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Head of Legal and Democratic Services
Pennaeth Gwasanaethau Cyfreithiol a Democrataidd

To:

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

Paul Williams

CS/ST

17 June 2014

Sharon Thomas 01352 702324
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Dear Sir / Madam

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **WEDNESDAY, 25TH JUNE, 2014** at **10.30 AM** to consider the following items.

* Please note that the Committee will meet informally at 10am prior to the start of the meeting at 10.30am.

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.

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

4   **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

5   **MINUTES** (Pages 1 - 8)

To confirm as a correct record the minutes of the meeting held on 7 May 2014 (copy enclosed).

6   **IMPLEMENTATION OF A RISK BASED VERIFICATION POLICY** (Pages 9 - 18)

Report of Chief Officer, Community and Enterprise enclosed.

7   **BUDGET SETTING & BUDGETARY CONTROL ARRANGEMENTS** (Pages 19 - 42)

Report of Corporate Finance Manager enclosed.

8   **ANNUAL IMPROVEMENT REPORT 2013-14 BY THE AUDITOR GENERAL FOR WALES** (Pages 43 - 84)

Report of Chief Executive enclosed.

9   **WAO PERFORMANCE AUDIT REGULATORY PROGRAMME 2014-15** (Pages 85 - 94)

Report of Chief Executive enclosed.

10   **RISK MANAGEMENT UPDATE** (Pages 95 - 104)

Report of Chief Executive enclosed.

11   **INTERNAL AUDIT PROGRESS REPORT** (Pages 105 - 140)

Report of Internal Audit Manager enclosed.

12   **INTERNAL AUDIT REPORTING** (Pages 141 - 142)

Report of Chief Executive enclosed.

13   **ACTION TRACKING** (Pages 143 - 148)

Report of Internal Audit Manager enclosed.

14   **FORWARD WORK PROGRAMME** (Pages 149 - 152)

Report of Internal Audit Manager 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
7 MAY 2014

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 7 May 2014

PRESENT: **Councillor Alison Halford (Chair)**
Councillors: Glyn Banks, Haydn Bateman, Tim Newhouse, Ian Roberts and Arnold Woolley

LAY MEMBER: Mr Paul Williams

APOLOGY: Councillor: Alan Diskin

ALSO PRESENT: Leader of the Council

IN ATTENDANCE:
Chief Executive, Head of Finance, Head of Legal & Democratic Services, Internal Audit Manager, Democracy & Governance Manager and Committee Officer

Ms. Amanda Hughes of Wales Audit Office

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

No declarations of interest were made.

92. **MINUTES**

The minutes of the meeting of the Committee held on 26 March 2014 were submitted.

Matters Arising

Minute number 80: Wales Audit Office Annual Financial Audit Outline 2013/14 - Ms Amanda Hughes of Wales Audit Office (WAO) advised that the total audit fee for 2013/14 had been reduced by 5.4% and that this included audit work for the Council, Clwyd Pension Fund and joint committees for which Flintshire was the lead. A change to the fee charging mechanism meant that reserves were no longer permitted to be held by WAO, resulting in a one-off re-distribution of 15% of previous audit fees to be paid back to the Council.

RESOLVED:

That the minutes be approved as a correct record and signed by the Chair.

93. **AUDIT COMMITTEE SELF ASSESSMENT AGAINST CIPFA GUIDANCE**

The Internal Audit Manager introduced the results from the Committee's self assessment to feed into preparation for the Annual Governance Statement 2013/14 and to help inform any future training requirements. The assessment

was based on new guidance from CIPFA on which the Committee had received training earlier in the year.

Appended to the report were comments submitted, together with the range of scores for each area and average scores: overall these were positive, indicating that the Committee generally operated effectively. The Internal Audit Manager provided clarification on the two lowest scoring areas on the Council's approach to value for money and public reporting. He gave examples of two final reports recently received by the Committee which incorporated value for money elements in the recommendations as part of the regular Internal Audit Progress Report item and acknowledged that these could be better highlighted in future. Although public reporting was not a core function of the Committee, this could be looked at for the future.

In agreement with these remarks, Ms. Amanda Hughes of the Wales Audit Office (WAO) explained the requirement for external auditors to give an opinion on the effectiveness of the Council's value for money arrangements as part of the Annual Audit Letter last received by the Committee in December 2013. She said that although there were no concerns, it may be reasonable for the Committee to consider receiving more specific work on value for money in future if this was felt to be of benefit to the Council.

The Chief Executive agreed with the recognition that more could be done to highlight value for money in reports to the Committee and suggested that further work could also be completed on developing a consistent approach to ensuring value for money across all functional areas including non-audited work in the Council where Audit had not the opportunity to give an independent opinion. In response to other low scores from the self assessment, he pointed out that public reporting and partnership working were not amongst the core activities of the Committee but suggested sharing the work of Internal Audit and the Policy, Performance and Partnerships Team on external partnership governance and performance, noting that there was already a protocol in place for reporting on the business cases for new recommended collaborations.

Councillor Arnold Woolley reiterated his concerns on differences on auditing practice of Town/Community Councils and County Councils which had been raised at the previous Audit Committee meeting, and questioned how the Committee was able to guarantee value for money when the audit did not provide absolute assurance over accuracy. Ms. Hughes explained that the audit of the financial statements provided an opinion on whether the accounts gave a true and fair view of the Council's financial position and outturn. Whether they had achieved value for money was a separate matter which needed to assess the level and quality of service, the cost and whether it had achieved the Council's objectives and had the right impact.

In response to further comments from Councillor Woolley on the Committee's need to gain assurance, the Head of Legal & Democratic Services said that assessment of value for money involved a subjective judgement based on performance. Whilst an element of value for money formed part of Internal Audit work, such as that identified in the Housing report at the previous meeting, performance was mainly assessed as part of the role of Overview & Scrutiny, with the Audit Committee ensuring that this was fulfilled.

Mr. Paul Williams referred to the self-assessment guidance notes on assurance of achieving value for money and asked how the Committee could be assured that robust financial information was being reviewed by Overview & Scrutiny. It was acknowledged that a report to set out budgetary processes had been included as a future item for discussion on the Forward Work Programme and would be reported on the June 2014 agenda.

The Head of Legal & Democratic Services suggested that this could be a suitable topic for the Committee's joint meeting with Overview & Scrutiny Chairs.

The Chair highlighted the negative responses in the self-assessment which were included in the report and asked whether the individual(s) wished to identify themselves and provide explanation. In response to the Chair seeking views from officers on the explanations, the Head of Finance pointed out that the responses were opinions expressed by Members of the Audit Committee and two officers who would need to provide any clarity needed. The Chief Executive said it was unusual that some of the scores ranged from 1-5 on the same question in any self-assessment, and that as the document was publicly available it could reflect on the reputation of the Committee in undertaking its role and responsibilities.

On the area of promoting the principles of good governance and their application to decision making, Councillor Woolley provided explanation on the reason for his response. He felt that criticism and requests for explanation were not always fully addressed by officers across the Council, leaving some matters ongoing, a view which he said was shared by some other Members. He said it was appropriate to call to account where concerns were raised and that there should be more scrutiny of what sanctions were in place to make sure that these were applied.

The Chief Executive felt that there was respect for the work of the Committee and that support given to the Internal Audit Manager on scoping the structure, tracking systems and recommendation negotiations had resulted in positive changes, with sanctions in place for those failing to comply.

The Internal Audit Manager said that the improved process held accountable any senior officers where recommendations had failed to be implemented in their areas and gave examples of Heads of Service who had attended past meetings to provide explanation on this. Since the introduction of this new procedure, more recommendations had been implemented on time.

In response to comments from the Chair on the more mixed responses given under the value for money area, and following earlier explanation by the Internal Audit Manager, the Chief Executive spoke of the increasing financial pressures in the current climate highlighting the need to demonstrate value for money.

The Chair questioned the person who had criticised reports in their response, as the current process allowed for draft reports to be scrutinised by the Chair prior to submission to the Committee and the format of some reports had been altered to reflect the wishes of the Committee. Councillor Woolley said that

this had been his response, based on his opinion that reports to this and some other Committees often did not comply with the Plain Language Policy previously adopted by the Council.

Councillor Ian Roberts felt that this questioning about Member responses was unnecessary and that the responses which had been made should be accepted by the Committee to consider how to proceed. Councillor Tim Newhouse spoke in support of this view.

The Chair advised that she had opposed a suggestion made at the pre-brief meeting to insert the names of individuals alongside their responses and that she wished to explore the concerns so that any appropriate corrective action could be taken. This led to comments from Members on their preferred course of action for future years. Whilst Councillor Glyn Banks suggested that the self-assessment form indicate that responses would be aligned to the author, Councillor Newhouse disagreed and felt that anonymity would encourage a more honest answer. In pointing out the aim of the self-assessment, Mr. Williams felt that individuals should be able to expand on the answers they had given to help find a resolution. Councillor Roberts said that the questionnaire should seek examples of areas where the Committee had performed well and suggestions for improvements.

