assist evidenced based, informed and reliable decision-making by Flintshire have been (1) a decision-making test at the stage of final business case that the case made is in the best interests of Flintshire (as advised by the Auditor General for Wales) and (2) the lead authority for each collaboration completing an advisory audit of a business case at key stages of project adoption.
- 3.15 The progress and achievement of the Compact is being reviewed at a national level. The North Wales region is making a full contribution to the review. As can be seen from the attached summary Flintshire is the lead for a number of collaborations and is an active partner in all principal collaboration projects. North Wales has a strong reputation for being a cohesive and progressive region; Flintshire has a strong reputation as a leading authority in collaboration both in attitude and in delivery.
- 3.16 The next phase of collaboration is likely, by collective agreement, to concentrate on major systems reform in key services to improve quality and control cost such as joint effective working between primary and acute health and adult social care. Following the national review of the Compact there will be further national, regional and local debate on options for future collaboration alongside Welsh Government policy and budget choices for the medium term under the

Programme for Government.

#### **4.00 RECOMMENDATIONS**

4.01 Cabinet is invited to:-

1. note the progress made by North Wales as a progressive region and by Flintshire as a progressive Council;
2. review the summary of collaboration to be assured that the Council is meeting its commitments under the National Compact;
3. invite the Corporate Resources and Overview and Scrutiny Committee and Audit Committee to review governance and reporting arrangements for collaborations, both adopted and in transition, to meet the needs of the Council; and
4. position Flintshire as an active contributor in the review of the National Compact and in debating options for future collaboration.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None directly from this report noting that collaborative projects have investment costs and financial risks as well as financial benefits.

#### **6.00 ANTI POVERTY IMPACT**

6.01 None directly.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly.

#### **8.00 EQUALITIES IMPACT**

8.01 None directly.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None directly from this report noting that the more significant collaborative projects can have implications for the workforce both positive (e.g. career development) and negative (e.g. reductions in numbers).

#### **10.00 CONSULTATION REQUIRED**

10.01 None directly.

#### **11.00 CONSULTATION UNDERTAKEN**

11.01 None directly.

**12.00 APPENDICES**

**12.01** Appendix 1: Summary of principal regional collaborative activity

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Collaborative Projects – Position Statement - May 2013

No	Title/Purpose and Brief Description	Lead Authority	Partners	Status/ Progress	Implementation or target date	Purpose	Governance Model
<b>IMPLEMENTED COLLABORATION PROJECTS</b>							
<b>COMMUNITY SERVICES</b>							
1	<b>North Wales Commissioning Hub</b> <i>A joint service across North Wales that negotiates complex care placements for adults and children</i>	Denbighshire	All 6 NW Local Authorities BCUHB	4	October 2012	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> <li>• Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>• Management Board</li> <li>• NWSSIC</li> <li>• Social Services and Health Programme Board</li> <li>• RLB</li> </ul>
2	<b>North East Wales Community Equipment Stores (NEWCES)</b> <i>A joint service providing community equipment for health patients and local authority service users</i>	Flintshire	Flintshire Wrexham BCUHB	4	Existing (confirm date of implementation)	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly Management Board</li> <li>• Reports to Individual Agency / LA Political Processes as required.</li> </ul>
3	<b>North Wales Adoption Service</b> <i>A joint service across North Wales providing</i>	Wrexham	All 6 NW Local Authorities	4	April 2010	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly Management Board meetings</li> <li>• Reports to North</li> </ul>

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Collaborative Projects – Position Statement - May 2013

Page 68	<i>Adoption Services</i>						<p>Wales Social Services Improvement Collaborative (NWSSIC)</p> <ul style="list-style-type: none"> <li>• Reports to individual LA's political processes as required</li> <li>• Social Services and Health Programme Board</li> </ul>
4	<p><b>Houses to Homes – empty homes scheme</b> <i>North Wales partnership which oversees the Welsh Government “Houses for Homes” private sector housing renewal scheme</i></p>	Flintshire	All 6 NW Local Authorities	4	June 2012	<ul style="list-style-type: none"> <li>• Efficiencies</li> <li>• Cost avoidance</li> <li>• Resilience</li> </ul>	<ul style="list-style-type: none"> <li>• No formal governance</li> </ul>
5	<p><b>Emergency Duty Team</b> <i>A joint service for providing emergency out of hours social work support</i></p>	Wrexham	Wrexham Flintshire Denbighshire	4	April 2008	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Local Performance reporting</li> </ul>

Collaborative Projects – Position Statement - May 2013

6	<p><b>Enhanced Unpaid Work</b> <i>Utilisation of a Third Sector agency to provide support to young people; collaborate regionally and deliver locally.</i></p>	Gwynedd	All 6 NW Local Authorities	4	April 2013	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Efficiencies</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting in year</li> </ul>
7	<p><b>Sub Regional Safeguarding Children's Board</b> <i>Sub-Regional Governance overseeing Children's Safeguarding</i></p>	Flintshire	Flintshire Wrexham	4	2011	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Reports to NWSSIC</li> <li>• Reports to LA pilot process as required</li> </ul>
8	<p><b>Substance Misuse and Health</b> <i>Multi-agency partnership overseeing substance misuse services in the region</i></p>	Health Authority	All 6 NW Local Authorities and Health Authority	4	2009	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Efficiencies</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• YOT Management Board</li> <li>• Community Safety Partnerships</li> <li>• Area Planning Boards</li> </ul>
9	<p><b>Telecare</b> <i>Multi-agency partnership overseeing telecare services in the region</i></p>	Conwy	Conwy Denbighshire Flintshire Gwynedd Ynys Mon	4	2011	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting in year</li> </ul>

Collaborative Projects – Position Statement - May 2013

10	<b>Integrated Family Support Service (IFSS)</b> <i>Joint operational service providing specialist services to families with complex needs</i>	Flintshire	Wrexham Flintshire	4	April 2013	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting</li> </ul>
<b>ENVIRONMENT</b>							
11	<b>Flood Risk Management Strategy</b> <i>Joint development of strategy utilising model developed by Conwy</i>	Conwy	Flintshire Ynys Mon	4	2013	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting</li> </ul>
12	<b>TAITH</b> <i>Joint project board delivering substantial and significant improvements to public transport across the region</i>	Flintshire	All 6 NW Local Authorities	4	2003	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• Regional Programme Board</li> <li>• North Wales Strategic Directors Meetings</li> </ul>
13	<b>Public Protection</b> <i>Operational delivery through shared officers</i>	Flintshire	Flintshire Wrexham	4	Review to be undertaken 2013/14	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local Performance Reporting</li> </ul>
14	<b>Specialist Planning (Minerals and Waste)</b> <i>Provision of a resilient</i>	Flintshire	All 6 NW Local Authorities	4	April 2011	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Local Performance Reporting</li> </ul>



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	<i>staffing resource to deal with all relevant planning applications, policy development and site monitoring</i>						
<b>LIFELONG LEARNING</b>							
15	<b>21<sup>st</sup> Century Schools Procurement Framework for 21<sup>st</sup> Century Schools projects in North Wales</b>	Flintshire & Denbighshire	All 6 NW Local Authorities	4	January 2013	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> <li>• Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>• Formal project management arrangements in place</li> <li>• Programme Board</li> </ul>
16	<b>Regional School Improvement &amp; Effectiveness Service</b> <i>Development of a combined School Improvement Service for resilience across the region</i>	Gwynedd	All 6 NW Local Authorities	4	April 2013	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• Joint Committee &amp; User groups</li> </ul>
17	<b>ICT – Education Management Information Service (MIS)</b> <i>Procurement &amp; Hosting – procurement of common education</i>	Flintshire	All 6 NW Local Authorities	4	September 2012	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Formal project management arrangements in place</li> <li>• North Wales Heads of ICT Forum –</li> </ul>

Collaborative Projects – Position Statement - May 2013

	<i>management information system for all North Wales Councils with full hosting provided by Flintshire</i>						<p>Monthly Meetings</p> <ul style="list-style-type: none"> <li>NW Education Consortium</li> </ul>
18	<p><b>Schools Library Service</b></p> <p><i>Jointly funded service to schools and colleges providing books and other resources in NE Wales</i></p>	Flintshire	Flintshire Wrexham Denbighshire Conwy	4	January 2011	<ul style="list-style-type: none"> <li>Resilience</li> <li>Quality</li> <li>Efficiencies</li> <li>Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>SLS Management Board – meets termly</li> </ul>
19	<p><b>Inclusion Collaborations</b></p> <p><i>Aim to develop collaborative working in specialist services (see Joint Sensory Service (item 43)) for additional resilience and efficiency</i></p>	Flintshire	All 6 NW Local Authorities	4	Sep 2012	<ul style="list-style-type: none"> <li>Resilience</li> <li>Quality</li> <li>Efficiencies</li> <li>Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>NW Education Consortium</li> <li>Formal project management arrangements in place</li> <li>Formal project management arrangements in place</li> </ul>
20	<p><b>North East Wales (NEW) Play</b></p> <p><i>Regional scheme to encourage play in local</i></p>	Flintshire	Flintshire Wrexham Denbighshire	4	May 2010	<ul style="list-style-type: none"> <li>Quality</li> </ul>	<ul style="list-style-type: none"> <li>NEW Play Management Board</li> </ul>

Collaborative Projects – Position Statement - May 2013

	<i>communities and leave a legacy of play across the region</i>						
<b>CORPORATE SERVICES</b>							
21	<b>Corporate Training</b> <i>Provision of an enhanced training programme and shared resources</i>	Flintshire	Flintshire Deeside College	4	March 2012	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting in year</li> <li>• Partnership Board</li> </ul>
22	<b>Managed Agency Staff Solution Project (MATRIX)</b> <i>Provision of a cost effective service whilst providing visibility of the temporary workforce.</i>	Flintshire	Flintshire Denbighshire Wrexham	4	October 2011	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> <li>• Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting in year</li> <li>• Project Board</li> </ul>
23	<b>Occupational Health</b> <i>Combined service provision across both authorities</i>	Flintshire	Flintshire Wrexham	4	September 2011	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting in year</li> <li>• Partnership board</li> </ul>

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24	ICT – Joint Procurement <i>Web Content Management System</i>	Denbighshire	Flintshire Denbighshire Gwynedd	4	Procurement Complete, Flintshire implementation September, 2013	<ul style="list-style-type: none"> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Formal project management arrangements in place</li> <li>• North Wales Heads of ICT Forum – Monthly mtgs</li> </ul>
25	ICT – Joint Procurement <i>Hardware</i>	Wrexham	All 6 NW Local Authorities	4	December 2012	<ul style="list-style-type: none"> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• North Wales Heads of ICT Forum – Monthly Meetings – contract monitoring</li> </ul>
26	ICT - Joint Procurement <i>Service Desk Software</i>	Gwynedd	Flintshire Gwynedd Wrexham	4	Procurement Complete, Flintshire implementation July, 2013	<ul style="list-style-type: none"> <li>• Efficiencies</li> <li>• Resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Formal project management arrangements in place</li> <li>• North Wales Heads of ICT Forum – Monthly Meetings</li> </ul>

Collaborative Projects – Position Statement - May 2013

27	<b>ICT – Disaster Recovery</b> <i>Shared ICT business continuity arrangements</i>	Flintshire	All 6 NW Local Authorities	4	March 2013	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Formal project management arrangements in place</li> <li>• North Wales Heads of ICT Forum – Monthly Mtgs</li> </ul>
<b>CURRENT COLLABORATION PROJECTS</b>							
<b>COMMUNITY SERVICES</b>							
28	<b>Regional Safeguarding Children’s Board</b> <i>North Wales Safeguarding Childrens Board required by Welsh Government Guidance</i>	Conwy	All 6 NW Local Authorities	2/3	2013/2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Reports to NWSSIC</li> <li>• Reports to LAs political processes as required.</li> </ul>
29	<b>Eco energy efficiency work</b> <i>Through the joint ECO procurement exercise, Wrexham, Flintshire, Denbighshire and Conwy Council’s are tendering to set up a framework for funding and delivery of Energy Company Obligation works.</i>	Wrexham	Flintshire Denbighshire Conwy Registered Social Landlord’s	2	September 2013	<ul style="list-style-type: none"> <li>• Efficiencies</li> <li>• Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>• tbd</li> </ul>

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30	<b>Single Access Route to Housing (SARTH)</b> <i>Regional housing register and allocations policy</i>	Denbighshire	Flintshire Conwy Registered Social Landlord's	2	Pilot April 2014	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Steering group with all partners represented plus number of operational sub groups</li> </ul>
<b>ENVIRONMENT</b>							
31	<b>Mersey Dee Alliance (City Region Bid)</b> <i>Deliver the first cross border City Region</i>	Cheshire West	Flintshire Denbighshire Wrexham Wirral Cheshire West	4	2013/14	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Direction</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Project Board</li> <li>• Ad-hoc reporting</li> </ul>
32	<b>Built and Nature Conservation</b> <i>Provide a collaborative service based on the Minerals and Waste Planning Service model</i>	Flintshire	All 6 NW Local Authorities	1	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting</li> </ul>
33	<b>Civil Parking Enforcement</b> <i>Deliver the network management strategy as set out in the Regional Transport Plan</i>	Flintshire	All 6 NW Local Authorities	2	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting</li> </ul>
34	<b>Consultancy Services</b> <i>Make most efficient use of the skills base and capacity of the service</i>	Gwynedd/Denbighs hire	All 6 NW Local Authorities	1	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local Performance reporting</li> </ul>

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35	<b>Economic Development</b> <i>Explore collaborative possibilities across the region to deliver a more cost effective, resilient and strategic approach to Economic Development</i>	Gwynedd Flintshire Ynys Mon	All 6 NW Local Authorities	1	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Direction</li> <li>• Efficiencies</li> <li>• Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Ambition Board</li> </ul>
36	<b>Fleet Services</b> <i>Deliver fleet use maximisation and reduction in fleet vehicles</i>	Flintshire/Wrexham	Flintshire Wrexham	1	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> <li>• Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>• Project Board</li> <li>• Ad-hoc reporting</li> <li>• Local Performance reporting</li> </ul>
37	<b>Food Waste</b> <i>Provide a sub-regional food waste treatment facility to enable WG waste management targets to be met</i>	Denbighshire	Conwy Denbighshire Flintshire	3	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Direction</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Project Board</li> <li>• Ad-hoc reporting</li> <li>• Local performance reporting</li> </ul>

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38	<b>Residual Waste</b> <i>Seeking a solution to manage residual waste on behalf of the five partner authorities to allow individual authorities to meet WG waste management targets</i>	Flintshire	Conwy Denbighshire Flintshire Gwynedd Ynys Mon	2	2017	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> <li>• Cost avoidance</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• Project Board</li> <li>• Local performance reporting</li> </ul>
39	<b>Trunk Road Maintenance</b> <i>Sub-regional service delivery hub</i>	Flintshire	Conwy Denbighshire Wrexham	1	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local Performance reporting</li> </ul>
40	<b>Public Protection (Compact)</b> <i>Deliver a regional Trading Standards service</i>	Wrexham	All 6 NW Local Authorities	1	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Direction</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Project Board</li> <li>• Ad-hoc reporting</li> </ul>
41	<b>Public Protection</b> <i>Various joint projects including: Joint warranting arrangements; joint training delivery in Health and Safety; Enforcement</i>	Flintshire	Flintshire Wrexham	1	2013	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting</li> </ul>



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	<i>on door step crime; joint Health and Safety Estates Excellence; project support to businesses</i>						
<b>LIFELONG LEARNING</b>							
42	<b>Joint Educational Psychology</b> <i>To develop collaborative working in this specialist service for additional resilience and efficiency</i>	Flintshire	Flintshire Wrexham	2	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> <li>• Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>• NW Education Consortium</li> <li>• Formal project management arrangements in place</li> <li>Formal project management arrangements</li> </ul>
43	<b>Joint Sensory Impairment</b> <i>To develop collaborative working in this specialist service for additional resilience and efficiency</i>	Flintshire	Flintshire Wrexham Denbighshire	2	2014	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> <li>• Cost avoidance</li> </ul>	<ul style="list-style-type: none"> <li>• NW Education Consortium</li> <li>• Formal project management arrangements in place</li> <li>• Formal project management arrangements in place</li> </ul>