The Chief Executive said that the Committee may wish to consider completing the self-assessment through an informal meeting next year.

In summing up, the Head of Legal & Democratic Services referred to the actions proposed by the Chief Executive and said that further consideration would be needed on how to deal with future self-assessments.

RESOLVED:

(a)   That the Internal Audit Manager increase the profile of value for money elements of specific work;

(b)   That further work be completed on developing a more consistent approach to ensuring value for money on financial pressures and non-audited work in the Council; and

(c)   That the work of Internal Audit and the Policy, Performance & Partnerships team on external partnership governance and performance be shared with the Committee.

94.   PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Internal Audit Manager introduced the report of results of a first internal assessment of conformance with the new Public Sector Internal Audit Standards (PSIAS). Although the Standards had been introduced on 1 April 2013, guidance on how to apply them was published only shortly after, leaving no time to prepare. The summary attached to the report indicated that nine out of the eleven Attribute and Performance Standards showed 'general conformance'. Those showing partial or non conformance were not significant and would be

addressed by an action plan as part of the usual processes for developing improvements.

Due to the level of conformance, Mr. Paul Williams asked whether the external assessment of the Quality Assurance and Improvement Programme (QAIP) should take place later than year 2. The Internal Audit Manager agreed that the assessment in year 3 would allow time for the QAIP to develop.

RESOLVED:

That the report be noted.

95.   **INTERNAL AUDIT ANNUAL REPORT**

The Internal Audit Manager introduced the report on the outcome of all audit work carried out during 2013/14 and gave the annual Internal Audit opinion that the Council had adequate and effective arrangements in place for internal control, risk management and governance. The report included a summary of all audit work undertaken in 2013/14 and performance indicators for the department. It confirmed that the department showed general conformance with the Public Sector Internal Audit Standards. The report would contribute to the Annual Governance Statement.

The Chair thanked the Internal Audit Manager and his team for the detailed actions within the report.

In response to a query from Councillor Haydn Bateman, information was given by the Democracy and Governance Manager on the Corporate Governance Working Group, chaired by himself, which met regularly to update the Code of Corporate Governance and prepare the draft Annual Governance Statement.

Following a comment on the reporting of strategic and operational risks, the Internal Audit Manager said that this would be under the new structure. The Head of Legal & Democratic Services advised of an Internal Audit study on risk management which would shortly be made available.

RESOLVED:

That the report be approved.

96.   **WHISTLEBLOWING POLICY**

The Internal Audit Manager presented the updated Whistleblowing Policy reflecting changes suggested at the previous meeting of the Committee and checking against the National Audit Office checklist. In providing clarification on the amendments to the policy, he advised that the approved version would be submitted to the Constitution Committee for endorsement prior to re-publishing on the Council's Infonet site.

The Head of Legal & Democratic Services explained that the prominence given to the paragraph on the Council's commitment to the policy reaffirmed the

ethos to support and address any concerns raised. He responded to a query from Mr. Paul Williams on the need for disclosures to be made in the public interest due to new legislation.

Mr. Williams felt that reference to the internal and external procedures should be shown earlier in the policy to clarify to the reader the options available. The Head of Legal & Democratic Services agreed that this could be signposted in the document. The Chief Executive emphasised the section in the policy which encouraged concerns to be raised, even if these were anonymous, and said that signposting should detail the internal procedure in the first instance, whilst also indicating the external procedure.

Councillor Glyn Banks felt that the internal procedure should be made more prominent than the external procedure to clarify the preferred route for consideration of these options.

The Head of Legal & Democratic Services said that the points raised would be taken on board and hoped that employees would be encouraged to raise concerns with their line manager rather than using the external route.

The Internal Audit Manager pointed out that the officer posts listed under the internal procedure section of the Policy would need to be updated to reflect the new structure. It was also pointed out that names of Members of Parliament should be included in the list of relevant organisations recorded at the back of the policy.

RESOLVED:

That the updated policy be approved with the agreed amendments.

97.   ACTION TRACKING

The Internal Audit Manager presented an update report on actions carried out to date from points raised at previous Audit Committee meetings. It was noted that all actions which were due for completion had been finalised.

RESOLVED:

That the report be accepted.

98.   FORWARD WORK PROGRAMME

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

The Democracy & Governance Manager had written to the Committee to advise that the next meeting in June would commence at 10.30am to allow for a half-hour informal discussion on the draft Annual Governance Statement prior to its formal submission to the Committee in July.

The Chief Executive confirmed that the Annual Improvement Report would be submitted to both Cabinet and the Audit Committee in June.

Ms. Amanda Hughes requested that the Certification of Grants and Returns Report be removed from the June meeting as this was due in July, and this was agreed.

RESOLVED:

That the Forward Work Programme be approved with the agreed amendment.

99. **INFORMAL MEETING WITH INTERNAL AND EXTERNAL AUDITORS**

Following a proposal from the Chair, it was agreed that the informal annual meeting with internal and external auditors, which was due to be held at the close of the meeting, would instead be held immediately following the next meeting on 25 June 2014.

In closing the meeting, the Chair referred to the discussion on the Audit Committee Self-Assessment item and hoped that Members appreciated her intention had been to identify any concerns so that they could be addressed.

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

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

(The meeting started at 2.00 pm and ended at 3.24 pm)

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Chair

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: AUDIT COMMITTEE

DATE: WEDNESDAY, 25 JUNE 2014

REPORT BY: CHIEF OFFICER, COMMUNITY AND ENTERPRISE

SUBJECT: IMPLEMENTATION OF A RISK BASED
                    VERIFICATION POLICY

1.00   PURPOSE OF REPORT

1.01   To advise Members of a proposal to introduce a Risk Based
        Verification (RBV) process for the administration of Housing Benefit
        and seek members views as to the proposed policy.

2.00   BACKGROUND

2.01   Following the publication of DWP circular HB/CTB S11/2011 in 2011,
        Local Authorities are able to implement a 'risk based' approach to
        verifying Housing and Council Tax Benefit claims.

2.02   RBV has been operating successfully in pilot authorities since 2009.
        Following the operation of these 'pilots' DWP extended this approach
        on a voluntary basis to all other local authorities from April 2012.

2.03   The current application process for Housing Benefit requires claimants
        to provide, Identification, proof of income / capital and proof of rent for
        verification purposes. In many cases not all proofs are received and
        the claimant is contacted for additional information, resulting in delays
        to the payment of Housing Benefit.

2.04   RBV is a method of applying different levels of verification checks to
        benefit claims according to the predicted risk associated with those
        claims. Local Authorities adopting RBV will still require all claimants to
        comply with relevant legislation and identified low risk claimants must
        as a minimum be able to provide National Insurance documentation
        and evidence of identity, with more extensive verification activity being
        required on those claims predicted to be at greater risk of fraud and
        error.

2.05   All Local Authorities opting to apply RBV are required to have in place
        a RBV Policy detailing the risk profiles and verification standards
        which will apply including the minimum number of claims to be
        checked. The Policy must be submitted for Members' approval and
        sign-off along with a covering report confirming the Section 151
        Officer's agreement / recommendation.

2.06   The DWP recommend as good practise for an Authority to refer the RBV policy to Audit Committee for consideration.

3.00   <u>CONSIDERATIONS</u>

3.01   The current verification process requires a number of supporting documents (proof of income / capital and proof of rent) which in many cases could be considered excessive and if not available delays the payment of Housing Benefit. e.g. a claimant on JSA living in private rented accommodation will be required to provide proof of rent despite rent levels being fixed by Local Housing allowance.

3.02   RBV is a proven process agreed by DWP which allows a targeted approach to the verification of benefit claims with each application being assessed for the likelihood of fraud or error.

3.03   The introduction of RBV is supported by the use of software which is calibrated to comply with DWP guidelines. There is a risk propensity model embedded within the IT solution which identifies risk groups as

Low (Green) 52%
Medium (Amber) 27%
High (Red) 21%

A lower verification requirement for the 52% low risk group will result in faster processing times, due to the reduction in contact for additional information, which will also release staff resources to improve speed of payments to medium and high risk groups.

In RBV Authorities there has been an average reduction of 2 days (10%) in overall processing time. This speed of delivery could be valuable in gaining the support of private Landlords to make additional investment in the provision of homes for rent which is a key strategic priority for the authority. In addition there would also be improved customer service levels as there will be faster payment of Benefits

3.04   The RBV process will reduce the requirements to contact customers for additional information to comply with verification rules with a resultant reduction in postage and contact costs.

3.05   The identification of which claimant groups will be within these categories cannot be fully predicted due to the propensity model, however it would be expected that most claimants in receipt of passported benefits (Job Seekers Allowance, Pension credit etc) would be classified as "Green" low risk. High risk claimants are likely to be in work but with variable salaries.

3.06   The proposed policy (Appendix A) is formulated from the agreed policy guidelines provided by DWP and is based on the software suppliers criteria utilised in current RBV Authorities, which has been accepted by the DWP and Audit bodies.

If agreed the verification process for each group would be:-

- "Green" claimants are fast tracked due to reduced levels of verification evidence required.
- "Amber" claimants will be required to supply the same verification evidence as currently required.
- "Red" claimants will be required to provide all current verification evidence, but will also be contacted to confirm claim details. In many instances these customers would have been contacted for additional information previously.

4.00   RECOMMENDATIONS

4.01   That members consider and support the proposed RBV policy.

5.00   FINANCIAL IMPLICATIONS

5.01   There is an initial cost of £14,250 plus annual maintenance costs of £900 per annum.

5.02   There will be improved performance at no additional cost with projected annual savings of £30k from 2015/16 achieved through reduced postage and staff resource savings.

6.00   ANTI POVERTY IMPACT

6.01   The proposed scheme is specifically designed to fast track claimants who are in receipt of Benefits. With an overall decrease in the time to pay Housing Benefit all groups will benefit from faster payments.

7.00   ENVIRONMENTAL IMPACT

7.01   None.

8.00   EQUALITIES IMPACT

8.01   None.

9.00   PERSONNEL IMPLICATIONS

9.01   Limited training requirement. Any staff savings will be achieved through natural turnover.

10.00   CONSULTATION REQUIRED

10.01   None, although key stakeholder partners will be made aware of the plans.

11.00   CONSULTATION UNDERTAKEN

11.01   None.

12.00   APPENDICES

12.01   RBV policy.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

DWP circular HB/CTB S11/2011

Contact Officer: Ken A Jones
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FLINTSHIRE COUNTY COUNCIL
RISK BASED VERIFICATION (RBV) POLICY
RESTRICTED

Background

Department for Work and Pensions (DWP) Circular S11/2011 paragraph 14. directs that effective from 1st April 2012 each Local Authority opting to apply RBV will be required to have in place a RBV Policy detailing the risk profiles, verification standards which will apply and the minimum number of claims to be checked.

The Policy must be submitted for Members' approval and sign-off along with a covering report confirming the Section 151 Officer's agreement or recommendation. The DWP have determined that information held in this Policy, which would include the risk categories, should not be made public due to the sensitivity of its contents.

Purpose of the Policy

The purpose of this policy is to specify how Flintshire County Council's Benefit Service will operate the RBV solution and to indicate the factors and processes that need to be followed to maximise its effectiveness.

The main objectives relating to the policy are as follows:

- Understand the impact of the risk scores in terms of the likelihood of fraud and error being present
- To highlight the efficiencies being targeted from the implementation of RBV
- Setting out and initiating the required process changes in support of the risk score
- Outlining the base line position in relation to the current level of fraud and error that exists at the claim gateway
- How checks and balances will be introduced into business as usual processes
- Performance reporting implications

The Risk Profiles

Flintshire County Council Benefits Service will from 1st August 2014 implement a 'risk based' approach to Verification principles employed at the New Claim stage. This secures the gateway to benefit placing the onus on the claimant to provide prescribed levels of documentation in support of any claim and directs the assessment officer to employ elevated levels of scrutiny in those cases which represent the highest risk of fraud or error.

The Council will be using Coactiva's Risk Based Verification software which is integrated with the benefit processing software.

When the Benefits Service receives a new claim the claimant's household and financial details are captured electronically and a risk score profile is sought.

Profiles are determined by a propensity model; a mathematical formula which uses historical outcome data to establish the likelihood of fraud and error appearing in any given claim. Each benefit claim is analysed by the risk score software to identify if any of the characteristics associated the occurrence of fraud and error are present. Likelihood is expressed by a risk category of High, medium or low risk'.

This risk algorithm has been developed to identify the likelihood that fraud and error exists in a claim as it is made at the Local Authority. This has been built using historical local authority data and its performance validated across a number of local authorities.

The risk framework which is embedded in the IT solution is shown below:

Risk Score	Risk Level	Distribution of Risk across claims	Likelihood of error being present in claim
1	HIGH	21%	27%
2			
3			
4	MEDIUM	27%	11%
5			
6			
7			
8	LOW	52%	3%
9			
10			
11			
12			
13			
14			
15			

Upon receipt of a claim benefits staff will apply different processes with regards to verification based on the risk score returned on a case by case basis.

One of the following options will be immediately provided back to the benefits Assessor:

Low Risk –**no verification required**

On the basis of the risk algorithm outlined above, circa 52% of claims received will be low risk. In this circumstance only essential Identification and NI checks are made.

There is circa 3% chance in this risk category that fraud and error could enter the system at the claim gateway, this is deemed to be acceptable in line with DWP guidelines.

Medium Risk –**Current verification regime**

Circa 27% of claims will be deemed to be medium risk. In this circumstance these claims will be verified in the same way as they are currently.

There is circa 11% chance in this risk category that fraud and error could enter the system at the claim gateway.

High Risk –**Current verification plus additional checks**

Circa 21% of claims will be deemed to be high risk. In this circumstance these claims will require additional checks to be made on top of the normal checks currently undertaken.

There is circa 27% chance in this risk category that fraud and error could enter the system at the claim gateway, this will lead to fraud and error being identified at the claim gateway, thus minimising subsequent overpayments and collection costs.

In the event that the Coactiva Risk Based Verification software is ever unavailable all claims processed during a downtime period will be treated as medium risk with full verification being requested and no easement will be allowed. (Default, medium risk)

The Verification Standards

Flintshire County Council Benefits Service will adopt the following verification standard according to the risk score:

Low Risk Verification Standard: If the score comes up as low risk and the claimant is on a pass-ported benefit; the Benefits Service will only need verify the pass-ported benefit. If the claim is a standard case we need only verify ID/NINO.

Medium Risk Verification Standard: current full verification of evidence is required for all claims scored as medium risk.

High Risk Verification Standard: current full verification plus a high risk telephone interview or if required a personal office or home interview with the claimant recorded in writing and held on our Anite document imaging system.

The exception to this is In and Out of Work (IOW) cases or Rapid Reclaims (RR) that come back as high risk. In these cases treating the claim as High Risk defeats the object of either the IOW project or Rapid Reclaim process. If we receive an APPSOM2, APPCMS or Rapid Reclaim and obtain a High risk score these will be treated as medium risk.

The minimum number of claims to be checked

All new claims are risk scored and processed under relevant verification standard. The Benefit service expect a minimum 50% of these to be returned with a risk score of 'low'

The Robust Baseline against which to record the impact of RBV

A key component of this policy is to create a robust baseline of existing fraud and error. This base lining work will be carried out on prior to introduction of RBV

Low risk sample: number of errors divided by number of claims in sample = low sample detection rate (%)

High risk sample: number of errors divided by number of claims in sample = high sample detection rate (%)

To determine the baseline

Low risk claims	x	Low risk sample rate	=	Expected errors in low risk
High risk claims	x	High risk sample rate	=	Expected errors in high risk
Medium risk claims				Actual errors
Total expected and actual errors	/	Total claims	=	Baseline detection rate

The Coactiva RBV solution uses a system of blind sampling to establish on-going performance baseline of fraud and error detection at the gateway. If evidence is retrospectively gathered and checked after the claim has been risk scored and assessed the checker may be influenced by the risk score and results may be skewed. Retrospective checking may also introduce other variables which may compromise the results. The supplier of our IT solution will automatically select 4-5% of cases that will be deemed to be a 'blind sample'. The blind sample will, without the knowledge of the claim processor

present this randomly selected group of claims as having a higher level of risk than that calculated by the risk model itself . Blind sampling removes variables and any bias. A small percentage of high and low risk claims are returned to the assessor as medium risk. The assessor then puts the claim through the original verification process unaware of the actual risk score. Results from these samples will be used to establish the baseline error detection process:

Performance monitoring of RBV

Each member of staff responsible for processing claims will be trained in the use of the IT solution and the subsequent process change that will need to be implemented to support this policy has been developed prior to implementing the solution.

Our supplier will provide monthly performance reports so that we can ensure the effectiveness of the approach. The report will include the percentage of cases presented in each risk category and the levels of fraud and error detected in each.

The report will also outline how much fraud and error has been detected in blind sample cases.

Flintshire County Council Benefit service will monitor the performance of its RBV data monthly to ensure its effectiveness. Reporting will be part of the overall Policy and will, as a minimum, include the % of cases in each risk category and the levels of fraud and error detected in each.