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CORPORATE SERVICES								
Page 80	<b>44</b>	<b>Emergency Planning</b> <i>An integrated service for planning, preventing and responding to emergencies</i>	Flintshire	All 6 NW Local Authorities	3	December 2013	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• Annual regional report on performance of regional service</li> <li>• Local performance reporting in year</li> <li>• Ad hoc reporting as required e.g. major risk mitigation, post event de-briefings</li> </ul>
	<b>45</b>	<b>ICT – National ICT Strategy</b> <i>The implementation of the Welsh Public Sector National ICT Strategy to share, standardise and streamline public sector ICT infrastructure</i>	Welsh Government	Welsh Public Sector	1	On-going	<ul style="list-style-type: none"> <li>• Compact</li> <li>• Efficiencies</li> <li>• Resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Welsh Public Sector CIO Council</li> <li>• WG Public Sector Leadership Group</li> </ul>
	<b>46</b>	<b>ICT – Regional Directory</b> <i>Shared ICT user directory across the North Wales public sector to allow agile working and remote</i>	Flintshire	All 6 NW Local Authorities BCUHB NW Fire and Rescue	2	September, 2013	<ul style="list-style-type: none"> <li>• Resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Formal project management arrangements in place</li> <li>• North Wales</li> </ul>

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	<i>access to local systems e.g. a health employee can securely log on to their own systems from a local authority site</i>		Services				Heads of ICT Forum – Monthly Meetings
47	<b>Local Government Pension Fund</b> <i>Explore the collaborative opportunities across the eight Funds in Wales.</i>	Society of Welsh Pension Fund Treasurers	All 8 Welsh Pension Fund Authorities	1	2015	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Cost avoidance</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• Local performance reporting in year</li> </ul>
48	<b>North Wales Legal Services Collaboration</b> <i>Sharing work and resources across Councils in order to maximise capacity and resilience, and to take greater advantage of specialist knowledge</i>	Wrexham	All 6 NW Local Authorities	2	2015	<ul style="list-style-type: none"> <li>• Resilience</li> <li>• Quality</li> <li>• Efficiencies</li> </ul>	
49	<b>Procurement</b> <i>The establishment of the Welsh Public Sector National Procurement Service</i>	Welsh Government	Welsh Public Sector	2	November, 2013	<ul style="list-style-type: none"> <li>• Efficiencies</li> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• WG Public Sector Leadership Group</li> </ul>

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50	<b>Procurement</b> <i>Regional collaboration on procurement category management</i>	Gwynedd	Flintshire Denbighshire Gwynedd	2	April, 2014	<ul style="list-style-type: none"> <li>• Efficiencies</li> <li>• Resilience</li> </ul>	<ul style="list-style-type: none"> <li>• North Wales Chief Executives Group</li> </ul>
<b>NEW/”ASPIRATIONAL” COLLABORATION PROJECTS UNDER DISCUSSION</b>							
51	<b>CyMal</b> <i>Provision of shared archive services across North Wales</i>	Options Appraisal Stage	North Wales			<ul style="list-style-type: none"> <li>• Direction</li> </ul>	<ul style="list-style-type: none"> <li>• tbc</li> </ul>

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**KEY**

**Status:**

- 1: Concept and pre-outline business case stage
2. post outline business case and pre final business case stage
3. in transition post final business case stage
4. implemented and operational

**Purpose:**

- Resilience
- Quality
- Efficiencies
- Cost-avoidance
- Direction (i.e WG under the Compact)

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**

**DATE:**               **WEDNESDAY, 12 JUNE 2013**

**REPORT BY:**       **DEMOCRACY & GOVERNANCE MANAGER**

**SUBJECT:**           **BRIEFING MEETING HELD ON THE**  
                                  **22 FEBRUARY 2013**

### **1.00**   **PURPOSE OF REPORT**

1.01   For the committee to receive a report on the briefing held on the 22 February 2013 for Audit Committee members and Chairs of Overview & Scrutiny Committees.

### **2.00**   **BACKGROUND**

2.01   Section 81 of the Local Government (Wales) Measure 2011 requires all unitary authorities in Wales to have an Audit Committee with functions to include the following:-

- a) To review and scrutinise the authority's financial affairs;
- b) To make reports and recommendations in relation to the authority's financial affairs;
- c) To review and assess the risk management, internal control and corporate governance arrangements of the authority;
- d) To make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements;
- e) To oversee the authority's internal/external audit arrangements; and
- f) To review the financial statements prepared by the authority.

2.02   The above provision took effect in April 2012 and in June 2012 statutory guidance was issued by the Welsh Government relating to these functions of the Audit Committee. The statutory guidance was the subject of a report to the Audit Committee's meeting of the 17 July 2012 when following discussion the committee resolved to note the provisions.

2.03   As the new expanded role of the Audit Committee raised issues concerning the interface with Overview & Scrutiny and following consultation with the Chair and Vice Chair it was decided that it would be useful to have a briefing meeting between members of the Audit Committee and Overview & Scrutiny Chairs and Vice Chairs. This was subsequently arranged for the 22 February 2013.

### **3.00 CONSIDERATIONS**

- 3.01 The member briefing was chaired by Councillor M Wright and attended by Councillors G Banks, H Bateman, M Bateman, A Halford, R Hampson, P Heesom, R Jones, N Matthews, A Woolley and Mr P Williams, together with senior officers and Amanda Hughes of the Wales Audit Office.
- 3.02 The Democracy & Governance Manager gave a presentation on the expanded remit of the Audit Committee, the differing roles of Audit and Overview & Scrutiny Committees and there then followed a discussion about how best to manage the relationship between the committees. During the discussion each of the following areas were considered:-
- a) Financial Affairs
  - b) Corporate Governance
  - c) Risk Management
  - d) Inspectors/Regulators
  - e) Regular meetings between Chairs.
- Points made during the discussion were noted and subsequently distributed to those in attendance. These are attached as appendix 1.
- 3.03 Amongst the points coming out of the briefing were the following:-
- The Audit Committee's role on financial affairs is whether budgetary control systems were working whereas Overview & Scrutiny's role was scrutinising the spend.
  - That the two reports that the Audit Committee currently receives each year relating to corporate governance were sufficient, at least until the results of the current Wales Audit Office study of corporate governance within all Welsh authorities was published.
  - That reports to Audit Committee on risk management should include at least one report a year on all the red risks in the strategic assessment of risks and challenges.
  - That it was not inappropriate for reports by external inspectors/regulators to be considered by both the appropriate Overview & Scrutiny Committee and Audit Committee. The detailed consideration by Overview & Scrutiny should assist Audit Committee to be satisfied that appropriate action plans to implement recommendations were in place and being monitored.
  - That a process be designed by officers to ensure reports by inspectors/regulators were appropriately reported to Overview & Scrutiny and Audit Committee meetings.
  - That regular meetings two or three times year of audit members and Overview & Scrutiny Chairs would be useful, particularly in relation to forward planning.
- 3.04 The Overview & Scrutiny Chairs and Vice Chairs who were unable to attend on the 22 February were subsequently briefed on the meeting and the points arising from it by the Democracy & Governance Manager.

**4.00 RECOMMENDATIONS**

4.01 For the committee to note and consider issues arising from the briefing held on the 22 February 2013.

**5.00 FINANCIAL IMPLICATIONS**

5.01 None as a result of this report.

**6.00 ANTI POVERTY IMPACT**

6.01 None as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None as a result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 With Audit Committee members, Chairs and Vice Chairs of Overview & Scrutiny Committees.

**11.00 CONSULTATION UNDERTAKEN**

11.01 With Audit Committee members, Chairs and Vice Chairs of Overview & Scrutiny Committees.

**12.00 APPENDICES**

12.01 Appendix 1 – Notes of discussion

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

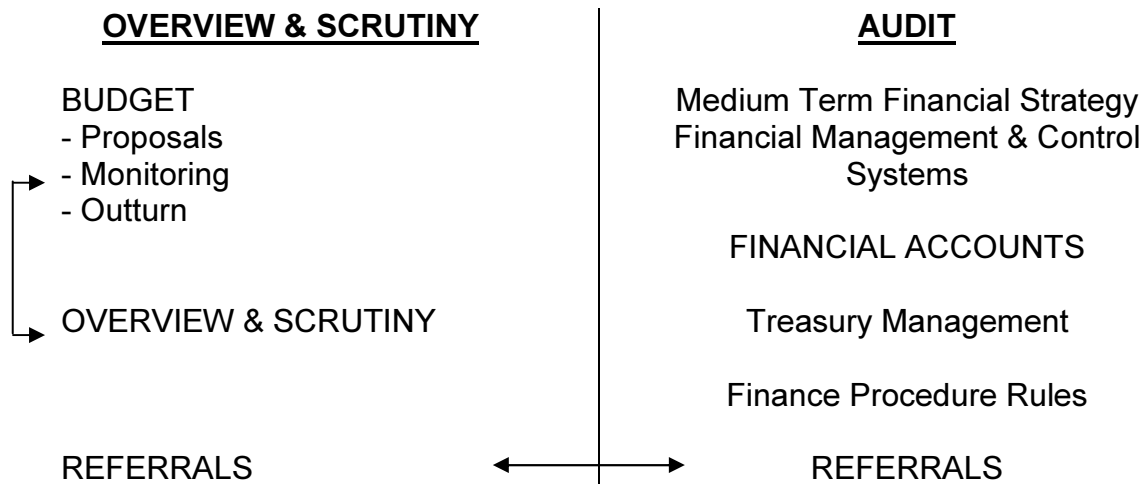
None

**Contact Officer:** Peter Evans  
**Telephone:** 01352 702304  
**Email:** peter.j.evans@flintshire.gov.uk

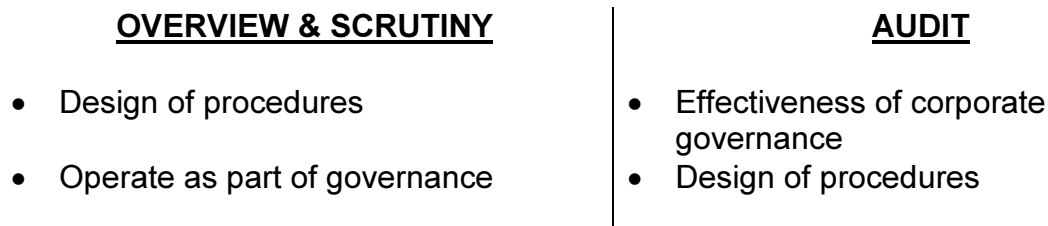
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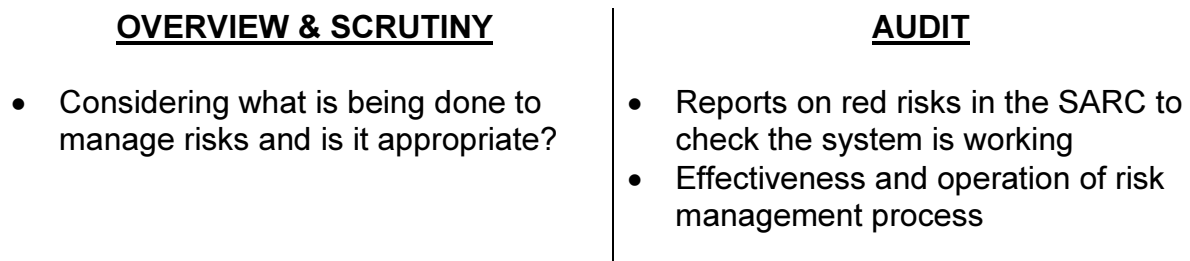
## FINANCE



## GOVERNANCE



## RISK MANAGEMENT



# INSPECTORS/REGULATORS

## OVERVIEW & SCRUTINY

- Considering what the Council's response should be to each report eg. should the Council change its practices and in what way
- Operate as part of governance

## AUDIT

- WAO Reports
- Referrals from OSC about issues of concern raised by reports
- Control list to ensure reports have been sent to OSC and that an action plan is in place and is being monitored – "audit tracking"\*
- Audit to ask OSC what it is doing about issues raised

\* Officers to design process

## MANAGING THE RELATIONSHIP

- Should there be a champion on Audit for each OSC?
- Should Audit Committee be larger?
- Regular meetings 2-3 times per annum of Audit members and OSC chairs

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**

**DATE:**               **WEDNESDAY, 12 JUNE 2013**

**REPORT BY:**       **DEMOCRACY & GOVERNANCE MANAGER**

**SUBJECT:**           **ESTYN MONITORING VISIT**

### **1.00 PURPOSE OF REPORT**

1.01 To inform the Audit Committee about processes in place in relation to the Estyn monitoring visit of the 4th to 8th February 2013.

### **2.00 BACKGROUND**

2.01 Paragraph 9.20 of the statutory guidance issued by the Welsh Government in June 2012 states that Audit Committees should receive and consider reports from any regulators or inspectors. It goes on to say that the authority will need to ensure that there is no unnecessary duplication between the Audit Committee and any Overview & Scrutiny Committee in considering such reports. Following the briefing meeting held on the 22 February 2012 there was an understanding that where reports from external inspectors or regulators are considered by both Overview & Scrutiny and Audit Committee this is not an unnecessary duplication. The more detailed consideration of such reports by Overview & Scrutiny is assisting Audit by ensuring that any recommendations made by the external inspector or regulator are properly considered and appropriate action plans put in place.

2.02 Following Estyn's core inspection of education services for children and young people in October 2011 the authority was identified as requiring a follow-up through Estyn monitoring. A monitoring visit took place from the 4 to the 8 February 2013 and the full letter recording the outcome is attached as appendix 1.

2.03 Estyn concluded that the local authority has made good progress towards addressing the recommendations in the inspection report since publication. There were no new recommendations arising from the monitoring visit. They therefore concluded that the authority should be removed from Estyn monitoring.

2.04 The outcome of the monitoring visit was reported verbally to the Lifelong Learning Overview & Scrutiny Committee on 14<sup>th</sup> March. A written report was received by Cabinet on 19<sup>th</sup> March and has been

prepared for the Lifelong Learning Overview & Scrutiny Committee on 6<sup>th</sup> June 2013. A verbal update will be given to the Audit Committee on the consideration by Lifelong Learning.

### **3.00 CONSIDERATIONS**

- 3.01 In the letter, Estyn Assistant Director, Clive Phillips, wrote that the Council's administration had prioritised the need for change and improvement. He wrote that elected members and senior officers are "committed to taking difficult decisions to improve provision and make effective use of resources" and that members "understand well the priorities for improvement in the Council and support officers in addressing the recommendations from the previous inspection".
- 3.02 The monitoring visit also found that the Council "has improved its arrangements to support and challenge schools." Estyn noted that the authority had worked well to develop and adopt projects aimed at reducing surplus places and to reduce school balances and deficits.
- 3.03 Estyn also commended the Council for its progress on developing a revised funding formula for schools, reducing school exclusions, improving school attendance and developing work with young people with additional learning needs who were at risk of needing "Out of County" school placements.
- 3.04 The Estyn monitoring visit was in effect a process whereby Estyn itself was checking to see the council was properly addressing the earlier recommendations it had made. It was satisfied and has therefore removed the council from future Estyn monitoring.
- 3.05 The Estyn improvement assessment letter (attached as appendix 1) provides an independent report on progress with the authority's post inspection action plan. Work will continue to fully implement the recommendations and progress will be reported and monitored in quarterly performance reports to Lifelong Learning Overview & Scrutiny Committee and Cabinet. Specific actions are included in service plans and the School Improvement Strategy
- 3.06 The Directorate Plan and Corporate Planning for 2013-14 will be the key focus for:
- a) simplification of performance planning arrangements; and
  - b) continuing to support school improvement.

3.07 The Audit Committee should be reassured by Estyn's own monitoring together with the council's internal processes that proper arrangements have been made to address the recommendations originally made by Estyn.

#### **4.00 RECOMMENDATIONS**

4.01 To note the processes in relation to the Estyn monitoring visit of 4<sup>th</sup> – 8<sup>th</sup> February 2013.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None as a result of this report.

#### **6.00 ANTI POVERTY IMPACT**

6.01 None as a result of this report.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None as a result of this report.

#### **8.00 EQUALITIES IMPACT**

8.01 None as a result of this report.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None as a result of this report.

#### **10.00 CONSULTATION REQUIRED**

10.01 None as a result of this report.

#### **11.00 CONSULTATION UNDERTAKEN**

11.01 None as a result of this report.

#### **12.00 APPENDICES**

12.01 Appendix 1 – Monitoring letter from Estyn

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

**Contact Officer:** Peter Evans  
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Mr Colin Everett  
Chief Executive  
Flintshire County Council  
County hall  
Mold  
Flintshire  
CH7 6NB

## APPENDIX 1

4 March 2013

Dear Mr Everett

### **Estyn Monitoring Visit 4 – 8 February 2013**

Following Estyn's core inspection of education services for children and young people in October 2011, the authority was identified as requiring follow-up through Estyn monitoring. A monitoring visit took place from the 4-8 February 2013. This letter records the outcomes of that visit.

Mererid Stone HMI led a team of five inspectors to review the progress made by the authority against the recommendations arising from the core inspection, to consider the current performance of the authority and to identify any further areas for improvement.

The team held discussions with the leader of the council, elected members, the chief executive, senior officers, headteachers and partner representatives. Inspectors scrutinised documentation, including evidence on the progress made on each of the Estyn's recommendations. They also considered outcomes from all Estyn inspections undertaken in the authority since the original inspection in October 2011. The team also liaised with the Wales Audit Office (WAO) and the Care and Social Services Inspectorate for Wales (CSSIW).

At the end of the monitoring visit, the team reported their findings to the leader of the council, cabinet member for education, chief executive, corporate director, chief education officer and other senior officers of the authority.

### **Outcome of the monitoring visit**

Since the Estyn inspection in 2011, the new administration has prioritised the need for change and improvement in the directorate of Lifelong Learning. The chief executive and director of education accept the need for swift action in order to remove hurdles to improvement and, already, arrangements for the new single plan

aim to streamline planning arrangements. Members and senior officers are committed to taking difficult decisions to improve provision and make effective use of resources. They have taken useful steps to bring about service level improvements although a few important areas for development remain in leadership and management.

The authority has improved its arrangements to support and challenge schools. It provides its schools and officers with a good range of data analysis, including comparisons with similar schools using the free-school-meal benchmarks. Officers use this wide range of data to identify more accurately school strengths and areas for development. The regional categorisation model has a clear focus on assessing the standards achieved by pupils and the quality of leadership and management in schools. However, the level of support that schools are entitled to as a result of their categorisation is not always fully understood by headteachers and governors. Following visits to schools officers produce useful reports on standards and provision. However, these reports vary significantly in content and quality and identified actions for future improvement do not always focus sufficiently on raising standards.

The authority has comprehensive planning and performance management arrangements. It evaluates its performance quarterly and completes an annual self-evaluation. However these arrangements mainly focus on recording actions that have been completed rather than evaluating whether these have brought about improvement. The Lifelong Learning directorate plan identifies appropriate themes and policy priorities for action. However corporate and service plans focus on delivery measures rather than outcomes and individual initiatives and projects are not evaluated well enough to know whether they have an impact. As a result elected members and senior officers do not always know exactly how much progress has been made and are not able to consistently hold others to account.

The authority has made good progress on developing a revised funding formula for its schools. Members and senior officers have engaged effectively with headteachers and finance officers to prioritise this work. The authority has also made good progress in monitoring provision for pupils with additional learning needs placed out-of-county. This work has included a thorough review of its procurement policy and of individual placements and has led to a significant reduction in the overall cost of the provision.

The Children and Young People Partnership's plan is outside the main corporate planning arrangements of the council. These two planning systems make it difficult for partners to work effectively with core education services. It leads to duplication and missed opportunities to dovetail resources and interventions to support the most vulnerable learners.

Overall, the team judged that the local authority had made good progress towards addressing the recommendations in the inspection report.

Therefore, as a result of these findings, the authority will be removed from the follow-up category of Estyn Monitoring.



Your link inspectors will continue, through their normal link role with the authority, to monitor overall progress and your continued work to make sure that all of Estyn's recommendations are fully addressed.

### **Progress on recommendations in the report**

#### **R1 Improve standards and performance to reduce the percentage of schools that are in the bottom 25% when compared to similar schools across Wales and reduce the gap in performance between boys and girls**

This recommendation has been partly addressed

In 2012 performance in key stage 4 improved more quickly than Wales. It remains among the best in Wales for those indicators that involve English or Welsh first language and mathematics and also for the level 1 threshold. More able pupils do not attain as well as expected on the higher national curriculum levels and GCSE grades in secondary schools and in English in key stage 2. However the percentage of pupils gaining the core subject indicator in key stage 2 dropped below the average for Wales and performance in key stage 3 improved at a slower rate than Wales as a whole.

When the performance of Flintshire schools is compared to similar schools on the free school meal benchmarks performance in key stage 4 is above average on three of the five indicators and average on the remaining two. However it is below average in the Foundation Phase and in key stage 2 and well below average in key stage 3 where a half of all schools are in the bottom 25% and no schools are in the top 25%.

The gap in performance between boys and girls is less than the average for Wales in most indicators although it is larger at key stage 2.

#### **R2 Improve the standard and quality of provision in primary schools by addressing a trend of declining attendance; reducing fixed term exclusions; and reducing school balances and deficits in line with national guidelines**

This recommendation has been largely addressed

In 2012, attendance in primary schools improved. When compared to similar school on the free-school-meal benchmarks attendance is good. Schools and their governing bodies now monitor attendance levels regularly and take appropriate action to address low attendance in conjunction with the schools' inclusion service and other agencies. Training for governors, provided by the local authority, has helped to raise governors' awareness of attendance issues in their own schools. This has enabled them to challenge school leaders more effectively when attendance is below target levels.

There has been a downward trend in the number of days lost through exclusions in primary schools since 2010. Despite this, the overall numbers of pupils excluded actually increased in 2012. Headteachers now receive better support through multi-agency working when pupils are at risk of exclusion. The authority has provided behaviour management training for teachers and teaching assistants to further

reduce exclusions, although it is too early to assess the impact on reducing exclusions. School improvement officers increasingly include attendance and exclusion issues in discussions with schools.

Since the last inspection, the authority has put in place good systems to reduce school balances and deficits in line with legislative limits. Headteachers and members, through the schools' budget forum and the scrutiny committee, have agreed these. All primary schools with budget surpluses now submit spending plans to reduce these surpluses to the authority for approval. Projected figures indicate a significant reduction in the overall surplus by the end of March 2013. In addition, schools with budget deficits are required to apply to the local authority for a budget deficit licence and permission to plan a budget deficit requires a robust and approved budget recovery plan to be in place.

**R3 Improve how senior officers and all elected members work together to improve standards for all learners; improve self-evaluation and reporting to members; and reorganise secondary schools, reduce surplus places and make better use of resources**

This recommendation has been largely addressed

Key elected members understand well the priorities for improvement in the council and support officers in addressing the recommendations from the previous inspection. In recent months elected members and senior officers have been willing to take difficult decisions in order to address these priorities.

The authority has recently introduced a Schools Performance Monitoring Group where elected members and senior officers challenge the performance of primary schools identified as causing concern. Schools are followed up rigorously and return to the group to report their progress. This has already had an impact on leadership and management in targeted primary schools. However, at present, secondary schools are not held to account in the same way.

Members of Cabinet and of the Lifelong Learning Overview and Scrutiny receive reports from officers including information on standards of performance in schools. However reports on standards do not include information on the performance of vulnerable groups of pupils or the performance of individual schools. This has made it difficult for members to challenge performance appropriately and ensure accountability. Officers have provided training for elected members in the use of performance data although this did not include a full enough range of analyses. However, very recent performance reports seen by inspectors address many of these areas, although elected members had not seen this new format of report at the time of monitoring visit.

The authority provided a self-evaluation of its progress against the recommendations from the last inspection. This was very positive in tone and concentrated on successes. The authority's assessment of whether it has addressed the recommendations focuses too much on completing actions rather than evaluating

their effectiveness in improving outcomes. As a result it is difficult for elected members and senior officers to know whether enough progress is being made.

In the summer of 2012 the new administration moved promptly to agree preferred options for a significant reorganisation of secondary schools in three areas within the county. Following thorough consultation, the council will consider final proposals in March 2013. The authority has also worked well to develop and adopt additional projects aimed at reducing surplus places and making more effective use of resources. It has already published statutory notices to close a small school and is presently consulting on proposals to create two new 3-11 schools by amalgamating the remaining infant and junior schools. A new primary school was opened in September 2012 and work has started on new buildings for another primary school which will be completed by September 2014.

#### **R4 Reduce the number of days' education that learners in Flintshire miss due to fixed term exclusions of six days or more in all of its secondary schools**

This recommendation has been largely addressed

Since the last inspection, the local authority has improved its processes for dealing with poor behaviour by pupils. It is encouraging schools to take greater responsibility for dealing with poor behaviour in schools. It is challenging schools more robustly on exclusions, providing training for governors and staff, and developing internal behaviour units in secondary schools.

Headteachers, with the support of the local authority, have recently developed common guidelines for schools on how to deal with poor behaviour, in particular around the need for greater consistency in how the length of fixed term exclusions is applied. The authority now produces monthly exclusion reports that provide a detailed analysis of exclusions across the county. Local authority officers and headteachers have made good use of these comparative reports to monitor exclusion rates across schools.

As a result the rate of fixed-term exclusions of six days or more has improved and unverified data indicates that it has nearly halved over the last two years. This reflects reduced exclusion rates in most secondary schools over the last academic year. The rate of pupils excluded for five days or less has remained the same although the average number of days lost per exclusion has increased over the same period. This is largely due to high exclusion rates from two secondary schools.

#### **R5 Improve the monitoring arrangements for the Children and Young People's Partnership to effectively track the progress of children and young people**

This recommendation has been partly addressed

Each partner within the Children and Young People's Partnership (CYPP) uses a consistent approach to self-evaluation. This means that the authority has valuable information about the range of interventions supporting children, young people and

their families. On occasion, this includes useful outcome data on the progress of children and young people.

Many externally funded initiatives within the partnership track the progress of learners and their families effectively. In the best examples, early bespoke interventions with families make measurable contributions to improved educational outcomes for learners.

However, the partnership does not fully capture the overall performance of interventions or track consistently the progress of children and young people. This means that opportunities are missed to make the best use of resources and interventions across sector and service boundaries. In particular, the early intervention work by wider support services with learners and their families is not known by and therefore built upon by schools or school improvement services.

The lack of strategic level data on outcomes and progress means that the partnership cannot successfully hold others to account, or be held to account by the Local Service Board.

**R6 Prioritise areas for improvement identified in its self-evaluation of education services**

This recommendation has been fully addressed

At the time of the last inspection the authority had identified a large number of areas for improvement. Officers have prioritised these issues and made sure that those of greatest importance are being addressed through appropriate plans. Progress is reviewed regularly and is reported in the authority's annual self-evaluation.

I am copying this letter to the Welsh Government and the Wales Audit Office for information.

Yours sincerely



**Clive Phillips**  
Assistant Director

cc: Welsh Government  
Wales Audit Office

## Estyn Improvement Assessment Letter 2013

### A: Formal Recommendations

There were no new statutory formal recommendations made in the letter.

### B: Estyn's Monitoring Visit Judgement Recommendations and Council response.

Overall, the team judged that the local authority had made good progress towards addressing the recommendations in the 2011 inspection report.

Ref	Recommendation and Judgement	Response
R1	<p>Improve standards and performance to reduce the percentage of schools that are in the bottom 25% when compared to similar schools across Wales and reduce the gap in performance between boys and girls.</p> <p><b>This recommendation has been partly addressed.</b></p>	<p>Estyn recognise that the Local Authority has improved its arrangements to support and challenge schools. The Authority needs to continue to monitor these arrangements to ensure improved outcomes for learners.</p> <p>The gap in performance between boys and girls is less than the average for Wales in most indicators although it is larger at key Stage 2.</p>
R2	<p>Improve the standard and quality of provision in primary schools by addressing a trend of declining attendance; reducing fixed term exclusions; and reducing school balances and deficits in line with national guidelines.</p> <p><b>This recommendation has been largely addressed.</b></p>	<p>Estyn acknowledge that attendance in primary schools has improved and is good in comparison to similar areas on the free schools meals benchmark.</p> <p>Estyn also acknowledges that there has been a downward trend in the number of days lost through exclusions since 2010.</p> <p>Estyn also confirmed that the Authority has put in place good systems to reduce school balances and deficits in line with legislative limits.</p> <p>The Authority needs to continue to monitor progress on attendance and exclusions, together with assessing the impact of the changes to funding system.</p>
R3	<p>R3 Improve how senior officers and all elected members work together to improve standards for all learners; improve self-evaluation and reporting to members; and reorganise secondary schools, reduce surplus places and make better use of resources.</p> <p><b>This recommendation has been largely addressed.</b></p>	<p>Estyn concluded that key elected members understand well the priorities for improvement in the Council and support officers in addressing the recommendations from the previous inspection. In recent months elected members and senior officers are recognised as having been willing to take difficult decisions in order to address these priorities.</p>

		<p>There is further work to extend the School Performance Monitoring Group's work into the secondary sector. We also recognise the need to simplify arrangements for self-evaluation, performance planning and reporting.</p> <p>Whilst more rapid progress in School Modernisation is recognised by Estyn, the Council recognises that there is much more work ahead to complete the programme. This remains a priority for the Council.</p>
R4	<p>Reduce the number of days' education that learners in Flintshire miss due to fixed term exclusions of six days or more in all of its secondary schools.</p> <p><b>This recommendation has been largely addressed.</b></p>	<p>Estyn recognise that the Local Authority has improved its processes for dealing with poor behaviour by pupils. The rate of fixed term exclusions of six days or more has improved and unverified data indicates that it has nearly halved over the last two years.</p> <p>The Authority needs to continue to monitor impact of its strategy and challenge individual schools where appropriate.</p>
R5	<p>Improve the monitoring arrangements for the Children and Young People's Partnership to effectively track the progress of children and young people</p> <p><b>This recommendation has been partly addressed.</b></p>	<p>Estyn recognise that the Children and Young People's Partnership has a consistent approach to self-evaluation enabling there to be valuable information about impact of the range of interventions supporting children, young people and their families.</p> <p>There is a need to more fully capture and disseminate the progress of children and young people beyond priorities and projects. This includes sharing the analysis more regularly with schools and the Local Service Board.</p>
R6	<p>Prioritise areas for improvement identified in its self-evaluation of education services.</p> <p><b>This recommendation has been fully addressed.</b></p>	<p>Estyn recognises that this has been fully addressed through appropriate plans. Progress is reviewed regularly and is reported in the authority's annual self-evaluation.</p>

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **AUDIT COMMITTEE**

**DATE:** **WEDNESDAY, 12 JUNE 2013**

**REPORT BY:** **HEAD OF FINANCE**

**SUBJECT:** **ANNUAL ASSESSMENT OF INTERNAL AUDIT 2012/13 (WAO)**

### **1.00 PURPOSE OF REPORT**

1.01 To inform the Committee of the outcome of the Wales Audit Office annual assessment of Internal Audit.

### **2.00 BACKGROUND**

2.01 Wales Audit Office is 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 is fully compliant with nine of the eleven standards and partly complied with the other two.

3.03 The two areas where recommendations have been made are as follows:-

Staffing, training and continuous professional development – where it is recommended that we continue to monitor internal audit staffing levels to ensure that adequate resources are available to deliver agreed internal audit plans.

Performance, Quality and Effectiveness – where it is recommended that all learning points from the independent quality assurance review are given consideration and addressed where appropriate.

3.04 The report has been fully discussed with WAO and the recommendations accepted as matters to address.

3.05 A copy of the report is attached.

**4.00 RECOMMENDATIONS**

4.01 The Committee is required 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 WAO Report – Assessment of Internal Audit 2012/13

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

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

# Assessment of Internal Audit **Flintshire County Council**

**Audit year:** 2012-13

**Issued:** May 2013

**Document reference:**314A2013

# Status of report

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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.

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This document was produced by John Herniman and Amanda Hughes.

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# Summary report

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## Internal audit has fully complied with nine of the eleven standards in the CIPFA Code of Practice for Internal Audit 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, it is relevant to our work as the auditor.
2. In order for us to use the work of internal audit, it is necessary for us to evaluate its work to determine its adequacy for the purposes of our audit. Consequently we complete a general evaluation against relevant internal audit standards. We do not carry out this evaluation to provide assurance to the audited body about its internal audit function and the results should not be relied on that for purpose.
3. For the purposes of our audit 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 (the Code). The Code consists of standards in two groupings: the first encompasses the organisational and structural aspects of internal audit; the second encompasses the activity and operation of internal audit. Where, for the purposes of the audit, these standards are met, 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](#).
4. Our assessment of each of the standards is set out in [Exhibit 1](#).