Below is an example of performance monitoring currently available:

Ongoing baseline using blind sample % detection rates			
	Claims Assessed	Expected Errors	Detection Rate	
Low risk	550	17	3.0%	Blind sample detection rate
Medium Risk	200	15	7.5%	Actual detection rate
High Risk	250	30	12.0%	Blind sample detection rate
Total	1000	62	6.2%	Calculated Baseline

Policy review

The Policy must allow Members, officers and external auditors to be clear about the levels of verification necessary. It should be read in line with the *Standards of Evidence document* available within the benefit service.

This policy must be reviewed annually but not changed in-year as this would complicate the audit process.

FLINTSHIRE COUNTY COUNCIL

RISK BASED VERIFICATION (RBV) POLICY

Signed as approved

_____

Section 151 Officer

_____

Cllr B Mullin

Lead Member for Corporate Management…

FLINTSHIRE COUNTY COUNCIL

REPORT TO: AUDIT COMMITTEE

DATE: WEDNESDAY, 25 JUNE 2014

REPORT BY: CORPORATE FINANCE MANAGER

SUBJECT: BUDGET SETTING & BUDGETARY CONTROL ARRANGEMENTS

1.00   PURPOSE OF REPORT

1.01   To provide members with information about the Council's budget setting and budgetary control systems to assist the Committee in fulfilling those responsibilities it has in relation to the Council's financial affairs.

2.00   BACKGROUND

2.01   At the Audit Committee on 18th December 2013, discussion took place on how the Committee could ascertain how to fulfil its responsibility to assure the budgetary control systems of the Council, as set out in its Terms of Reference. This arose from the Committee's consideration of the Code of Corporate Governance.

2.02   In response, the then Head of Finance explained that it was planned to provide a report to the Audit Committee at a future meeting to explain the Council's budget setting and monitoring processes in order to aid the Committee in its work leading up to considering the Statement of Accounts for 2013/14. It was agreed that the report would be presented to the June 2014 meeting.

3.00   CONSIDERATIONS

Roles and Responsibilities

3.01   The Terms of Reference of the Audit Committee are set out in the Council's Constitution, attached as Appendix 1. The following extracts relate specifically to financial matters.

- Role and Functions (b) and (d) – see paragraph 3.03 below
- B. Statutory Financial Statements
- D. Financial Affairs

3.02   The Council's Budget and Policy Framework, extracted from the Constitution, is set out in Appendix 2.

3.03   The terms of reference of the Audit Committee set out that the role of the Committee is to review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.

3.04   County Council has responsibility for setting the Annual Revenue budget and the Capital Programme for both the Council Fund and the Housing Revenue Account. This is done following recommendations from Cabinet which will have sought the input of Overview and Scrutiny.

3.05   The role of Overview and Scrutiny Committee in relation to the development of the Council's budget and policy framework is set out in detail in the Budget and Policy Framework. The terms of reference of the Corporate Resources Overview and Scrutiny Committee, as set out in Appendix 3, include specific responsibility relating to budget strategy (item 6), budget monitoring (item 3) and financial management (item 7). However, all Overview and Scrutiny Committees have a role in scrutinising the use and value for money of expenditure in services and for the making proposals to Cabinet in relation to matters within their terms of reference as they consider appropriate or necessary.

Budget Setting and Monitoring Processes

Annual Budget

3.06   The Council is required to set a balanced revenue budget each year and to do so no later than 11th March for the following year commencing 1st April. There is no specific requirement to set a capital programme, or for it to be by a prescribed date. Flintshire's practice is to set the capital programme for the forthcoming year at the same time as the revenue budget in order to establish the resources for capital investment in the coming year. The Housing Revenue Account (HRA) revenue and capital budgets are set in mid February to enable tenants to be notified of rent levels for the year ahead. The HRA is a ringfenced account whose finances must be kept separate to the Council Fund.

3.07   For the Council Fund, the annual budget is set within the context of the Council's Medium Term Financial Plan (MTFP). Through the MTFP, the Council plans over a three to five year period taking account of projected funding, operating costs, the level of investment required in Council priorities (new and existing) and the level of efficiencies which will need to be made to balance the budget in each year. The pressure on local authority budgets over the last three years in particular and projected, at least until the turn of the decade,

mean that all Councils must plan to deliver services with less financial resource both in cash and real terms.

3.08   Within the Council's Strategic Framework as set out in the Improvement Plan and against the fiscal context described above, services are charged with developing proposals to achieve planned improvements, consider how services might be delivered in the future to achieve further improvements in service standards and performance levels, provide greater value for money or be delivered at a reduced cost. These are discussed with relevant Overview and Scrutiny Committees on an ongoing basis providing the opportunity for input, challenge and debate ensuring that the impacts for service standards, performance levels and costs are fully understood.

3.09   For each year's budget, the Cabinet, working with Senior Officers, develops a specific strategy and a set of specific proposals for meeting unavoidable cost pressures e.g. inflation, providing investment e.g. in new priorities and for efficiency measures. These proposals are subject to detailed consideration by Overview and Scrutiny.

3.10   Whilst the detailed programme varies from year to year depending on ensuing circumstances, the broad approach is to engage with all members through all member workshops in the lead up to the budget and to brief them on the financial forecast position and provide opportunity for them to contribute to the specific strategy and the approach to be taken for the year ahead.

3.11   As an example, the financial strategy for the 2014/15 budget was:

- A challenging review of all financial assumptions

- A risk based approach to the likelihood and level of costs

- Setting clear targets for the efficiencies required from the Organisational Redesign and Change Programme

- The integration of revenue costs with the capital programme

- Putting in place an investment strategy to deliver the efficiencies and recognise the timescales required to implement

- Setting the 2014/15 budget within the context of the Medium Term Financial Plan

3.12   The financial strategy was adopted in support of the overall budget strategy which was to protect local services as a first priority. From a starting point of £16.5m, the actual level of efficiencies required was reduced to £13.4m through significant challenge of financial assumptions and taking a risk based approach to the likelihood and level of costs in 2014/15. The objectives of the Organisational Redesign and Change Programme were to reduce operating costs and overheads, achieve a marked reduction in management costs,

reduce workforce costs and remodel some council functions.   The budget set out full year efficiencies of £13.4m of which £3.7m is from Management and Workforce reductions and £9.7m from achieving greater value for money from functional and corporate efficiencies. Contributing to the £9.7m are reductions in expenditure through more efficient procurement across all services, reductions in office and other costs from an exercise known as "back to basics" which sought to take out unnecessary expenditure and reductions in budget (mainly social care) to levels consistent with the level of spend in 2012/13 which was lower than budget.   Where value for money reviews are being undertaken, the analysis takes into account a range of information including financial data, performance data and benchmarking with other Councils or, if appropriate, external providers.

3.13   Following publication of the Cabinet's proposals for investment and efficiencies, the details relative to each Overview and Scrutiny Committee are presented to that Committee by the Chief Executive, Chief Finance Officer and Service Chief Officers and supporting teams. For the 2014/15 budget, the individual Committees took place in January 2014.

3.14   The role of individual Overview and Scrutiny Committees is to scrutinise the budget proposals, seeking any further information which is required so that the Committee can be assured that it has a clear view of the services and financial implications. The Committee has the opportunity to register support for the proposals or to put forward amended or alternative proposals and ask that the Cabinet consider these in formulating its final budget proposals.

3.15   At the end of the scrutiny process, the Corporate Resources Overview and Scrutiny Committee hosts a meeting of all scrutiny members. The purpose of this is to provide an opportunity for the feedback from all of the Overview and Scrutiny Committees to be brought together, for all members to have the opportunity to review the overall position and to formulate a co-ordinated response to the Cabinet. All of the Scrutiny feedback is reported in full to the Cabinet in written reports.

3.16   Corporate Resources Overview and Scrutiny Committee also provide an opportunity for all members to scrutinise the Capital Programme as a whole. As for revenue, the opportunity to register support for the proposals or to put forward amended or alternative proposals and ask that the Cabinet consider these in putting forward final budget proposals is an important part of the process.

Budget Monitoring

3.17 Monitoring of the agreed revenue budget and capital programme is carried on an ongoing basis throughout the year involving officers from Finance and Service Departments and is reported to members monthly for revenue and quarterly for the capital programme.

3.18 Financial Procedure Rule 4 sets out that Heads of Service may vire (transfer) between revenue budget heads which they are responsible for up to a cumulative maximum of £75,000 during the year, providing that there will be no resultant change of policy and subject to the following restrictions. The approval of Cabinet, or where there are policy implications, of the Council, is required for any virement, of whatever amount, where it is proposed to either vire between budgets of different Cabinet portfolio holders or vire budgets managed by different Heads of Service.

3.19 The roles and responsibilities of officers for budgetary control, monitoring and reporting are set out in Financial Procedure Rules. The most recent update (2013) is attached as Appendix 4. From Section 3.4 it can be seen that the responsibility for budgetary control is for both service managers and finance. The Audit Committee has an opportunity to review and comment on the adequacy of these arrangements through its responsibility for keeping the Financial Procedure Rules under review.