### Exhibit 1

Standard and aspects		Standard met/comment
<b>Organisational standards</b>		
1	Scope of internal audit	Yes
2	Independence	Yes
3	Ethics for internal auditors	Yes
4	Audit Committee	Yes
5	Relationships	Yes
6	Staffing, training and continuous professional development	Partially complied
<b>Operational standards</b>		

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Standard and aspects		Standard met/comment
7	Audit strategy and planning	Yes
8	Undertaking audit work	Yes
9	Due professional care	Yes
10	Reporting	Yes
11	Performance quality and effectiveness	Partially complied

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

## Recommendations

R1	Continue to monitor internal audit staffing levels to ensure that adequate resources are available to deliver agreed internal audit plans.
R2	Ensure that all learning points from the independent quality assurance review are given consideration and addressed where appropriate.

# Detailed report

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## Internal audit has fully complied with five of the organisational standards and partially complied with one

### The scope of internal audit is clearly defined

6. The overall scope of internal audit is set out in the Internal Audit Charter (the 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.
7. The Charter is underpinned by the internal audit manual.

### Internal audit has sufficient organisational status and independence

8. Arrangements are in place, as set out in the Charter, to ensure that internal audit has appropriate access rights and authority to operate within the Council to ensure that it is independent.
9. The Charter also 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.
10. 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

11. The internal audit section is expected to follow the code of ethics of its own professional institution.
12. 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

13. The role, responsibilities and composition of the Audit Committee are detailed in Article 7 of the Constitution. This was amended during the year to reflect changes to the role of the Audit Committee introduced by the Local Government (Wales) Measure 2011.
14. Following these changes, arrangements have also been put in place to ensure closer working between the Audit Committee and the Scrutiny committees in conducting their respective work programmes.

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15. The Audit Committee completes an annual self-assessment and this is submitted to the Head of Finance. Following the Local Government election in May 2012, a comprehensive training session was held for Audit Committee members, although not all members attended. The results of the self assessment have been subject to analysis to identify further training needs and this work is ongoing.
  16. The Charter details the rights of access of the Internal Audit Manager to all members.
  17. The Internal Audit Manager attends the Audit Committee meetings.
  18. At each committee, the Internal Audit Manager presents two standard reports, namely, the internal audit progress report and action tracking report. The reports allow the committee to monitor the progress and output of internal audit's work.
  19. The Internal Audit Manager has worked with the Committee during the year to re-design the reports to ensure key information is presented. The revised reports appear to better address the needs of the Committee and the Internal Audit Manager can further refine the reports as necessary.

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

20. Internal audit has built positive relationships with management. A constructive relationship has developed between internal audit and the Wales Audit Office, and a formal protocol is in place which sets out our working relationship.

### As a result of staff shortages and the level of investigations work, internal audit has been insufficiently staffed to deliver its planned work programme

21. The established staffing structure of the internal audit section provides adequate resources, with an appropriate skill mix, to fulfil its objectives.
22. In the early part of the year there were a number of staff vacancies and during 2012-13 there was a significant level of investigations work which diverted auditor days away from the core plan. These have been persistent issues for a number of years.
23. On the recommendation of the Audit Committee, the Cabinet did agree additional funding to bring in temporary staff towards the end of the year to assist in completion of key work into April 2013, although a number of audits have been deferred. Changes to the plan have been approved by the Audit Committee.
24. The Internal Audit Manager is confident that sufficient work has been carried out to satisfy him in terms of providing his annual assurance to the Audit Committee and is confident that the audit plan for 2013-14 is adequately resourced. The Audit Committee will need to monitor this to ensure that the plan is delivered.
25. Last year we identified that internal audit staff had not been appraised in accordance with the staff appraisal process within the Council. We note that this has now been addressed and all staff have completed appraisals in the year and now have objectives and identified personal development needs.

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

R1 Continue to monitor internal audit staffing levels to ensure that adequate resources are available to deliver agreed internal audit plans.

## Internal audit has fully complied with four of the operational standards and partially complied with one

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

27. 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.
28. 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 2012-13 plan in March 2012.

### Internal audit's approach to recording its audit work is satisfactory

29. 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.
30. Each review has a detailed assignment planning sheet which identifies the scope, objectives, risks and resources for the review.
31. We reviewed a sample of five internal audit files and found that all files were generally of a satisfactory standard.
32. However, I would note that the independent quality assurance review carried out during the year, and discussed in paragraphs 40-41 below, raised issues in respect of the level and depth of the testing undertaken. We have recommended that this be properly considered.
33. Formal feedback takes place at the end of the audit in an audit debriefing meeting.

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

34. 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.
35. All work performed is reviewed by a principal auditor and certified by the Internal Audit Manager.



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

- 36. Internal audit reports templates are designed to meet the internal audit standards.
- 37. The Annual Report provides an opinion on the governance, risk management and controls in operation within the Council.

## Internal audit has quality control and review procedures in place but a quality assurance review carried out in year highlighted some concerns which should be addressed

- 38. The internal audit manual sets out the quality control measures that are required to be in place.
- 39. The Internal Audit Manager presents quarterly performance reports 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.
- 40. Following our recommendation last year, an independent quality assurance review was carried out by RSM Tenon in October 2012. A high-level summary of the findings was reported to the Audit Committee in March 2013. The detailed report (not presented to the Audit committee) raised a number of points worthy of consideration and the Internal Audit Manager should ensure that these are addressed.

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R2	Ensure that all learning points from the independent quality assurance reviews are given consideration and addressed where appropriate.
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# Appendix 1

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## 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>

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## Standard and aspects

8	<b>Undertaking audit work</b> <ul style="list-style-type: none"><li>• Planning</li><li>• Approach</li><li>• Undertaking audit assignments</li></ul>
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

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**                 **WEDNESDAY, 12 JUNE 2013**  
**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 2012/13 and to give the annual Internal Audit opinion on the standard of internal control, risk management and governance within the Council.

### **2.00 BACKGROUND**

2.01 The Internal Audit Manager is 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 2012/13. 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.

**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

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**Flintshire County Council**

Internal Audit Annual Report

Year ended 31 March 2013

Presented at the Audit Committee meeting of: 12<sup>th</sup> June 2013

## 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. The Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 published by CIPFA recommends that the annual review of the system of internal control should be reported in an Annual 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 Annual Governance Statement.

### **1.3 RSM Tenon**

RSM Tenon provided the Internal Audit Manager for the Council's audit service throughout the year. During the year the Council decided to bring the position in-house. The effective date for this is 1<sup>st</sup> June 2013. The RSM Tenon contract covered

- 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**

The professional responsibilities for 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, the approach to internal audit also meets the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

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.

An independent review during the year found that the department would benefit from a greater degree of oversight and check of the files by the Audit Manager and Principal Auditors, and that further training on the RSM Tenon audit tools should be offered to the auditors.

A self assessment against the CIPFA Code of Practice in early 2013 showed substantial compliance with the standards.

The Wales Audit Office review of Internal Audit in early 2013 found that the department fully complied with nine of the CIPFA standards and partially complied with two. The two areas were staffing of the department where there is a need to ensure that staffing is maintained at an adequate level to deliver the agreed plan, and performance quality where the learning points from the independent review need to be addressed.

The review was carried out for the purposes of the statutory audit. It was not an evaluation to provide an assurance to FCC about its Internal Audit function, but it is clearly relevant.

## **2 Internal Audit Assurance for 2012/2013**

### **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 that 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.

### **2.2 Resources**

At the beginning of the year planned recruitment did not take place as the appointed person subsequently decided not to join FCC. The decision was taken to cover the vacancy with temporary staff during 2012/13, which was carried out. Subsequently a major investigation arose which required almost 350 audit days during 2012/13. The total amount of time spent on all investigations during 2012/13 was 470 days, against a budget of 200 days.

The Audit Committee resolved in September 2012 that additional resources be made available. These resources were obtained but could not be put in place until the last quarter of the year and into April 2013. As a result, the audit plan has not been compromised due to a lack of resources but there are a large number of projects that were either completed after the year end or where the report has not yet been finalised. This is reflected in the statistics later in this report, which only include final reports.

## Internal Audit Assurance Statement

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion on the adequacy and effectiveness of FCC's arrangements.

For the year ending 31 March 2013 based on the work we have undertaken my opinion is that FCC have adequate and effective arrangements in place for governance, risk management and internal control.

Where weaknesses have been identified I am happy that action plans are in place to address those weaknesses.

### 2.3 Scope of the Internal Audit Opinion

In arriving at that opinion, I have taken into account:

- The results of all internal audits undertaken during the year ended 31 March 2013 (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:-

#### **Governance**

A Corporate Governance Working Group has operated during the year, charged with co-ordinating the annual governance self assessment and preparation of the annual governance statement. The group is chaired by the Democracy and Governance Manager and members include the Internal Audit Manager, the Policy Performance and Partnerships Manager, the Risk Manager and the Finance Manager – Strategy and Technical. The group reviewed the content of corporate governance self assessment assurance certificates, issued them to Directors and Heads of Service, challenged the responses and reported the results. This process provided an opportunity for senior officers to consider the effectiveness of governance arrangements and a number of areas of continued improvement have been identified. The group also considered the overall assurance framework and drafted 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.

## **Risk Management**

Risk Management systems have continued to develop in 2012/13. The Strategic Assessment of Risks and Challenges (SARC) has been refreshed during the year to include internal and external risks and to show recent changes. A new template for operational risks was issued. Work is continuing on aligning risks to the council's Improvement Priorities.

Internal Audit carried out an audit of risk management during the year, concentrating on risk assessment and risk mitigation. This concluded that the council is making progress in embedding risk management. The Strategy has been updated and covers all key components of risk management. However, there is a need to refresh the way risk is reported, and develop the use of risk appetite within the council. The audit will be used as a basis to identify areas for further improvement and to continue to develop risk management within the Council.

## **Internal Control**

The overall level of control has improved from last year.

There is an increased level of 'substantial assurance' (green) audit opinions, up from 28% of the audits to 40%. The overall proportion of recommendations classified as fundamental significant and merits attention remained broadly the same. The overall number of recommendations made in the year was 235, compared to 364 last year. However, the number of reports finalised is reduced because of the effect of the major investigation. The remaining reports will be reflected in next year's annual report.

Lifelong Learning, Finance, Environment and Corporate reports showed the greatest number of audits where only limited assurance could be gained. In each case the findings were reported in detail to the Audit Committee, 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. The Corporate Management Team have committed to a more robust process of recommendation tracking to ensure follow through of recommendations.

### **2.5 Governance Statement**

The overall opinion may be used by the Council in the preparation of the annual governance statement.

### **2.6 Conflicts of Interest**

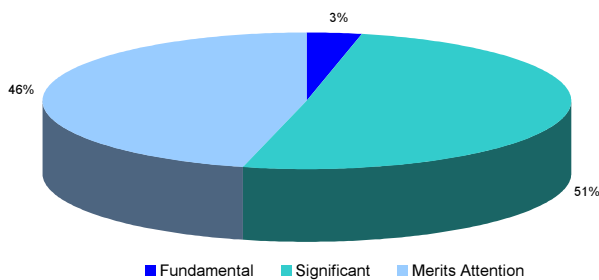
The department has not undertaken any work or activity during 2012/13 that would lead me to declare any conflict of interests.

## 2.7 Benchmarking Data

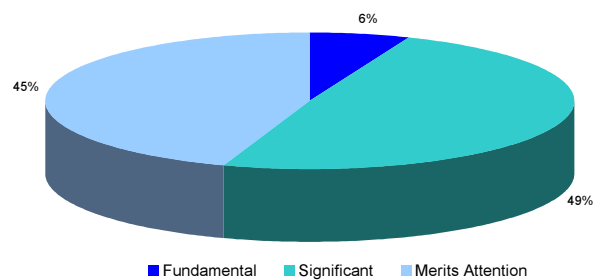
The tables below show the split of internal audit recommendations and opinions for FCC in 2011/12 and those made in 2012/13. There was an increase in the proportion of substantial (green) audit assurance levels given this year with the proportion of fundamental, significant and merits attention recommendations being similar.

### Comparison of the categories of internal audit recommendations made 2011/12 and 2012/13

Recommendations 2011/12

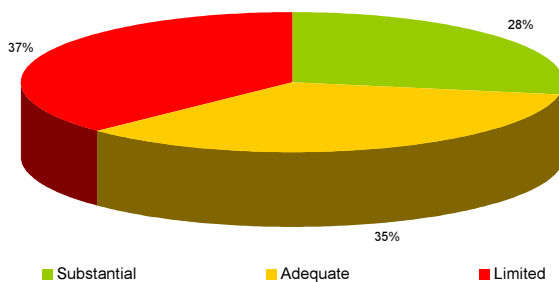


Recommendations 2012/13

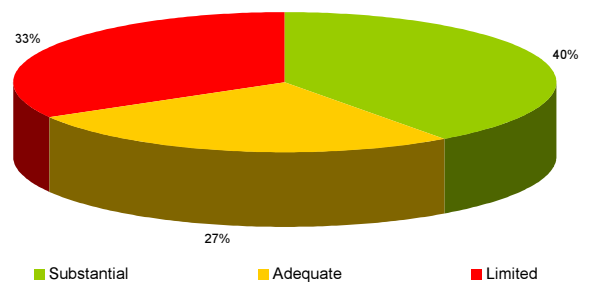


### Comparison of assurance levels provided by internal audit in 2011/12 and 2012/13

Assurance Levels 2011/12



Assurance Levels 2012/13



**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
Schools	Control and Risk Self Assessment carried out. Responses received from 55 Primary schools and 11 Secondary Schools
Investigations	11 investigations carried out in the year, taking 470 days
National Fraud Initiative	36 days on work relating to NFI
Advisory work	32 days on advisory work in the year.
Follow up reviews	28 days on follow up reviews in the year
Grant audits	3 audits of grants.

**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 need for investigations. At the same time the department was not at full strength following difficulty in recruiting at the start of the year. As a result the Audit Committee sanctioned the use of additional resource in order to complete the plan.

7 audits were added to the plan during the year after management requests, with 8 audits deferred. All the deferred audits were then considered during the planning meetings for the 2013/14 to 2015/16 audit strategic plan. As a result, 4 of them appear in the strategy. A further 2 were deferred too late to be included in the strategy but will be added to the 2013/14 work.

Progress against the revised plan was good with most projects commenced and many completed before the year end. The figure of 79% in the table is the number of draft reports issued in the year compared to the number in the original plan.

Performance Measure	Q1	Q2	Q3	Q4	12/13	12/13 Target
Audits completed within planned time	67%	89%	78%	89%	81%	80%
Average number of days from closure meeting to issue of draft report	13.79	13.20	48.18	31.80	26.07	20
Average number of days from response to issue of final report	3.07	2.70	2.00	7.80	3.78	5
Return of client questionnaires	92%	100%	83%	47%	75%	70%
Client questionnaires responses as satisfied	100%	100%	100%	100%	100%	95%
Proportion of audit plan completed					79%	75%
Chargeable audit days	71%	82%	69%	71%	73%	70%

**Appendix A: Internal Audit Opinions and Recommendations 2012/13**

Auditable Area	Audit Opinions				Number of Recommendations made				
	Limited	Adequate	Substantial	In Total	Fundamental	Significant	Merits Attention	In Total	Agreed
Corporate	2	0	0	2	0	17	8	25	25
Finance	2	3	2	7	0	23	37	60	60
Legal and Democratic	0	1	1	2	0	3	3	6	6
HR&OD	0	2	0	2	1	8	6	15	15
ICT	0	0	4	4	0	4	8	12	12
Community Services	1	0	0	1	0	7	4	11	11
Environment	2	1	0	3	1	15	6	22	22
Lifelong Learning	3	0	1	4	3	17	5	25	25
<b>Total</b>	<b>10</b>	<b>7</b>	<b>8</b>	<b>25</b>	<b>5</b>	<b>94</b>	<b>77</b>	<b>176</b>	<b>176</b>

Auditable Area	Audit Opinions				Number of Recommendations made				
	Red	Amber	Green	In Total	High	Medium	Low	In Total	Agreed
Corporate	0	0	0	0	0	0	0	0	0
Finance	0	0	0	0	0	0	0	0	0
Legal and Democratic	0	0	1	1	0	0	2	2	2
HR&OD	0	0	0	0	0	0	0	0	0
ICT	0	0	0	0	0	0	0	0	0
Community Services	0	1	2	3	0	4	9	13	13
Environment	0	0	0	0	0	0	0	0	0
Lifelong Learning	0	0	1	1	0	0	1	1	1
<b>Total</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>4</b>	<b>12</b>	<b>16</b>	<b>16</b>



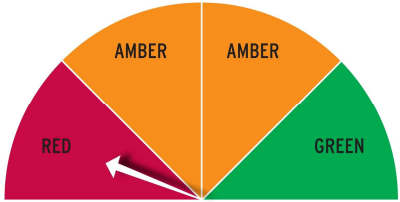
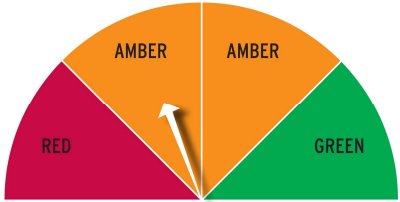
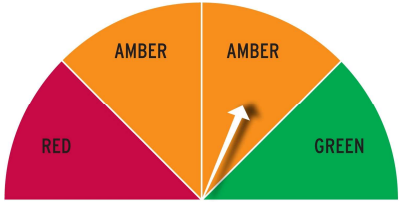
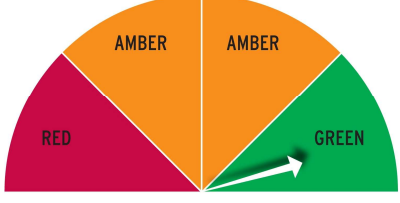
Auditable Area	Audit Opinions		Number of Recommendations made				
	No Assurance	In Total	High	Medium	Low	In Total	Agreed
Corporate	1	1	0	5	4	9	9
Finance	1	1	0	3	0	3	3
Legal and Democratic	0	0	0	0	0	0	0
HR&OD	0	0	0	0	0	0	0
ICT	0	0	0	0	0	0	0
Community Services	0	0	0	0	0	0	0
Environment	1	1	0	4	1	5	5
Lifelong Learning	6	6	0	13	13	26	26
Total	9	9	0	25	18	43	43

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

	Level	Effectiveness	Control Adequacy	Control Application
<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.

Graphic on Front Cover and in Section 1.2	Opinion (RISK BASED)	Opinion (SYSTEMS BASED)
	<p>Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied or effective.</p> <p>Action needs to be taken to ensure risks in this area are managed.</p>
	<p>Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective, action needs to be taken to ensure risks in this area are managed.</p>
	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.</p>	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of risk materialising in this area.</p>
	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.</p>

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**               **WEDNESDAY, 12 JUNE 2013**  
**REPORT BY:**       **HEAD OF FINANCE**  
**SUBJECT:**           **INTERNAL AUDIT PROGRESS REPORT**

### **1.00**   **PURPOSE OF REPORT**

1.01    To present to members an update on the progress of the internal audit department.

### **2.00**   **BACKGROUND**

2.01    The status of all projects in the 2012/13 plan as at 15<sup>th</sup> May is shown in Appendix A. The Appendix shows the actual number of days spent on each project.

2.02    The details of all audits added to the 2012/13 plan or deferred from it are given in Appendix B.

2.03    The status of all projects in the new 2013/14 plan as at 15<sup>th</sup> May is shown in Appendix C. The Appendix shows the agreed timing for the individual projects where it is known, and the actual number of days spent on each project.

2.04    The details of the outcomes of all reports finalised since the last Audit Committee are shown in Appendix D.

2.05    Tracking results.  
Appendix E gives a summary of all recommendations tracked since the last committee.

2.06    Performance Indicators for the department and for the responses to reports are given in Appendix F.

2.07    An overview of current Investigations is given in Appendix G.

### **3.00**   **CONSIDERATIONS**

#### **3.01**   **Audit Plan and Resources**

As outlined in previous reports to the Audit Committee the department is still undertaking a major investigation which commenced in

2012/13. That investigation had an effect on the audit plan in 2012/13, but it has now reached the stage where management time is needed rather than the time of the rest of the department. Time has been allowed for it in the plan for 2013/14.

As a result of the Audit Committee resolution at the September meeting that additional resources should be sought the 2012/13 plan was not reduced. A number of audit projects scheduled to start in the first half of the year were delayed. They were rescheduled and prioritised to ensure that the end of year audit opinion could be reached.

- 3.02 Funding for the additional resources was agreed by Cabinet. The resource was sourced as a combination of short term contractors, agency staff and staff from RSM Tenon. The timing of the resources means that the plan has been substantially completed, but with some work after the year end and some reviews not yet finished. This is normal, as some work cannot be done until around or after the year end.
- 3.03 Appendix A shows that the majority of projects are now completed to at least draft report stage. There are currently twenty reports in draft, awaiting management review or response from departments.
- 3.04 The audit plan needs to be of sufficient size so that the work completed means the Audit Manager is able to give an opinion at the year end on the adequacy and effectiveness of the system of control, corporate governance and risk management within the Council. The current actions have ensured that this remains the case. The annual audit opinion is given in the Annual Report, also reported to this committee.
- 3.05 Since the last committee meeting there have been no further changes to the plan. Overall changes for the year are shown in Appendix B. There were seven additional audits requested and completed during the year, with eight audits deferred. The deferrals were reviewed as part of the annual planning cycle, and entered into the 2013/14 plan, the 2014/15 plan, or deleted if no longer required. Two of them were deferred too late to be included in the 2013/14 plan, so have now been included as additions to that plan.
- 3.06 Appendix C shows that work has commenced on the audit plan for 2013/14, with some projects started and one completed to draft report stage.
- 3.07 **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix D, nineteen in total. Two of them had a red (limited) level of assurance, Student Finance and Planning Appeals. Student Finance

deals with the assessment of students' eligibility for loans and grants. Planning Appeals was a delayed audit as a result of the investigation, and deals with the effectiveness of the appeals process. Details of the main findings are given in Appendix D.

3.08 Copies of all final reports are available for members if they wish to see them.

3.09 **Recommendation Tracking**

Appendix E shows the responses that have been received from recommendation tracking. As previously, many of the recommendations that were due to be implemented at this time are yet to be completed. The non-implemented recommendations will be tracked again at their new due date.

It is recognised that a more rigorous approach by departments to implementing planned recommendations and to tracking by Internal Audit is required. This has been agreed by the Corporate Management Team and is being actioned. In addition members have been seeking a similar change.

At the December meeting members asked that the report should include more detail on what had not been implemented including the area of risk, manager responsible, reason for non-implementation and whether this was acceptable. A system to compile and report this information has been developed and the first results will be reported to the September meeting and will include the input of the relevant Director or Corporate Head.

At the March meeting members asked for a summary of all outstanding recommendations. This was circulated in mid May and shows that there are currently over 100 recommendations that were not implemented by their original due date and are still in the process of being implemented.

3.10 In the meantime the results are reported below in the same way as at previous meetings.

For Procurement the update of Contract Procedure Rules (CPRs) has been delayed due to delays in agreement of a national set. Within Flintshire these have now been completed and the drafts circulated for comment. The proposed new set of CPRs will be brought to Audit Committee when finalised for consideration prior to reporting to Constitution Committee and Council for approval. In addition issues with the use of the approved list, the rotation of suppliers and framework agreements will be dealt with by the introduction of e-sourcing by September 2013.

For Consultants (six recommendations not implemented) these also relate to the Contract Procedure Rules.

For Section 106 Agreements Local Planning Guidance Notes are being prepared. Work programmes developed by the Planning Protocol Working Group are being shared with Town and Community Councils.

Replies have been received for all reports.

### 3.11 **Performance Indicators**

Appendix F shows the range of performance indicators for the department. Those for the IA department have been affected by the need to catch up on the projects within the plan and the volume of reports being processed. These areas will continue to be under pressure for the coming quarter but will then improve.

The average number of days taken to return draft reports has now reached the target time.

### 4.00 **RECOMMENDATIONS**

4.01 The committee is requested to consider the report.

### 5.00 **FINANCIAL IMPLICATIONS**

5.01 None as a direct result of this report.

### 6.00 **ANTI POVERTY IMPACT**

6.01 None as a direct result of this report.

### 7.00 **ENVIRONMENTAL IMPACT**

7.01 None as a direct result of this report.

### 8.00 **EQUALITIES IMPACT**

8.01 None as a direct result of this report.

### 9.00 **PERSONNEL IMPLICATIONS**

9.01 None as a direct result of this report.

### 10.00 **CONSULTATION REQUIRED**

10.01 None as a direct result of this report.



## **11.00 CONSULTATION UNDERTAKEN**

11.01 None as a direct result of this report.

## **12.00 APPENDICES**

- 12.01 A Operational Plan 2012/13  
B Changes to the Operational Plan 2012/13  
C Operational Plan 2013/14  
D Reports Issued  
E Recommendation Tracking  
F Performance Indicators  
G Investigations

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

**Contact Officer:** David Webster  
**Telephone:** 01352 702248  
**Email:** david.webster@flintshire.gov.uk

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<b>CORPORATE</b>					
<b>Type</b>	<b>Audit</b>	<b>Plan Days</b>	<b>Revised Plan Days</b>	<b>Actual Days used</b>	<b>Proposed start date / Status</b>
Risk	Risk Management.	10		14	DRAFT
Risk	Procurement	20		3	WIP
Reg	Performance Indicators	20		14	DRAFT
Advisory	Corporate Governance	10		5	FINAL
Advisory	Collaborations	10		7	FINAL
Advisory /Addition	Partnerships/ NWRWTP	10	20	18	FINAL
Advisory	Theatre Clwyd	20		10	DRAFT
Advisory	Business Continuity	10		12	FINAL
Consult	Flintshire Futures	30	15		ONGOING
Consult	Lean Team	30	15	22	DRAFT
Addition	Consultants		10	10	DRAFT
		170	160	115	
<b>FINANCE</b>					
Risk	Medium Term Financial Strategy and Plan	20			DEFERRED
Reg	Main Accounting – Petty Cash Accounts Payable Accounts Receivable	50		50	FINAL DRAFT DRAFT
Reg / Addition	Housing Benefits, incl. overpayments.	20		20	FINAL
Reg	Council Tax and NNDR	20		26	FINAL
Advisory	Housing Benefit Subsidy	15	0		CANCELLED SEE NOTE
Advisory	Corporate Grants	15		17	DRAFT
Advisory	Taxation	20		9	DRAFT
Advisory	Flintshire Connects	10		8	DRAFT
Addition	Housing Benefit Return		3	3	FINAL
		170	155	133	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed Start Date / Status
<b>PENSION FUND</b>					
Reg	Pensions Administration and Contributions	40		21	DRAFT
Addition	Pensions Contributions		5	5	DRAFT
		40	45	26	
<b>LEGAL AND DEMOCRATIC SERVICES</b>					
Advisory	Commons Register	10		9	DRAFT
Advisory	Data protection	10			DEFERRED
Advisory	Members Allowances	10		10	FINAL
		30		19	
<b>HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT</b>					
Reg	Payroll & HR System	50		38	DRAFT
Advisory	Agency /Temporary Staff	10		1	MAR
Advisory	Disciplinary Policy	15		17	FINAL
Advisory	Payroll / pensions	10		9	DRAFT
Advisory	Single status – costing of pay model	15	40	51	WIP
Consult	Service Review	10	5		ONGOING
Consult	Midland Trent: Phase 2	15	5		ONGOING
Addition	I Trent – Private vehicles		10	15	DRAFT
		125	145	131	
<b>INFORMATION AND COMMUNICATIONS TECHNOLOGY</b>					
Risk	Information Governance	30		12	FINAL
Advisory	IT Procurement	10			DEFERRED
Advisory	Electronic document management	15		13	DRAFT

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed Start Date / Status
Advisory	Mobile working, mobile phone security, smart phones	20		4	WIP
		75		29	
<b>LIFELONG LEARNING</b>					
Reg	Grants	20		14	JUL AND ONGOING
Advisory	Leisure Centres - operation	20		17	FINAL
Advisory	Youth & Community	10		10	DRAFT
Advisory	Facilities Services – Cleaning Services	10		14	FINAL
Advisory	Pupil Referral Unit	10		11	DRAFT
Advisory	CCTV	10		13	FINAL
Advisory	Student Services	15		15	FINAL
Advisory	Free School Meals	10		6	FINAL
Advisory	Payments processing	10		18	FINAL
Advisory	Music Service	5		7	FINAL
Advisory	Funding Formula	15			DEFERRED
Consult	Control Awareness Sessions New Heads and Governors	10	5		ONGOING
Consult	Develop audit presence on schools infonet	5	0		ONGOING
Schools	Central reviews	30			COMPLETED
Schools	Risk based thematic reviews	30		33	FINAL
Schools	Control and Risk Self Assessment	10		20	COMPLETED
Addition	Cheque book schools		6	15	FINAL
		220	216	193	
<b>COMMUNITY SERVICES</b>					
Risk	Sheltered Housing	10		7	FINAL
Advisory	Mobile working and work ticket validation	25	0		DEFERRED SEE NOTE

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed Start Date / Status
Advisory	Allocations	10		14	FINAL
Advisory	Gas Servicing	15		20	FINAL
Advisory	Rent Arrears	15		17	FINAL
Advisory	Vehicle Tracking Follow Up	15		3	WIP
Advisory	Care Homes	10		35	FINAL
Advisory	Disabled Facilities Grants	20		22	FINAL
Advisory	Section 33	10		21	FINAL
Advisory	Payments to foster carers	20		27	FINAL
Advisory	Performance information	20		9	FINAL
		170	145	175	
<b>ENVIRONMENT</b>					
Risk	County Town Network Regeneration and Protection	20		1	WIP
Risk	Highways Infrastructure	20		6	WIP
Risk	Waste Management	20			DEFERRED
Advisory	Licensing	10		10	FINAL
Advisory	Pollution Control	15			DEFERRED
Advisory	Fleet Management	20		4	DEFERRED
		105		20	

<b>INVESTIGATIONS, PROVISIONS AND DEVELOPMENT</b>					
<b>Type</b>	<b>Audit</b>	<b>Plan Days</b>	<b>Revised Plan Days</b>	<b>Actual Days used</b>	
	Pro-active fraud work and NFI	50	32	36	
	Provision for investigations	200		470	
	Provision for ad-hoc requests from Directorates	100			
	Follow up reviews	30	20	28	DRAFT
	Audit Development - IDEA	30	0		
	Regional Collaboration	50	25		
		460	377	534	
	Overall Total	1565	1455	1375	

## **Definitions**

### **Regulatory work**

Work based on the need to satisfy statutory and other requirements, and to demonstrate to external audit that they can rely on the work of internal audit as part of the annual accounts process.

### **Risk based audits**

Work based on strategic and operational risks identified by the organisation in the SARC and Service Plans. Risks are linked to the organisation's objectives and represent the possibility that the objectives will not be achieved.

### **Advisory**

Work based on discussions with management when the audit plan is being produced.

### **Consultancy**

Participation in various projects and developments in order to ensure that controls are in place.





## Changes reported to previous committees

### Audits added to the 2012/13 plan

#### **Corporate**

Consultants – AC request, review of the constraints for the appointment and on the remit and monitoring of consultants to help give assurance that proper procedures are in place.

NWRWTP – As Flintshire is the lead Authority, there is a requirement for IA review and report.

#### **Finance**

Housing Benefits Overpayments – review of how performance is reported.

Housing Benefit Return – review of the preparation of the return

#### **HR**

I Trent – compliance testing on Private Vehicles and Driving check after introduction of new procedure

#### **Lifelong Learning**

Cheque Book Schools - three schools have moved to having their own bank account. Review of procedures and controls.

#### **Pensions**

Pensions Contributions – reconciliation of payments from other Authorities between the Pensions system and Flintshire Accounting system.

## **Audits deferred from the 2012/13 plan**

### **Finance**

Housing Benefit Subsidy. Audited by WAO.

Medium Term Financial Strategy. The audit was intended to take place after the mid year review of the Strategy. In the event this was deferred and is now planned for member consideration from June 2013 onwards alongside the Improvement Plan.

*In plan 2013/14*

### **Legal and Democratic Services**

Data Protection – working with Information Commissioners Office. Their review scheduled for April 2013.

*Work completed*

### **Lifelong Learning**

Funding Formula. As reported to Scrutiny the new funding formula will not be introduced for 2013/14. More work is necessary and it is now envisaged that the new formula will be introduced for 2014/15.