3.20 Budget monitoring is an integral part of the Council's financial management arrangements which is not confined to reviewing the in year position but is part of an ongoing process linked to the Medium Term Financial Plan. The objectives of monitoring are to:

At Individual Service Level
- Review projected levels of expenditure and income against those included in the budget for the year.

- Identify variances for investigation to determine if these are likely to be one-off or recurring, which may:

  ♦ Identify opportunities for reducing the budget in future years

  ♦ Identify areas where the budget is insufficient to meet expenditure (demand led services)

  ♦ Identify areas where mitigating action is needed to reduce expenditure in line with the budget available.

- Provide detailed base information from which to consider opportunities for savings in the current and future years

At a Corporate Level
- Identify the overall level of net expenditure against the budget for the year compared to budget

- Monitor the achievement of the overall efficiencies programme and, if there is a shortfall, to identify the level of further efficiencies required

- Review any impact on levels of reserves and balances compared to that anticipated when the budget was set

- Identify risks and opportunities for the MTFP, where, based on current patterns of expenditure, there is a variance to what is projected for future years

- Enable mitigating action to be taken in the light of the emerging information

3.21   It is important to recognise that budget monitoring information is always a projection of what the year end position is anticipated to be based on the actual level of income and expenditure at the time. As the Council moves through the financial year, there is more information available and certainty improves, but the projections will always be susceptible to unexpected variations occurring. The key to minimising variations from the annual budget and from month to month, is having in place effective forecasting arrangements which encompass effective systems to record and analyse actual income and expenditure and which pick up, at an early point, any intelligence e.g. service trends and demand and to translate this into what impacts are likely for both the service and the budget. This is relevant both for reporting on the in year position and also planning for future years as part of the continuous cycle.   The wide understanding and "sign up" across to the Council to this flow of information in a timely manner is critical to effective financial management and the level of assurance in budgetary control processes.

3.22   Revenue and capital monitoring reports are considered on an ongoing basis by Corporate Resources Overview and Scrutiny Committee before Cabinet. The budget monitoring reports provided to members are in a very detailed format, showing the overall position for the Council projected to year end based on the currently available information and full details on variances within each service area with explanations on why this has occurred and what actions are being taken. Any comments from Corporate Resources are made verbally to the Cabinet when the reports are presented to those meetings.

3.23   In presenting the budget monitoring report to Corporate Resources Overview and Scrutiny Committee, an overview is given of the main issues within the particular months report, key variances, actions being taken, any emerging risks and the impact that the latest position has on the projected level of reserves compared to that assumed when the budget was set. In undertaking detailed examination, Members have the opportunity to question and debate the impact on the overall budget as well as the implications for specific service areas. Should concerns emerge in relation to particular issues, the

Committee does seek further information in written form or will, depending on the circumstances, ask for the relevant Service Head to attend a future meeting to provide explanation. In instances of more serious concern, the Committee will refer the matter to the specific Overview and Scrutiny Committee for their more detailed consideration. In the past such referrals have been made in relation to Out of County Placements and Leisure, with those Committees then taking up enquiries about the reasons for the budget variances and working with officers on solutions on how to address them.

Audit Committee and Overview & Scrutiny Liaison

3.24   Audit Committee and Overview & Scrutiny both have responsibility in relation to the financial affairs of the Council but from different angles and so it is important to keep an open dialogue between the two. Important to this is recognition of the scale and complexity of those financial affairs. Each year the Council has a turnover of some £0.500bn across a diverse range of services. Also important to recognise is that the Financial Accounts (financial statements) and the Management Accounts (budget monitoring reports) have different purposes and different requirements for the format in which they are reported. Maintaining an understanding of the relationship between the two is a recognised challenge for all Councils.

3.25   The Audit Committee is receiving the Council's financial statements in a statutorily prescribed format for Financial Accounts whilst Cabinet and Overview and Scrutiny receive budget information and the budget monitoring reports which make up the Council's Management Accounts in a format which is locally determined.

3.26   The purpose of the Financial Statements is to set out a true and fair view of the financial position of the authority at the end of the financial year and its income and expenditure for the year that has ended. It is reporting on actual expenditure and income levels in the year (what has taken place) and the values in the balance sheet at that date. The purpose of the Management Accounts is to project forward the likely year end position based on actual expenditure and to provide information which identifies where action is needed as a mitigating step to keep within budget or where opportunity is being identified to facilitate change or future savings.

3.27   The need for liaison between Audit Committee and Overview and Scrutiny has been recognised in previous joint meetings and this will need to continue in the future through the schedule of joint meetings to ensure that each understands the respective roles, is comfortable about the assurance that can be placed on the work of the other party and that duplication is avoided.

4.00   RECOMMENDATIONS

4.01   Members are recommended to note the report.

5.00   FINANCIAL IMPLICATIONS

5.01   None directly as a result of this report.

6.00   ANTI POVERTY IMPACT

6.01   None directly as a result of this report.

7.00   ENVIRONMENTAL IMPACT

7.01   None directly as a result of this report.

8.00   EQUALITIES IMPACT

8.01   None directly as a result of this report.

9.00   PERSONNEL IMPLICATIONS

9.01   None.

10.00   CONSULTATION REQUIRED

10.01   None directly as a result of this report.

11.00   CONSULTATION UNDERTAKEN

11.01   None.

12.00   APPENDICES

12.01   Appendix 1 - Audit Committee Terms of Reference

Appendix 2 - Budget and Policy Framework Procedure Rules

Appendix 3 -Corporate Resources Overview & Scrutiny Committee
            Terms of Reference

Appendix 4 – Financial Procedure Rule 3: Budget Management

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

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Article 7 - The Audit Committee

7.01 **Role**

The Audit Committee's role and functions will be to:

(a) Review the effectiveness of the Authority's systems of corporate governance, internal control and risk management systems, and to make reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements;

(b) Oversee the reporting of the statutory financial statements process to ensure the balance, transparency and integrity of published financial information, and to review the financial statements prepared by the authority and recommend them to County Council;

(c) Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context.

(d) Review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.

A. Corporate Governance, Internal Control and Risk Management

- Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and risk management.

- Consider and assure the annual update of the Code of Corporate Governance

- Consider and assure the annual draft Annual Governance Statement and make appropriate recommendations/observations prior to its submission to the Council's Regulators.

- Evaluate the overall effectiveness of the internal control and risk management frameworks and consider whether recommendations made by the internal and external auditors have been implemented by management.

- Review and assure the Risk Management Strategy through regular reports on risk management and business continuity plans, processes and outcomes.

- Keep under review the Council's Anti Fraud and Corruption Strategy, Fraud Response Plan and Whistleblowing Policy

- Receive reports on all fraud identified and any other special investigations, and action taken.

- Consider how management is held to account for the security of computer systems and applications to protect against computer fraud or misuse.

- Ensure the rigorous application of the agreed protocol for the reporting and decision making over business cases for collaborative projects, the management of the transition for approved collaborations, and the subsequent performance management arrangements for the new collaborative services.

- Obtain regular updates from management and legal advice regarding compliance matters, and be satisfied that all compliance matters have been considered in preparing the financial statements.

B.   Statutory Financial Statements

- Receive the draft annual Statement of Accounts, together with the underlying accounting policies for information. Consider and comment on the final statement of accounts following the receipt of the proposed audit opinion from the Wales Audit Office prior to recommending their approval to the Council.

- Understand the controls and processes implemented by management to ensure the financial statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.

- Meet with management and external auditors to review the financial statements, the key accounting policies and judgements, significant accounting and reporting issues and their impact on financial reports, and the results of the audit.

- Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practice are discussed with the external auditor.

C.   Internal and External Audit

- Keep under review the joint working arrangements of the Council's internal and external auditors.

Internal Audit

- Promote the role of internal audit within the Council, as a key element of its control environment.

- Review and approve the Internal Audit Charter outlining the role, scope, independence, authority, responsibility and reporting of the department

23

- Keep under review the organisational structure and resource requirements of the Internal Audit Section.

- Ensure that no management restrictions are placed in the scope of audit's examinations.

- Review, approve (but not direct) and monitor the delivery of the internal audit plan and the risk assessment exercise on which the plan is based, and ensure it considers changes arising from Government, Assembly or Council initiatives.

- Receive summaries of all internal audit reports issued, highlighting key recommendations and recommendations of reports with corporate control implications.

- Monitor the implementation of agreed recommendations contained within internal audit reports, receive reports on recommendations not implemented within agreed timescales and seek explanations from officers where required.

- Receive the Internal Audit annual report and ensure that the annual opinion is reflected in the Annual Governance Statement.

- Keep performance indicators under review and evaluate on an annual basis the performance and effectiveness of internal audit and its compliance with best practice.

- Meet separately with the Internal Audit Manager to discuss any matters that the committee or internal auditors believe should be discussed privately.