*Deferred until 2014/15*

### **Community Services**

Mobile working and ticket validation – management request, new system to be given time to become fully operational.

*Deferred too late to be in 2013/14 plan. Now added to plan.*

### **Environment**

Fleet Management – consulting with other Authorities on a possible joint approach.

*Deferred until 2014/15*

Waste Management. Deferred pending the results of the current investigation.

*In plan 2013/14*

Pollution Control. Service Review currently taking place, management request to defer.

*Deferred too late to be in 2013/14 plan. Now added to plan*

## Operational Plan 2013/14

<b>CORPORATE</b>				
<b>Type</b>	<b>Audit</b>	<b>Plan Days</b>	<b>Actual Days used</b>	<b>Proposed start date / Status</b>
Risk	Risk Management	10		JAN
Risk	NWRWTP	20		FEB
Risk	Theatre Clwyd	10		NOV
Reg	Performance Information	5		FEB
Other	Lean Team	5		NOV
Other	Taith	10		MAR
Advisory	Flintshire Futures	10		JUL
Advisory	Corporate Governance	10		DEC
Advisory	Collaborations	10		FEB
Advisory	Local Partnerships	10		JUN
		100		
<b>FINANCE</b>				
Risk	Medium Term Financial Strategy and Plan	5		OCT
Risk	Financial Management and Control	15		NOV
Reg	Main Accounting	30		JAN
Reg	Housing Benefit	20		DEC
Reg	Council Tax and NNDR	20		DEC
Other	Corporate Debt Management	15		NOV
Other	CIVICA – new cash management system	15		OCT
Other	Treasury Management	10		In progress
		130		

Type	Audit	Plan Days	Actual Days used	Proposed Start Date / Status
<b>PENSION FUND</b>				
Reg	Pensions Administration and Contributions	15		FEB
Other	Pensions Investment Management and Accounting	15		FEB
		30		
<b>LEGAL AND DEMOCRATIC SERVICES</b>				
Risk	Data Protection	15		DEC
Other	Legal Counsel	10		JUL
Other	Court Dates	10		DRAFT
		35		
<b>HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT</b>				
Reg	Payroll & HR System	20		JAN
Other	Absence Management and Return to Work	15		JUN
Other	Corporate Training	20		JUN
Other	Equalities	5		JUN
Other	Staff Induction	15		SEP
Other	Honorariums	15		MAR
Other	Overtime Payments	10		JUN
Other	Salary Overpayments	10		SEP
Other	I Trent - expenses	10		NOV
Advisory	Implementation of Single Status	20		ONGOING
Advisory	I Trent - developments	5		ONGOING
Advisory	Agile Working	5		ONGOING
		150		

Type	Audit	Plan Days	Actual Days used	Proposed Start Date / Status
<b>INFORMATION AND COMMUNICATIONS TECHNOLOGY</b>				
Other	Moodle	15		FEB
Other	Mobile Devices/Usage	15		OCT
Other	Server Licensing	10		OCT
		40		
<b>PROCUREMENT AND CUSTOMER SERVICES</b>				
Risk	P2P System	20		JUL
Risk	Flintshire Connects	5		JUN
Other	Corporate Complaints	10		SEP
		35		
<b>LIFELONG LEARNING</b>				
Reg	Grants	10		
Other	Leisure Service	20		JUN
Other	Pupil/Student Transport	15		JUL
Other	Families First	10		In progress
Other	School Funds	5		MAR
Advisory	Control Awareness Sessions New Heads and Governors	5		
Schools	Control and Risk Self-Assessments	15		In progress
Schools	Risk Based Thematic Reviews	40		
Schools	School Closures/Openings	20		JUN
		140		

Type	Audit	Plan Days	Actual Days used	Proposed Start Date / Status
<b>COMMUNITY SERVICES</b>				
Risk	Homelessness	15		OCT
Other	Private Rented Sector	15		FEB
Other	Housing Maintenance System	20		JUL
Other	Paris System	15		AUG
Other	Client Finances	10		SEP
Other	POVA	5		DEC
Other	Disability Service	20		JUL
Other	Commissioning Team	15		DEC
Advisory	Adoption Services – Partnership Arrangements	5		JAN
Addition	Mobile Working and Ticket Validation	25		
		165		
<b>ENVIRONMENT</b>				
Risk	Integrated Transport Infrastructure	15		DEC
Risk	Streetscene	20		SEP
Other	Repairs and Maintenance	20		In progress
Other	Industrial Units	10		NOV
Other	Income From Fees and Charges	30		In progress
Other	Regeneration	10		JAN
Other	Waste Management	20		SEP
Other	Minerals and Waste Planning	10		In progress
Addition	Pollution Control	15		
		150		
<b>CONTRACT AUDIT</b>				
Other	Shotton Schools	10		SEP
Other	21 <sup>st</sup> Century Schools	5		AUG
		15		

<b>INVESTIGATIONS, PROVISIONS AND DEVELOPMENT</b>				
<b>Type</b>	<b>Audit</b>	<b>Plan Days</b>	<b>Actual Days used</b>	
	Pro-active fraud work and NFI	50		OCT
	Provision for investigations	300		ONGOING
	Provision for ad-hoc requests from Directorates	30		ONGOING
	Follow up reviews	30		ONGOING
	Audit Development - IDEA	20		ONGOING
	Regional Collaboration	30		ONGOING
		460		
	Overall Total	1450		

## **Definitions**

### **Regulatory work**

Work based on the need to satisfy statutory and other requirements, and to demonstrate to external audit that they can rely on the work of internal audit as part of the annual accounts process.

### **Risk based audits**

Work based on strategic and operational risks identified by the organisation in the SARC and Service Plans. Risks are linked to the organisation's objectives and represent the possibility that the objectives will not be achieved.

### **Other**

Work based on discussions with management when the audit plan is being produced.

### **Advisory**

Participation in various projects and developments in order to ensure that controls are in place.





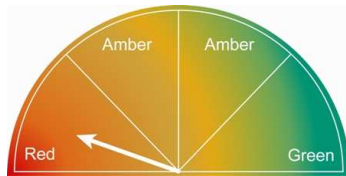
## Appendix D

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 red assurance a summary of the findings and the Action Plan is attached.

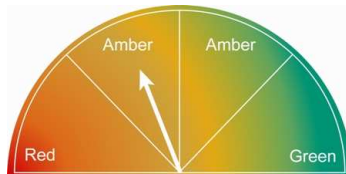
Project Reference	Project Description	Level of Assurance	Recommendations		
			High	Med	Low
CD0041S1	Regional CCTV Business Case	N/A	0	0	0
CD0045S1	NWRWTP	N/A	0	3	5
CD0050S1	Business Continuity Planning	Amber +	0	4	4
FD0040S1	Taxation	Amber +	0	0	7
FD0081S1	Petty Cash Imprest Accounts	Amber -	0	4	1
FD0270S1	Council Tax & NDR	Green	0	0	2
FD6150S1	Housing Benefits	Amber +	0	3	2
HR0170S1	Disciplinary Policy	Amber -	2	2	0
IT0500S1	Information Governance	Amber +	0	3	0
LL0040S1	Student Finance	Red	1	2	5
LL0070S1	Leisure Centres Income	Amber +	0	2	2
LL0150S1	Facilities Services Cleaning	Amber -	0	4	4
LL0160S1	CCTV	Amber +	0	0	6
CS0020S1	Care Homes	Amber +	0	0	8
CS0100S1	Sheltered Housing	Green	0	0	0
CS1050S1	Performance Information	Green	0	0	1
CS1060S1	Gas Servicing	Amber +	0	2	1
CS4020S1	Housing Allocations	Amber -	0	5	0
CS4050S1	Rent Arrears	Amber +	0	2	3

EN0050S1	Licensing	Amber +	1	1	3
EN0050R1	Highways 3 <sup>rd</sup> Party Claims	Amber -	0	5	2
EN0105R1	Planning Appeals	Limited	0	4	1

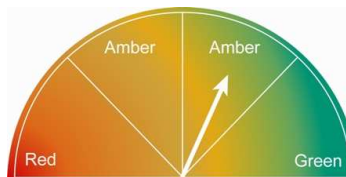
### Levels of Assurance – standard reports.



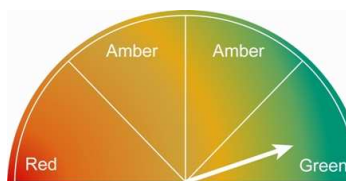
Taking account of the issues identified, the organisation cannot take assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.



Taking account of the issues identified, whilst the organisation can take some assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.



Taking account of the issues identified, the organisation can take reasonable assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.



Taking account of the issues identified, the organisation can take substantial assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective.

### 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**

High  
Medium  
Low

Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses

## Summary of Findings and Action Plan of Reviews with Limited or Red Assurance

### LL0040S1 – Student Finance

We have made one high priority and two medium priority recommendations, as follows

- The need for means testing of a sample of applications
- The need to verify the identity of a sample of people signing the declarations
- The need to securely store the application forms

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
3.3	At a minimum, 10% of both means tested and non means tested applications should be checked to ensure that the applicant has ordinary residence in Flintshire.  This could include checking driving licences, NHS records, school data or confirmation with the Council Tax department.	High	Y	Agree.	April 2013	Janette Robinson
3.4	A minimum 10% check must be undertaken to verify the identity of individuals signing the third person identity declaration form. For the 2013/14 applications, these verifications should take place before the start of the student year.	Medium	Y	Agree. A check sheet has been devised to record this activity.	April 2013	Janette Robinson
3.6	The Disabled Student Grants Applications should be stored securely as they contain sensitive personal information.	Medium	Y	A new cabinet will be obtained.	April 2013	Janette Robinson

## EN0105R1 – Planning Appeals

We have made four significant recommendations based on the following

- The need for a complete development management procedure manual
- The need for more analysis of planning appeals
- The need to improve the training provided to members
- The need to ensure clear allocation of responsibilities in dealing with appeals

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1	The Development Management procedure manual should be finalised and shared with all relevant parties.	Significant	Y	The Manual is being reviewed to identify those areas needing change/ deletion/ additions. This will link to the FLARE / APP Working Group.	1.7.13	Glyn P Jones, Development Control Manager
2.1	An analysis of the statistics should be undertaken to determine the reasons for the continuous high level of appeals being submitted / awarded.	Significant	Y	This recommendation should refer to the high level of appeals <i>upheld</i> . All appeal cases are reported to Planning and Development Control Committee and are further examined by Planning Strategy group. Performance on appeals is reported to Overview and Scrutiny Committee and Cabinet.	Detailed report on appeals is the subject of an annual report to P.S.G. with detailed case studies to follow.	Andy Farrow, Head of Planning
2.2	Ensure that the training programme designed for Members of the Planning Committee includes training specifically on decision making.	Significant	Y	This was undertaken as part of the Phase 2 Member training. It was provided by external consultants in November 2012 and focussed on material	Completed with further training session to follow in 2013/14.	Andy Farrow, Head of Planning

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
				considerations and the appeal process. A further session with the Head of the Welsh Planning Inspectorate is due to follow in 2013/14 as part of the Member training programme.		
4.1	The Appeals section of the Development Management Manual should be reviewed by the Head of Planning and the Development Control Manager and action taken to ensure compliance. There needs to be a clear and explicit allocation of responsibility for appeals to a planning officer. The role of the administration staff should be clarified.	Significant	Y	We need to review these procedures following the implementation of changes referred to in 1.1 above.	1.2.14	Andy Farrow, Head of Planning / Glyn P Jones, Development Control Manager

## Recommendation Tracking








## Status of Recommendations that have reached their Implementation Dates.




Title	Reference	Date Issued	Response Received	Recommendations		
				Due	Implemented	Not Implemented
<b>CORPORATE</b>						
Procurement	CD0070P1	Nov 2010	Yes	1	0	1
Use of Consultants	CD0500P1	Jan 2011	Yes	7	1	6
Procurement	FL0070M1	Sep 2009	Yes	1	0	1
			Total	9	1	8
<b>FINANCE</b>						
MTFS	FD0040R1	Dec 2011	Yes	3	0	3
MTFS	FD0040P1	Apr 2011	Yes	1	0	1
Financial Systems	FD0080R1	Jun 2012	Yes	6	4	2
Main Accounting	FD0080P1	Dec 2011	Yes	5	2	3
Main Accounting	FD0080N1	Sep 2010	Yes	2	0	2
Housing Benefits	FD6150R1	Aug 2012	Yes	2	0	2
Housing Benefits	FD6150P1	Aug 2011	Yes	1	1	0
General Ledger	FL0030L3	Apr 2008	Yes	3	3	0
Enforcement	FL0300L1	Feb 2009	Yes	11	8	3
			Total	34	18	16
<b>LEGAL AND DEMOCRATIC</b>						
			Total	0	0	0
<b>HUMAN RESOURCES</b>						
Holiday Entitlements	HR0220N1	Sep 2010	Yes	3	0	3
			Total	3	0	3
<b>ICT</b>						
PCI Compliance Follow Up	IT0030N2	Jun 2010	Yes	1	1	0

			Total	1	1	0
<b>LIFELONG LEARNING</b>						
Facility Services Catering	LL0140R1	May 2012	Yes	1	0	1
School Funds	LL0120R1	Nov 2012	Yes	9	8	1
School Budgetary Control	LL1010P1	Nov 2011	Yes	2	0	2
ICT Unit Security of Mobile Devices	LL1065P1	May 2011	Yes	1	0	1
Leisure Management System	EC0070L1	Dec 2007	Yes	1	1	0
			Total	14	9	5
<b>COMMUNITY SERVICES</b>						
Fostering	CS0110S1	Nov 12	Yes	3	1	2
			Total	3	1	2
<b>ENVIRONMENT</b>						
Section 106 Agreements	EN0020P1	Feb 2011	Yes	6	0	6
Fleet Management	EN0060P1	Jun 2011	Yes	1	1	0
Traffic Management Act	EN0070R1	Jun 2012	Yes	3	0	3
Data Management – Public Protection	EN0080N1	Mar 2010	Yes	6	5	1
Asset Management	EN0155R1	Nov 2012	Yes	2	0	2
Design Consultancy	HW1000J1	Mar 2006	Yes	1	0	1
			Total	19	6	13
			Total	83	36	47



Internal Audit Performance Indicators

Performance Measure	Q4	Target	RAG Rating
<b>Internal Audit Departmental Targets</b>			
Audits completed within planned time	89%	80%	 ↑
Average number of days from closure meeting to issue of draft report	25	20	 →
Average number of days from response to issue of final report	8	5	 ↓
Return of client satisfaction questionnaires	47%	70%	 ↓
Client questionnaires responses as satisfied	100%	95%	 →
Productive audit days	71%	75%	 ↑
<b>Other Targets</b>			
Days to return draft reports	19	20	 ↑

Key  Target not achieved  Within 10% of target  Target Achieved

↑ Improving trend      → No change      ↓ Worsening trend

## **Investigations**

1. The following new referrals have been received
  - 1.1 An anonymous allegation has been received concerning two employees carrying out private work during works time. The investigation is almost complete and the disciplinary process has been initiated.
  - 1.2 A referral has been received concerning missing money at a Council leisure centre; the Police are currently investigating the matter, controls will also be reviewed as part of the investigation.
2. The following investigations have been reported to previous committees and are still being investigated:
  - 2.1 An investigation is ongoing into alleged operational and financial irregularities within Streetscene, four employees are still suspended.
  - 2.2 An anonymous allegation is being investigated into the use of a supplier
3. The following investigations have been completed
  - 3.1 An anonymous allegation was received regarding the use of a Council vehicle for personal use. A disciplinary investigation was undertaken which resulted in management advice being given.

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**

**DATE:**               **WEDNESDAY, 12 JUNE 2013**

**REPORT BY:**       **HEAD OF FINANCE**

**SUBJECT:**           **PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

### **1.00 PURPOSE OF REPORT**

1.01 To inform members of the results of an initial assessment of compliance with the new Public Sector Internal Audit Standards (PSIAS).

### **2.00 BACKGROUND**

2.01 In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new standards for internal audit across the public sector. They apply to Central Government departments including Scotland, Wales and Northern Ireland, Local Authorities across the UK, the NHS, Police and Fire Authorities and National Parks. These replace the CIPFA Code of Practice for Internal Audit in Local Government published in 2006.

2.02 The standards are based upon the CIIA standards and came into force on 1<sup>st</sup> April 2013. However, CIPFA's Local Government Application Note on how to apply them within Local Government was not published until early April 2013.

### **3.00 CONSIDERATIONS**

3.01 The Application Note includes a checklist for assessing conformance with the PSIAS and the Local Government Application Note. This checklist has now been completed and is attached at Appendix A. Please note this is not an in-depth review as is needed to complete the periodic self assessment required by the Standards. It is intended as a guide to the starting position with regards to the Standards and to identify areas that need to improve to meet the new Standards.

3.02 The results highlight two main areas where development is needed.

The Internal Audit Charter defines the role and scope of internal audit and specifies the independence, authority and responsibility of the department. It is part of the constitution, was last updated in 2011 and

was due to be reviewed in 2013. The PSIAS Application Note specifies the content of an Audit Charter in detail, with some new requirements. The planned update of the Flintshire Audit Charter will include these requirements and will be brought to the July Audit Committee for approval.

- 3.03 There is a new requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS. This involves ongoing and periodic self-assessment and also external assessments to be carried out at least once every five years.

In the past a self assessment has been completed against the old CIPFA standards and reported to the Audit Committee in March each year. However these were not as comprehensive as is necessary for the new standards.

For the first year of the new requirements (2013/14) it is proposed to develop and complete the internal self-assessment, and if successful follow that with an external assessment in the second year.

#### **4.00 RECOMMENDATIONS**

- 4.01 The committee is requested to note the report.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 None arising from this report.

#### **6.00 ANTI POVERTY IMPACT**

- 6.01 None arising from this report.

#### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 None arising from this report.

#### **8.00 EQUALITIES IMPACT**

- 8.01 None arising from this report.

#### **9.00 PERSONNEL IMPLICATIONS**

- 9.01 None arising from this report.

#### **10.00 CONSULTATION REQUIRED**

- 10.01 None arising from this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None arising from this report.

**12.00 APPENDICES**

12.01 Appendix A – checklist for assessing conformance with the PSIAS and the Local Government Application Note.

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

None

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**CHECKLIST FOR ASSESSING CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND THE  
LOCAL GOVERNMENT APPLICATION NOTE**

Ref	Conformance with the Standard	Y	P	N	Evidence
<b>1</b>	<b>Definition of Internal Auditing</b>				
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity: a) Independent? b) Objective?	✓ ✓			See questions below
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			See questions below
<b>2</b>	<b>Code of Ethics</b>				
	<b>Integrity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors: a) Perform their work with honesty, diligence and responsibility? b) Observe the law and make disclosures expected by the law and the profession? c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation? d) Respect and contribute to the legitimate and ethical objectives of the organisation?	✓ ✓ ✓ ✓			See questions below
	<b>Objectivity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not: a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? b) Accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may	✓ ✓ ✓			See questions below

Ref	Conformance with the Standard	Y	P	N	Evidence
	distort the reporting of activities under review?				
	<p><b>Confidentiality</b></p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Acting prudently when using information acquired in the course of their duties and protecting that information?</p> <p>b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?</p>	<p>✓</p> <p>✓</p>			See questions below
	<p><b>Competency</b></p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Only carrying out services for which they have the necessary knowledge, skills and experience?</p> <p>b) Performing services in accordance with the PSIAS?</p> <p>c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?</p>	<p>✓</p> <p>✓</p> <p>✓</p>			See questions below
	Do internal auditors have regard to the Standards of Public Life's Seven Principles of Public Life?	✓			See questions below
	Standards				
<b>3</b>	<b>Attribute Standards</b>				
<b>3.1</b>	<b>1000 Purpose, Authority and Responsibility</b>				
	Does the internal audit charter include a formal definition of:				
	a) the purpose	✓			The Internal Audit Charter includes the responsibilities, independence, role and rights of access. It is part of the Constitution. These are also included in the Council's Financial Regulations.
	b) the authority, and	✓			
	c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	✓			
<b>LGAN</b>	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.			✓	New requirement – Charter to be updated.
	Does the internal audit charter also:				
	a) Set out the internal audit activity's position within the organisation?			✓	The Charter includes sections on the Role and Scope of IA, Independence and Authority, Audit Responsibility, Resources, Training, Reporting
	b) Establish the CAE's functional reporting relationship with the board?			✓	



Ref	Conformance with the Standard	Y	P	N	Evidence
LGAN	c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?			✓	and Performance Reporting.
LGAN	d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?			✓	It does not at present specify the reporting relationships of the Audit Manager, statutory officers or the Audit Committee, although these are known. Charter to be updated.
	e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	✓			
LGAN	f) Define the scope of internal audit activities?	✓			
LGAN	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	✓		✓	The contribution is in place through all audit work and the Audit Manager's participation in the Corporate Governance Working Group, but it is not specified in the Charter. Charter to be updated.
LGAN	h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the <i>Accounts and Audit (England) Regulations 2011</i> ?	✓			
LGAN	i) Establish the organisational independence of internal audit?	✓			
	j) Cover the arrangements for appropriate resourcing?	✓			
	k) Define the role of internal audit in any fraud-related work?	✓			
	l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?			✓	These are set out within the Anti Fraud Policy, but not in the Charter. Charter to be updated.
	m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?	✓			
	n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?	✓			
	o) Define the nature of consulting services?	✓		✓	
	p) Recognise the mandatory nature of the PSIAS?				New requirement.
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	✓			Last updated in 2011. Planned update for 2013, will include new requirements from the PSIAS.
	Does the CAE attend audit committee meetings?	✓			Attendance at all meetings.
	Does the CAE contribute to audit committee agendas?	✓			Produces the Forward Work Programme.
<b>3.2</b>	<b>1100 Independence and Objectivity</b>				
	Does the CAE have direct and unrestricted access to senior management and the board?	✓			Manager reports to the Head of Finance, and can contact any Director or Corporate Head, or

Ref	Conformance with the Standard	Y	P	N	Evidence
					the CMT as a whole at any time.
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	✓			Manager can contact Chief Executive and Chair of Audit at any time.
	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓ ✓ ✓ ✓			Auditors identify any conflict and report them to audit management. All other levels included in the Charter and Constitution.
	<i>1110 organisational Independence</i>				
	Does the CAE report to an organisational level equal or higher to the corporate management team?	✓			Manager reports to the Head of Finance.
<b>LGAN</b>	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			Manager reports to the Head of Finance.
<b>LGAN</b>	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority.	✓			Manager reports to the Head of Finance and the Audit Committee and can contact the Chief Executive at any time.
<b>LGAN</b>	Does the CAE's position in the management structure: a) Reflect the influence he or she has on the control environment? b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓ ✓ ✓			Manager is a member of the Finance Senior Management Team. Audit plans are agreed with CMT and Audit Committee. Audit Reports, including action plans, are issued to the relevant Director / Corporate Head.
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity: The board: a) approves the internal audit charter b) approves the risk-based audit plan  c) approves the internal audit budget and resource plan d) receives communications from the CAE on the activity's performance (in relation to the plan, for example)	✓  ✓ ✓ ✓			Audit Committee Corporate Management Team and Audit Committee. Head of Finance Audit Committee

Ref	Conformance with the Standard	Y	P	N	Evidence
	e) approves decisions relating to the appointment and removal of the CAE f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓ ✓			Head of Finance Audit Committee
	Does the chief executive or equivalent undertake, Countersign, contribute feedback to or review the performance appraisal of the CAE?			✓	Previously outsourced position until 31.5.13.
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?			✓	Previously outsourced position until 31.5.13.
	<i>1111 Direct Interaction with the Board</i>				
	Does the CAE communicate and interact directly with the board?	✓			Corporate Management Team and Audit Committee
	<i>1120 Individual Objectivity</i>				
	Do internal auditors have an impartial, unbiased attitude?	✓			
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			Auditors report any potential conflict to audit management.
	<i>1130 Impairment to Independence or Objectivity</i>				
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?				N/A. None has arisen.
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?				N/A. New auditors have not had previous operational responsibility.
	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?				N/A. Manager does not have any operational responsibility.
<b>LGAN</b>	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	✓			The team is large enough to allow this.
<b>LGAN</b>	Have internal auditors declared interests in accordance with organisational requirements?	✓			Auditors sign declarations of interest forms annually.
<b>LGAN</b>	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?				N/A. None accepted.
<b>LGAN</b>	Have any instances been discovered where an internal auditor has used			✓	

Ref	Conformance with the Standard	Y	P	N	Evidence
	information obtained during the course of duties for personal gain?				
<b>LGAN</b>	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓			Auditors sign declaration of interest forms annually.
<b>LGAN</b>	Have internal auditors complied with the Bribery Act 2010?	✓			See above.
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?				N/A. None has arisen.
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?				N/A. Plan allows time for some consulting work.
<b>3.3</b>	<b>1200 Proficiency and Due Professional Care</b>				
	1210 Proficiency				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			CFIIA
	Is the CAE suitably experienced?	✓			In Internal Audit since 1982, management positions since 1999, Manager at FCC since 2005.
<b>LGAN</b>	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			Manager fully responsible for recruitment.
<b>LGAN</b>	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓			Job descriptions and person specifications redefined as part of Finance Function Review, 2012.
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓			Auditor competencies assessed. Annual appraisals carried out.
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	✓			If necessary can buy in expertise.
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			Manager, Principal Auditors and some Senior Auditors keep up to date on fraud requirements.
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓			Principal Auditors and some Senior Auditors specialise in IT work.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	✓			Members of the team keep up to date on Computer Assisted Audit Techniques.
	<i>1220 Due Professional Care</i>				
	Do internal auditors exercise due professional care by considering the: a) Extent of work needed to achieve the engagement's objectives? b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? c) Adequacy and effectiveness of governance, risk management and control processes? d) Probability of significant errors, fraud, or non-compliance? e) Cost of assurance in relation to potential benefits?	✓ ✓ ✓ ✓ ✓			Overall consideration for the organisation takes place as part of the annual planning cycle. Analysis of these factors takes place in the planning stage of every assignment.
	Do internal auditors exercise due professional care during a consulting engagement by considering the: a) Needs and expectations of clients, including the nature, timing and communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement's objectives? c) Cost of the consulting engagement in relation to potential benefits?	✓ ✓ ✓			Considered during the planning of any consultancy work.
	<i>1230 Continuing Professional Development</i>				
<b>LGAN</b>	Has the CAE defined the skills and competencies for each level of auditor?	✓			Defined in the person specification for each position.
<b>LGAN</b>	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			Annual appraisal process.
	Do internal auditors undertake a programme of continuing professional development?	✓			Each auditor is responsible for their own CPD to meet the requirements of their professional body.
	Do internal auditors maintain a record of their professional development and training activities?	✓			Maintained by the department.
<b>3.4</b>	<b>1300 Quality Assurance and Improvement Programme</b>				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?			✓	This is a new requirement. QAIP to be developed. However some aspects of QA have been completed in the past, particularly internal assessments.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?			✓	This is a new requirement. QAIP to be developed.
	Does the CAE maintain the QAIP?			✓	This is a new requirement. QAIP to be developed.
<b>LGAN</b>	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?				N/A
	<i>1310 Requirements of the Quality Assurance and Improvement Programme</i>				
	Does the QAIP include both internal and external assessments?			✓	This is a new requirement. QAIP to be developed.
	<i>1311 Internal Assessments</i>				
<b>LGAN</b>	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			Part of the planning process annually and for individual assignments.
	Do internal assessments include ongoing monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	✓			All work is subject to quality review.  N/A.
<b>LGAN</b>	Does ongoing performance monitoring include comprehensive performance targets?	✓			There are performance targets for the department and each staff member.
<b>LGAN</b>	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			Departmental targets agreed with Head of Finance and Audit Committee. Individual targets agreed during annual appraisals.
<b>LGAN</b>	Does the CAE measure, monitor and report on progress against these targets?	✓			Progress against departmental targets reported to Audit Committee.
<b>LGAN</b>	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓			Feedback questionnaires issued on completion of every assignment.
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.	✓			Self Assessments have been carried out by the Audit Manager, against the previous CIPFA standards.

Ref	Conformance with the Standard	Y	P	N	Evidence
LGAN	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives? <i>1312 External Assessments</i>	✓			Part of the previous self assessments.
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			QA review of files carried out by RSM Tenon during 2012/13. QAIP review planned.
LGAN	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?			✓	This is a new requirement.
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?			✓	This is a new requirement.
LGAN	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CEO or the chief executive?			✓	This is a new requirement.
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?			✓	This is a new requirement.
	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process? Competence can be determined in the following ways: a) experience gained in organisations of similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and e) technical experience. Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.				N/A. Not yet completed.
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?				N/A. Not yet completed.
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.				N/A. Not yet completed.
	<i>1320 Reporting on the Quality Assurance and Improvement Programme</i>				
	Has the CAE reported the results of the QAIP to senior management				N/A. Not yet completed.

Ref	Conformance with the Standard	Y	P	N	Evidence
	and the board? Note that: a) the results of both external and periodic internal assessment must be communicated upon completion b) the results of ongoing monitoring must be communicated at least annually c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.				
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?				N/A. Not yet completed.
	<i>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</i>				
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?				N/A. Not yet completed.
	<i>1322 Disclosure of Non-conformance</i>				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			This report shows the initial position when the PSIAS came into operation. A further self assessment will be carried out towards the end of the financial year.
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?				N/A. New requirement, will apply to the governance statement for 2013/14.
<b>4</b>	<b>Performance Standards</b>				
<b>4.1</b>	<b>2000 Managing the Internal Audit Activity</b>				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	✓			Through the audit plan, as reported in the annual report.
	Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i>	✓			Through the Charter and the audit manual.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ?	✓			Through the audit manual. All work subject top review.
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance? b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓ ✓			Audit plan is based on the organisation's objectives. Audit reports contain recommendations to improve effectiveness and efficiency.
	<i>2010 Planning</i>				



Ref	Conformance with the Standard	Y	P	N	Evidence
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	✓			Strategic and Operational plan based on the organisations objectives.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			Strategic and Operational plan designed to provide evidence needed for annual opinion.
	Does the risk-based plan take into account the organisation's assurance framework?	✓			Sources of assurance considered during planning.
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓  ✓		✓	Part of the Strategic Plan. Plan not linked to the Charter. Part of the Strategic Plan
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			Strategic Plan includes how the plan was developed.
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓			Risk maturity assessed by internal audit.
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?				N/A
<b>LGAN</b>	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓  ✓		✓	Work not prioritised in the plan.
<b>LGAN</b>	Does the risk-based plan differentiate between audit and other types of work?	✓			All work categorised within the plan.
<b>LGAN</b>	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			The plan includes a contingency allowance, and is subject to review throughout the year.
	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	✓			The plan is subject to review throughout the year, with amendments reported to the Audit Committee.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓			The Council's strategic and operational risks are assessed and used in audit planning.
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			The Council's strategic and operational risks are assessed at least annually.
<b>LGAN</b>	In developing the risk-based plan, has the CAE also considered the following: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use specialists, eg IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓  ✓ ✓ ✓			Considered in assignment planning. Considered in assignment planning. Included in the plan. Included in the plan.
	Is the input of senior management and the board considered in the risk assessment process?	✓			Consultation takes place with senior management whilst producing the audit plan.
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			During audit planning.
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	✓			All proposed consulting work is considered before it is accepted.
	Are consulting engagements that have been accepted included in the risk-based plan?	✓			Added to the plan and reported to the Audit Committee.
	<i>2020 Communication and Approval</i>				
	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	✓			Reported to Corporate Management Team and Audit Committee.
	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓			Reported to the Audit Committee.
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			Reported to the Audit Committee.
	<i>2030 Resource Management</i>				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?			✓	Not included in the Strategic Plan. To be considered in future plans.
<b>LGAN</b>	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	✓			Discussed in planning meetings and planned throughout the year
<b>LGAN</b>	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.	✓			For example September 2012 when an investigation threatened the completion of the audit plan.
	<i>2040 Policies and Procedures</i>				
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓			Audit manual in place.
<b>LGAN</b>	Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	✓			Audit manual in place. To be updated during 2013 to ensure compliance with new requirements.
<b>LGAN</b>	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓			To be updated during 2013 to ensure compliance with new requirements.
	<i>2050 Coordination</i>				
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	✓			Reliance placed on external auditors and regulators.
<b>LGAN</b>	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?				N/A
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			Regular meetings with external auditors.
<b>LGAN</b>	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	✓			Regular meetings with external auditors.
	<i>2060 Reporting to Senior Management and the Board</i>				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓			Quarterly reports to Audit Committee.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓			Major findings reported. In addition, reports provided as requested by the Audit Committee.
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	✓			Standard quarterly reporting. However, additional reporting would take place if there was sufficient importance and urgency.
	<i>2070 External Service Provider and Organisational Responsibility for Internal Auditing</i>				
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?				N/A
<b>4.2</b>	<b>2100 Nature of Work</b>				
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	✓			Overall aim of the department.
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	✓			Through the completion of the audit plan.
	<i>2110 Governance</i>				
	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation? b) Ensure effective organisational performance management and accountability? c) Communicate risk and control information to appropriate areas of the organisation? d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	✓ ✓ ✓ ✓			Through the completion of the audit plan and communication of findings to management.
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	✓			Through individual assignments and by the input of the manager to the Corporate Governance Working Group.
	Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness	✓			Audit work is based on the Council's objectives and priorities.