- Arbitrate in the event of any failure to agree between a Director or Head of Service and internal audit.

- Discuss with the external auditor the standard of work of internal audit staff.

External Audit

- Ensure that the annual audit is undertaken in compliance with statutory requirements.

- Review the external auditors' proposed audit scope and approach for the current year in the light of the Authority's present circumstances and changes in regulatory and other requirements arising from Government, Assembly or Council initiatives.

- Receive all audit reports, and the annual audit letter, issued by the external auditor, and ensure that all agreed recommendations are implemented.

- Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.

- Receive reports from other regulatory bodies and ensure that effective processes are in place for setting and monitoring against proportionate and effective action plans.

- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately. Ensure the auditors have access to the chair of the audit committee when required.

- Review on an annual basis the performance of external audit and co-ordinate any feed back requested from the Wales Audit Office.

D. Financial Affairs

- Understand the internal control systems implemented by management for the approval of transactions and the recording and processing of financial data.

- Gain an understanding of the current areas of greatest risk around financial controls and advise and assure on risk management.

- Keep under review the Council's financial procedure rules and contract procedure rules and all other corporate directions concerning financial control.

- Review and assure the Treasury Management Strategy and Policy and consider quarterly updates on Treasury Management and make appropriate recommendations / observations to the Cabinet.

E. General

- Require the attendance at the Committee of any officer or member, or the submission of a report from any officer, to provide further explanation in connection with any of the above terms of reference.

- Evaluate the committee's own performance, both of individual members and collectively, on a regular basis.

- The Committee must meet at least once a year and must also do so if the Council decides or if at least a third of the committee's members require a meeting. Beyond those requirements the committee can meet whenever it likes.

The Audit committee will keep the above terms of reference under annual review.

Budget and Policy Framework Procedure Rules

CABINET FORMS OF CONSTITUTION

1. **The framework for Cabinet decisions**

The Council will be responsible for the adoption of its policy framework and budget as set out in Article 4. The policy framework and budget adopted by the Council will be based on that proposed by the Cabinet. Once a budget or a policy framework is in place, it will be the responsibility of the Cabinet to implement it.

2. **Process for developing the framework**

The process by which the policy framework and budget shall be developed is:

(a)   The Cabinet will publicise by including in the forward plan, and any other means considered appropriate to the subject matter, a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the budget and policy framework, and its arrangements for consultation after publication of those initial proposals. The chairs of Overview and Scrutiny Committees will also be notified. The consultation period shall in each instance be not less than 4 weeks.

(b)   At the end of that period, the Cabinet will then draw up firm proposals having regard to the responses to that consultation. If a relevant Overview and Scrutiny Committee wishes to respond to the Cabinet in that consultation process then it may do so. As the Overview and Scrutiny Committees have responsibility for fixing their own work programme, it is open to the Overview and Scrutiny Committee to investigate, research or report in detail with policy recommendations before the end of the consultation period. The Cabinet will take any response from an Overview and Scrutiny Committee into account in drawing up firm proposals for submission to the Council, and its report to Council will reflect the comments made by consultees and the Cabinet's response.

(c)   Once the Cabinet has approved the firm proposals, the Democracy and Governance Manager will refer them at the earliest opportunity to the Council for decision.

(d)   In reaching a decision, the Council may adopt the Cabinet's proposals, or in principle amend them, or refer them back to the Cabinet for further consideration, or in principle, substitute its own proposals in their place.

(e)   If it accepts the recommendation of the Cabinet without amendment, the Council may make a decision which has immediate effect. Otherwise, it may only make an in-principle decision. In either case, the decision will be made on the basis of a simple majority of votes cast at the meeting.

(f)   The decision will be publicised in accordance with Article 4 and a copy shall be given to the Leader.

180

(g) An in-principle decision will automatically become effective 10 days from the date of the Council's decision, unless the Leader informs the Democracy and Governance Manager in writing within 10 days that he/she objects to the decision becoming effective and provides reasons why.

(h) In that case, the Democracy and Governance Manager will call a Council meeting within a further 10 days. The Council will be required to re-consider its decision and the Leader's written submission at that meeting. The Council may:-

i) Approve the Cabinet's recommendation by a simple majority of votes cast at the meeting; or

ii) Approve a different decision which does not accord with the recommendation of the Cabinet by a simple majority.

(i) The decision shall then be made public in accordance with Article 4, and shall be implemented immediately;

(j) In approving the budget and policy framework, the Council will also specify the extent of virement within the budget and degree of in-year changes to the policy framework which may be undertaken by the Cabinet, in accordance with paragraphs 5 and 6 of these Rules (virement and in-year adjustments). Any other changes to the policy and budgetary framework are reserved to the Council.

3. **Decisions outside the budget or policy framework**

(a) Subject to the provisions of paragraph 5 (virement) the Cabinet, an individual Member of the Cabinet and any officers, or joint arrangements discharging Executive Functions may only take decisions which are in line with the budget and policy framework. If any of these bodies or persons wishes to make a decision which is contrary to the policy framework, or contrary to or not wholly in accordance with the budget approved by full Council, then that decision may only be taken by the Council, subject to 4 below.

(b) If the Cabinet, an individual Member of the Cabinet and any officers, area Committees or joint arrangements discharging Executive Functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Chief Financial Officer as to whether the decision they want to make would be contrary to the policy framework, or contrary to or not wholly in accordance with the budget. If the advice of either of those officers is that the decision would not be in line with the existing budget and/or policy framework, then the decision must be referred by that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 4 (urgent decisions outside the budget and policy framework) shall apply.

181

4. **Urgent decisions outside the budget or policy framework**

(a)   The Cabinet, an individual Member of the Cabinet or officers, area Committees or joint arrangements discharging Executive Functions may take a decision which is contrary to the Council's policy framework or contrary to or not wholly in accordance with the budget approved by full Council if the decision is a matter of urgency. However, the decision may only be taken:

   i)   if it is not practical to convene a quorate meeting of the full Council; and

   ii)   if the Chair of a relevant Overview and Scrutiny Committee agrees that the decision is a matter of urgency.

The reasons why it is not practical to convene a quorate meeting of full Council and the Chair of the relevant Overview and Scrutiny Committees' consent to the decision being taken as a matter of urgency must be noted on the record of the decision. In the absence of the Chair of a relevant Overview and Scrutiny Committee the consent of the Chair of the Council, and in the absence of both the Vice-Chairperson, will be sufficient.

(b)   Following the decision, the decision taker will provide a full report to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

5. **Virement**

(a)   The Council shall have the budget heads set out in its budget book or report approved by the Council as the budget.

The rules for virement are set out in section 5 of the Council's Financial Procedure Rules (included in Part 4 of the constitution) and reference should be made to them.

Capital

(a)   Steps taken by the Cabinet, an individual Member of the Cabinet or officers or joint arrangements discharging Executive Functions to implement Council policy shall not incur greater expenditure on a scheme than the amount included in the capital programme except , however resources may be transferred between schemes.

Revenue

(b)   Steps taken by the Cabinet, an individual Member of the Cabinet or officers, or joint arrangements discharging Executive Functions to implement Council policy shall not exceed those budgets allocated to each budget head. However, chief officers in consultation with the Head of Finance shall be entitled to vire across budget heads within the same service up to a

182

maximum of £50,000 provided that the transfer will not result in the adoption of a new policy and will not result in future additional revenue commitment. Beyond that limit, approval to any virement across budget heads can only be given by the Cabinet.

6.   **In-year changes to policy framework**

The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Cabinet, an individual Member of the Cabinet or officers, area Committees or joint arrangements discharging Executive Functions must be in line with it. No changes to any policy and strategy which makes up the policy framework may be made by those bodies or individuals except those changes:

(a)   which will result in the closure or discontinuance of a service or part of service to meet a budgetary constraint;

(b)   which are necessary to ensure compliance with the law, ministerial direction or government guidance;

(c)   in relation to the policy framework in respect of a policy which would normally be agreed annually by the Council following consultation, but where the existing policy document is silent on the matter under consideration.

(d)   which relate to policy in relation to schools, where the majority of school governing bodies agree with the proposed change.

7.   **Call-in of decisions outside the budget or policy framework**

(a)   Where an Overview and Scrutiny Committee is of the opinion that an Cabinet decision is, or if made would be, contrary to the policy framework, or contrary to or not wholly in accordance with the Council's budget, then it shall seek advice from the Monitoring Officer and/or Chief Financial Officer.

(b)   In respect of functions which are the responsibility of the Cabinet, the Monitoring Officer's report and/or Chief Financial Officer's report shall be to the Cabinet with a copy to every Member of the Council. Regardless of whether the decision is delegated or not, the Cabinet must meet to decide what action to take in respect of the Monitoring Officer's report and to prepare a report to Council in the event that the Monitoring Officer or the Chief Finance officer conclude that the decision was a departure, and to the Overview and Scrutiny Committee if the Monitoring Officer or the Chief Finance Officer conclude that the decision was not a departure.

(c)   If the decision has yet to be made, or has been made but not yet implemented, and the advice from the Monitoring Officer and/or the Chief Financial Officer is that the decision is or would be contrary to the policy framework or contrary to or not wholly in accordance with the budget, the Overview and Scrutiny Committee may refer the matter to Council. In such cases, no further action will be taken in respect of the decision or its

183

implementation until the Council has met and considered the matter. The Council shall meet within 10 days of the request by the Overview and Scrutiny Committee. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Financial Officer. The Council may either:

i)   endorse a decision or proposal of the Cabinet decision taker as falling within the existing budget and policy framework. In this case no further action is required, save that the decision of the Council be minuted and circulated to all Councillors in the normal way;

Or

ii)   amend the Council's budget or policy concerned to encompass the decision or proposal of the body or individual responsible for that Executive Function and agree to the decision with immediate effect. In this case, no further action is required save that the decision of the Council be minuted and circulated to all Councillors in the normal way;

Or

iii)   where the Council accepts that the decision or proposal is contrary to the policy framework or contrary to or not wholly in accordance with the budget, and does not amend the existing framework to accommodate it, require the Cabinet to reconsider the matter in accordance with the advice of either the Monitoring Officer/Chief Financial Officer.

pursuant to Section 21 of the Local Government Act 2000.

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Terms of Reference

To fulfil all the functions of an Overview & Scrutiny Committee as they relate to Corporate Resources and, in particular (but not limited to):

1. To act as the appropriate Overview & Scrutiny Committee for issues concerning corporate management and governance.

2. To act as the appropriate Overview & Scrutiny Committee for organisational design/Flintshire Futures Programme.

3. Monitoring the revenue and capital budget and finance but not specific control issues which are within the remit of the Audit Committee.

4. Asset Management, Strategy and Planning, People Strategy and Single Status.

5. Strategic Assessment of Risk, Challenges and overview and coordination of the Performance Management Framework, Performance of Policy Development for all Corporate Services.

6. To assist the Council in the development of its budget strategy.

7. To review the management of resources made available to the Council and to scrutinise its financial management, property and asset acquisition and disposal and capital programme.

8. To assist the Cabinet in the development of a Council-wide property and asset strategy.

9. To act as the appropriate Overview & Scrutiny Committee for such other matters as are referred to it by either the Council or the Constitution Committee.

10. To have the statutory powers of an Overview and Scrutiny Committee pursuant to Section 21 of the Local Government Act 2000.

COMMUNITY PROFILE & PARTNERSHIPS OVERVIEW AND SCRUTINY COMMITTEE

Terms of Reference

To fulfil all the functions of an Overview & Scrutiny Committee as they relate to Community Profile and Partnerships and, in particular (but not limited to):

201

7.   Relations with external education providers/partners such as Deeside College and Glyndwr University on service specific issues.

8.   Performance risk management and policy development for services within the Lifelong Learning Directorate.

9.   Relations with DCELLS, Children & Young People's Partnership (jointly with Social and Health Care Overview & Scrutiny).

10.   To act as the appropriate Overview & Scrutiny Committee for such other matters as are referred to it by either the Council or the Constitution Committee.

11.   To have the statutory powers of an Overview and Scrutiny Committee pursuant to Section 21 of the Local Government Act 2000.

SOCIAL AND HEALTH CARE OVERVIEW AND SCRUTINY COMMITTEE

Terms of Reference

To fulfil all the functions of an Overview & Scrutiny Committee as they relate to Social & Health Care and, in particular (but not limited to):

1.   Services to be provided by the Community Services Directorate relating to:-

        Social Services to adults, Social Services to children, Social & Health Care strategy and development, Children and Young People's Partnership (jointly with Lifelong Learning O&S).

2.   Monitoring service delivery by the health services providers and voluntary sector including the relationship with Betsi Cadwaladr UHB.

3.   Health, Social Care and Well-being Partnership and the Good Health Good Care Strategy.

4.   Policy and performance development within the Social Care & Development & Resources Division of the Community Services Directorate.

5.   Monitoring risk issues and contributing to policy development within Adult Social Care and Children's Services.

6.   To liaise as appropriate with the Social Inclusion Forum.

7.   To act as the appropriate Overview & Scrutiny Committee for such other matters as are referred to it by either the Council or the Constitution Committee.

8.   To have the statutory powers of an Overview and Scrutiny Committee

200

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

3.1   Heads of Service are the accountable officers for budgets for the delivery of the services in the Division for which they have responsibility. Heads of Service are authorised to incur expenditure and generate income in accordance with the budget approved by Council, as amended by any virement made under Financial Procedure Rule 4, or any supplementary budgets approved under Financial Procedure Rule 5 by the Cabinet and/or Council as appropriate. It is the responsibility of the Head of Service to consult with the Chief Finance Officer and seek advice on further action to be taken before any commitments are incurred, where these are not covered by the Council's approved budget.

3.2   Heads of Service will ensure that all income and expenditure is accounted for against the budget head to which it relates, irrespective of where budget has been allocated. Where necessary, Heads of Service should request a budget virement (FPR4).

3.3   Heads of Service are accountable for monitoring and controlling both revenue and capital, income and expenditure against budget heads as approved in the Budget. Variances in excess of £50k should be reported with an explanation to the Chief Finance Officer

3.4   The Chief Finance Officer is responsible for the adequacy and effectiveness of budgetary control arrangements across the Council, ensuring appropriate systems are in place to provide timely and sufficiently detailed reports to Managers to fulfil their budget monitoring responsibilities. Directors and Heads of Services are responsible for ensuring that the budgets for which they are responsible are monitored and reported on to the Chief Finance Officer in accordance with the agreed budgetary control arrangements. The Chief Finance Officer will report to the Cabinet on the Council's overall position on a regular basis.

3.5   Heads of Service should ensure that each budget head, and below that, each cost centre, has a single named manager, who will be responsible for monitoring and investigating variances (positive and negative) against budget and bringing these to the attention of the Head of Service and the relevant Finance Manager or Accountant for action as required.

215

3.6   Heads of Service should take action as necessary to avoid exceeding their budget allocation for the particular service area thus operating within their available resources, and ensure that Managers and all staff understand their financial responsibilities.

3.7   Heads of Service should prepare budget action plans where a significant overspend is forecast. The action plan should identify how expenditure will be brought back into line with budget, either by taking corrective action, or, through the proposed use compensating savings elsewhere in their budget. Heads of Service should also report areas of forecast under spend, along with the implications for future years, for corporate consideration of where any available resources should be re-allocated. The use of budget savings other than in accordance with the approved budget is not permitted without Cabinet approval.

All significant variations from budget will be reported to the Chief Finance Officer, who will report the position and any budget action plans in the overall budget monitoring report to Cabinet. In certain circumstances it may be that the significance of the variance requires a separate report to Cabinet for consideration or approval. The report will outline the reasons for the projected variance, the implications for future years' budgets, along with the budget action plan to bring expenditure in line with budget.

Budget action plans will be monitored by the relevant Head of Service who will notify the Chief Finance Officer should it emerge that a budget action plan will fail to prevent an overspend.   The Chief Finance Officer will report the position to Cabinet.

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

3.9   Nothing in the Financial Procedure Rules shall prevent expenditure being incurred which is essential to meet any immediate needs arising from an emergency, including any expenditure under Section 155 of the Local Government and Housing Act 1989 (Emergency Financial Assistance Scheme, formerly known as the "Belwin" scheme). Such action shall only be taken after consultation with the Chief Finance Officer, and any such expenditure must be reported retrospectively to the Cabinet, and the funding for such expenditure must be agreed as soon as possible.

RULES RELATING TO CAPITAL

3.10 The Chief Finance Officer is responsible for the monitoring of the Capital Programme, in conjunction with. the Director of Environment. A report updated on a quarterly basis will be submitted to Cabinet, identifying changes in capital resources, including the generation of capital receipts and the effect of rollover together with quantifying contractually uncommitted values by scheme.

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

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

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 25 JUNE 2014**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **ANNUAL IMPROVEMENT REPORT 2013-14 BY THE
                    AUDITOR GENERAL FOR WALES**

1.00   PURPOSE OF REPORT

1.01   To update Members on the Council's Annual Improvement Report
        2013-14 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 2009 to undertake an annual improvement assessment and
        publish an annual improvement report for all Welsh Councils, fire and
        rescue services and national parks.

2.02   This is the fourth Annual Improvement Report for Flintshire and it also
        contains the Appointed Auditor's Annual Audit Letter as previously
        reported to Audit Committee in December 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 to summarise the audit and assessment work undertaken in
        the last year.

3.02   The full report is attached at Appendix 1.

3.03   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.