Ref	Conformance with the Standard	Y	P	N	Evidence
	of the organisation's ethics-related objectives, programmes and activities?				
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	✓			Information technology governance included in the audit plan.
<b>LGAN</b>	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?	✓			All competing priorities are considered when finalising the plan.
	<i>2120 Risk Management</i>				
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that: a) Organisational objectives support and align with the organisation's mission? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite? d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?	✓ ✓ ✓ ✓			Risk management included in the audit plan every year.
	Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓ ✓ ✓ ✓ ✓			As part of audit planning and the completion of individual audit assignments.
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	✓			As part of audit planning. The department is responsible for the maintenance of the Anti Fraud Strategy, Fraud Response Plan and Whistleblowing procedure.
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			Dependent on the nature of the assignment.
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			Any other risks are reported to audit management.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓			Auditors do not take on management responsibility or risk management roles.
	<i>2130 Control</i>				
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓ ✓ ✓ ✓ ✓			As part of audit planning and the completion of individual audit assignments.
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			All relevant knowledge is used.
<b>4.3</b>	<b>2200 Engagement Planning</b>				
	Do internal auditors develop and document a plan for each engagement?	✓			Audit Planning Sheet (APS) completed for each audit.
	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	✓ ✓ ✓ ✓			Standard format that includes all these.
	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance? c) The significant risks to the activity being audited? d) The activity's resources? e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk	✓ ✓ ✓ ✓ ✓ ✓ ✓			Documented in the APS.

Ref	Conformance with the Standard	Y	P	N	Evidence
	management and control processes compared to a relevant framework or model?	✓			
	h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	✓			
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?				N/A. No work undertaken outside of the organisation.
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope? c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓ ✓ ✓			Agreed with management at the start of the work.
	For significant consulting engagements, has this understanding been documented?				N/A
	<i>2210 Engagement Objectives</i>				
	Have objectives been agreed for each engagement?	✓			Part of the APS.
	Have internal auditors carried out a preliminary risk assessment of the activity under review?		✓		Where applicable. Strategic and operational risks considered.
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?		✓		Where applicable.
	Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	✓ ✓ ✓ ✓			When developing the APS.
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	✓			KPI's included within the audits.

Ref	Conformance with the Standard	Y	P	N	Evidence
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			Part of overall evaluation.
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?		✓		Lack of KPIs reported where applicable,
<b>LGAN</b>	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered; including money, people and assets?		✓		Where referred to. Few value for money assignments completed.
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓			Objectives agreed with the client.
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓			Objectives agreed with the client.
	<i>2220 Engagement Scope</i>				
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	✓			Recorded in APS
	Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises?	✓			All include consideration of systems. Others considered when appropriate,
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate: a) Systems? b) Records? c) Personnel? d) Premises?				N/A
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?				N/A
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?				N/A



Ref	Conformance with the Standard	Y	P	N	Evidence
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	✓			Scope agreed at the start of the audit.
	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?				N/A
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓			As normal procedure.
	During consulting engagements, were internal auditors alert to any significant control issues?	✓			As normal procedure.
	<i>2230 Engagement Resource Allocation</i>				
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	✓ ✓ ✓			Planned at start of the year, then amended with detailed planning.
	<i>2240 Engagement Work Programme</i>				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			Work programmes developed for each engagement.
	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓			Information, including analysis and evaluation, recorded in the engagement file.
	Were work programmes approved prior to implementation for each engagement?	✓			Reviewed by Principal Auditors.
	Were any adjustments required to work programmes approved promptly?	✓			By Principal Auditors.
<b>4.4</b>	<b>2300 Performing the Engagement</b>				
	Have internal auditors carried out the following in order to achieve each engagement's objectives: a) Identify sufficient information? b) Analyse sufficient information? c) Evaluate sufficient information?	✓			Files reviewed by Principal Auditors

Ref	Conformance with the Standard	Y	P	N	Evidence
	d) Document sufficient information?				
	<i>2310 Identifying Information</i>				
	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information? c) Relevant information? d) Useful information?	✓			Files reviewed by Principal Auditors
	<i>2320 Analysis and Evaluation</i>				
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	✓			Requirements set out in audit manual. Files reviewed by Principal Auditors
<b>LGAN</b>	Have internal auditors remained alert to the possibility of the following: a) intentional wrongdoing b) errors and omissions c) poor value for money d) failure to comply with management policy, and e) conflicts of interest when performing their individual audits, and has this been documented?	✓			Requirements set out in audit manual. Files reviewed by Principal Auditors. Auditors are trained and experienced.
	<i>2330 Documenting Information</i>				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Requirements set out in audit manual. Files reviewed by Principal Auditors
<b>LGAN</b>	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			Requirements set out in audit manual. Files reviewed by Principal Auditors
	Does the CAE control access to engagement records?	✓			Filed securely.
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?				N/A. Only released to WAO.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			Retention policy developed.
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			Policy is in line with FCC guidelines.
	<i>2340 Engagement Supervision</i>				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			Supervised by Principal Auditors
	Is appropriate evidence of supervision documented and retained for each engagement?	✓			Recorded in the files.
<b>4.5</b>	<b>2400 Communicating Results</b>				
	Do internal auditors communicate the results of engagements?	✓			At debrief meeting, draft and final reports.
	<i>2410 Criteria for Communicating</i>				
	Do the communications of engagement results include the following: a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	✓			Included in reports.
<b>LGAN</b>	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓			Standard practice.
<b>LGAN</b>	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓			High, medium, low.
<b>LGAN</b>	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			Included in final report.
<b>LGAN</b>	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?				N/A. Disagreements are resolved.
<b>LGAN</b>	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	✓			All material known facts disclosed.
<b>LGAN</b>	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	✓			Included in the final report.
	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			Prior communication via the debrief meeting and draft report. Views considered, but the opinion remains the auditors
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			Reports supported by evidence in the file.
	Where appropriate, do engagement communications acknowledge	✓			Included in report.

Ref	Conformance with the Standard	Y	P	N	Evidence
	satisfactory performance of the activity in question?				
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	✓			Status of reports included in communications.
<b>LGAN</b>	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?				N/A. Not yet happened. Will need to be developed with increased collaboration.
	<i>2420 Quality of Communications</i>				
	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	✓			Aim for all of these, through specified report format, audit manual requirements, training and experience, review of files and reports.
	<i>2421 Errors and Omissions</i>				
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?				N/A. Not happened.
	<i>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'</i>				
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?				N/A. New requirement from this year.
	<i>2431 Engagement Disclosure of Non conformance</i>				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?				N/A. New requirement.
	<i>2440 Disseminating Results</i>				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			Reports issued to Directors / Corporate Heads of Service, relevant managers.
	Has the CAE communicated engagement results to all appropriate parties?	✓			Through debrief meetings, draft and final reports.
	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓			WAO only.
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			Included in reports and issued to Directors / Corporate Heads.
	<i>2450 Overall Opinion</i>				
	Has the CAE delivered an annual internal audit opinion?	✓			Annual Report
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓			Annual Report includes the opinions.
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?		✓		Expectations taken into account, but it remains the audit opinion.
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	✓			Built up from all reports in the year.
	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓			All included in the Annual Report.
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?				N/A. Not given. If this were the case, reasons would be included.
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			Used and quoted in the AGS.

Ref	Conformance with the Standard	Y	P	N	Evidence
LGAN	Does the annual report incorporate the following:				
LGAN	a) The annual internal audit opinion?	✓			
LGAN	b) A summary of the work that supports the opinion?	✓			N/A. No qualifications
LGAN	c) A disclosure of any qualifications to the opinion?				N/A. No qualifications
LGAN	d) The reasons for any qualifications to the opinion?				
LGAN	e) A disclosure of any impairments or restriction in scope?				
LGAN	f) A comparison or work actually carried out with the work planned?	✓			
LGAN	g) A statement on conformance with the PSIAS?				N/A. New requirement
LGAN	h) The results of the QAIP?				N/A. New requirement
LGAN	i) Progress against any improvement plans resulting from the QAIP?				N/A. New requirement
LGAN	j) A summary of the performance of the internal audit activity against its performance measures and targets?	✓			
LGAN	k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓			
<b>4.6</b>	<b>2500 Monitoring Progress</b>				
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	✓			Recommendation tracking in operation for Fundamental and significant recommendations. Also some follow up reviews.
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓			Issue new report after the follow up if necessary.
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	✓			Included in planning for the year.
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓			At a later time by a different auditor, to ensure independence is maintained.
<b>4.7</b>	<b>2600 Communicating the Acceptance of Risks</b>				
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?				N/A. Not happened.
	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?				N/A. Not happened.

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**               **WEDNESDAY, 12 JUNE 2013**  
**REPORT BY:**       **HEAD OF FINANCE**  
**SUBJECT:**           **ACTION TRACKING**

### **1.00 PURPOSE OF REPORT**

1.01 To inform the committee of the actions resulting from points raised at previous Audit Committee meetings.

### **2.00 BACKGROUND**

2.01 At previous meetings requests for information or reports have been made. These have been summarised as action points. This paper summarises those points and provides an update on the actions resulting from them.

### **3.00 CONSIDERATIONS**

3.01 A summary of the points and the actions taken is provided at Appendix A. The majority of the requested actions have been completed, with some still outstanding. They will be reported back to a future meeting.

### **4.00 RECOMMENDATIONS**

4.01 The committee is requested to accept the report.

### **5.00 FINANCIAL IMPLICATIONS**

5.01 None as a direct result of this report.

### **6.00 ANTI POVERTY IMPACT**

6.01 None as a direct result of this report.

### **7.00 ENVIRONMENTAL IMPACT**

7.01 None as a direct result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None as a direct result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None as a direct result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 None as a direct result of this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None as a direct result of this report.

**12.00 APPENDICES**

12.01 Appendix A – Summary of Action Points.

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

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## AUDIT COMMITTEE ACTION SHEET

**25<sup>TH</sup> SEPTEMBER 2012**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
4	Statement of Accounts	Disclosure of details of related party transactions (WAO para 30) - the Democracy & Governance Manager to work with the Head of Finance to improve the chasing up system.	K Feather / P Evans	The letter seeking disclosure details has been improved and provides examples. Proactive follow up arrangements are in place through Finance and Member services to follow up on outstanding returns and liaise, where necessary, with officers and members in relation to disclosure information.

**12<sup>TH</sup> DECEMBER 2012**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
42	Internal Audit Progress Report	That where IA recommendations had not been implemented, particularly on fundamental areas of risk, future IA progress reports to include a summary paragraph giving detail on the area of risk, responsible manager, reason for non-implementation and whether this was acceptable.	D Webster	System to be fully operational and reported to the September committee.

**13<sup>TH</sup> MARCH 2013**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
60	Annual Financial Audit Outline	That a report with an overview of collaborative projects be submitted to the next meeting of the Committee.	P Evans	Report to this committee
62	Audit of Financial Statements 2011/12 - Issues Raised	That the objective set for the practice of balancing entries to end by no later than the closure of the 2013/14 accounts and for officers to aim to improve practices by the 2012/13 accounts, be noted.	K Feather / L Thomas	Significant progress has been made in identifying the accounting entries that were the underlying cause of the balancing entries contained within the 2011/12 accounts and procedures have been put in place for closure of the 2012/13 accounts.

**13<sup>TH</sup> MARCH 2013**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
63	Internal Audit Progress Report	(b) That the Internal Audit Manager provide details on the number of recommendations made and how many had not yet been implemented;  (c) That the Internal Audit Manager ask the relevant Head of Service to provide details on the estimated implementation date of the Contract Procedure Rules and how any risks would be covered, before the next meeting of the Committee;	D Webster  D Webster	Note of all outstanding tracked recommendations sent to members.  Note on Contract Procedure Rules sent to members on 8 <sup>th</sup> May.

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**               **WEDNESDAY, 12 JUNE 2013**  
**REPORT BY:**       **HEAD OF FINANCE**  
**SUBJECT:**           **FORWARD WORK PROGRAMME**

### **1.00 PURPOSE OF REPORT**

1.01 To consider the forward work programme for the Audit Committee for the next year.

### **2.00 BACKGROUND**

2.01 Items feed into the Committee's forward work programme from a number of sources. In order to better manage the workflow for the Audit Committee, the draft programme needs to be kept under review.

### **3.00 CONSIDERATIONS**

3.01 The programme is attached, Appendix A. It has been compiled based on the work that has been done in previous years and from information received from the various contributors to the committee.

3.02 Although the programme gives the basis of the work of the committee, it will be subject to change as necessary during the year. Changes will be notified to the Committee when they become known. Members may also wish to propose subjects for future reports or discussion.

### **4.00 RECOMMENDATIONS**

4.01 That the committee considers the draft Forward Work Plan and approve / amend as necessary.

### **5.00 FINANCIAL IMPLICATIONS**

5.01 None as a result of this report.

### **6.00 ANTI POVERTY IMPACT**

6.01 None as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None as a result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 Publication of this report constitutes consultation.

**11.00 CONSULTATION UNDERTAKEN**

11.01 Publication of this report constitutes consultation.

**12.00 APPENDICES**

Appendix A – Forward Work Programme.

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

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**AUDIT COMMITTEE**  
**FORWARD WORK PROGRAMME 2013/14 and 2014/15**

MEETING DATE	AGENDA ITEM	AUTHOR
<b>17 July 2013</b>	<ul style="list-style-type: none"> <li>• WAO Certification of Grants report</li> <li>• Draft Statement of Accounts</li> <li>• Draft Annual Governance Statement</li> <li>• Treasury Management Update and Annual Report 2012/13</li> <li>• Financial Procedure Rules</li> <li>• Risk Management update</li> <li>• Audit Committee Terms of Reference</li> <li>• Internal Audit Charter</li> </ul>	Liz Thomas Liz Thomas Gareth Owens Liz Thomas  Liz Thomas Vicki Woolf David Webster David Webster
<b>September 2013</b>	<ul style="list-style-type: none"> <li>• Statement of Accounts 2012-13</li> <li>• Audit of Financial Statements (WAO)</li> <li>• Treasury Management Mid Year Updates</li> <li>• Internal Audit Progress Report</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> </ul>	Liz Thomas  Liz Thomas David Webster David Webster David Webster
<b>December 2013</b>	<ul style="list-style-type: none"> <li>• Treasury Management Update</li> <li>• Internal Audit Progress Report</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> <li>• Risk Management update</li> </ul>	Liz Thomas David Webster David Webster David Webster Vicki Woolf
<b>January 2014</b>	<ul style="list-style-type: none"> <li>• Treasury Management Update and Strategy</li> <li>• Annual Report on external inspections</li> </ul>	Liz Thomas Gareth Owens

MEETING DATE	AGENDA ITEM	AUTHOR
<b>March 2014</b>	<ul style="list-style-type: none"> <li>• Improvement Assessment Letter (WAO)</li> <li>• Annual Financial Audit Outline (WAO)</li> <li>• Treasury Management Update</li> <li>• PSIAS compliance</li> <li>• Audit Committee Self Assessment</li> <li>• Internal Audit Progress Report</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> <li>• Private Meeting (WAO and IA)</li> </ul>	Liz Thomas David Webster David Webster David Webster David Webster David Webster
<b>June 2014</b>	<ul style="list-style-type: none"> <li>• Assessment of Internal Audit Report (WAO)</li> <li>• Regulatory Programme (WAO)</li> <li>• Annual Improvement Report (WAO)</li> <li>• Certification of Grants and Returns Report (WAO)</li> <li>• Internal Audit Progress Report</li> <li>• Internal Audit Annual Report</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> <li>• Risk Management Update</li> </ul>	David Webster David Webster David Webster David Webster Vicki Woolf