3.04   Overall the Auditor General has concluded that:

        o   The Council made good progress against the improvement
            priorities we looked at and improved its overall performance
            against the national indicators

- The Council has taken action to strengthen its approach to performance evaluation, but further work is required to harmonise its improvement planning and performance reporting arrangements

- The Council has enhanced its arrangements for planning and supporting improvement, but further action is required to provide the rigour necessary to cope with the challenges ahead

- The Council is likely to make arrangements to secure continuous improvement for 2014-15.

3.04 The Auditor General has made no formal recommendations or proposals for improvement.

3.05 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) is included at Appendix 2.

3.06 This 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 To advise Members of the Council's Annual Improvement Report 2013-14 published by the Auditor General for Wales.

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

5.00 FINANCIAL IMPLICATIONS

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

6.00 ANTI POVERTY IMPACT

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

7.00 ENVIRONMENTAL IMPACT

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

8.00 EQUALITIES IMPACT

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

9.00 PERSONNEL IMPLICATIONS

9.01 The People Strategy is referred to in the report.

10.00 CONSULTATION REQUIRED

10.01 None required at this stage.

11.00 CONSULTATION UNDERTAKEN

11.01 Senior officers have had input into this report. The Annual Audit Letter was presented to the council's Audit Committee in December 2013.

11.02 This report has been presented to both Cabinet and Corporate Resources Overview and Scrutiny Committee.

12.00 APPENDICES

12.01 Appendix 1: WAO Annual Improvement Report 2013 - 14
Appendix 2: WAO Annual Improvement Report - Executive response

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

None

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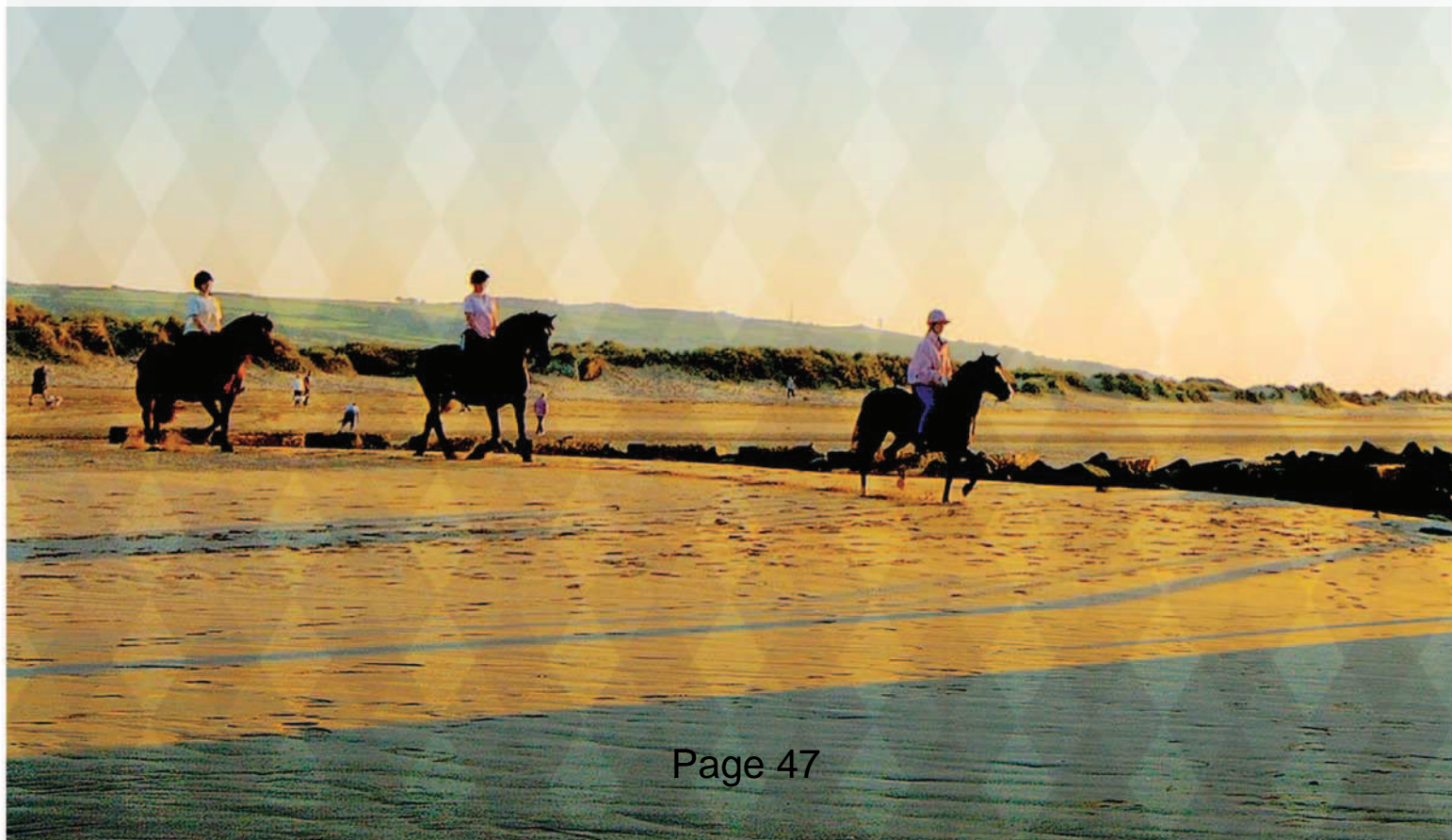
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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report

Flintshire County Council

About the Auditor General for Wales

The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

Together with appointed auditors, the Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, 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.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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

Contents

Summary report

Summary

1   Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities and national park authorities are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit Office and also draws on the work of the relevant Welsh inspectorates. The report covers the delivery and evaluation of services at Flintshire County Council (the Council) in relation to 2012-13 (updated, where possible, to reflect more recent developments), its planning of improvement for 2013-14 and, taking these into account, concludes whether the Auditor General believes that the Council will make arrangements to secure continuous improvement for 2014-15.

2   We found that, in 2012-13, the Council made good progress against the improvement priorities we looked at and improved its overall performance against the national indicators. We reached this conclusion because:

- overall performance against the national indicators improved slightly, with some strong performance across several service areas;

- the Council is making good progress at implementing initiatives to improve access to services;

- the Council is making progress against its five-year affordable homes target and is on schedule to achieve the Welsh Housing Quality Standard by 2020, but performance at preventing homelessness has been inconsistent;

- Social Services performance has continued to improve across a range of areas, particularly the support provided for adults; some aspects of both children's and adult services are performing strongly;

- Flintshire schools provide good value for money but there is scope for even greater efficiency within the education system; and

- the Council is taking action to strengthen its arrangements for implementing its Welsh Language Scheme, but has made limited progress in some areas.

3   We also found that the Council has taken action to strengthen its approach to performance evaluation, but further work is required to harmonise its improvement planning and performance reporting arrangements. The Council has acknowledged this need, and is taking action to strengthen its arrangements. We reached this conclusion because:

- the Council has strengthened its approach to performance evaluation, underpinned by better improvement planning arrangements, but the changes are not yet fully embedded; and

- the Council complied with its responsibilities for financial reporting but there is further scope to strengthen its financial controls in a number of areas.

4   Finally, we found that, during 2013-14, the Council has enhanced its arrangements for planning and supporting improvement, but further action is required to provide the rigour needed to cope with the challenges ahead. The Council has acknowledged this need and is taking action to strengthen its arrangements. We reached this conclusion because:

- the Council has strengthened its approach to improvement planning but further action is needed to fully comply with Welsh Government guidance;

- the Council has developed a more detailed plan to manage its challenging financial position, but success relies on timely and effective implementation and monitoring; and

- the Council has strengthened planning, management and evaluation arrangements that were previously underdeveloped, but there is scope to reinforce some of the improvements already made.

5   Taking the above into account, the Auditor General believes that Flintshire County Council is likely to meet the requirements of the Measure in making arrangements to secure continuous improvement.

Recommendations

6   We do not intend to make any new recommendations or proposals for improvement. Appendix 5 summarises the status of our previous recommendations and proposals for improvement.

Detailed report

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 park authorities are planning for improvement in 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), the Care and Social Services Inspectorate for Wales (CSSIW), and the Welsh Language Commissioner, we have brought together a picture of what the Council is trying to achieve, how it is going about it, and the progress the Council has made since the Auditor General published his last annual improvement report. The report also draws on the Council's own self-assessment. Finally, taking all this into account, the report concludes whether the Auditor General believes that the Council is likely to make arrangements to secure continuous improvement for 2014-15.

8   We do not undertake a comprehensive annual review of all Council arrangements or services. The conclusions in this report are based on our cumulative and shared knowledge and the findings of prioritised work undertaken, which, this year, included an assessment of the Council's progress against two of its improvement priorities:

   •   to achieve the highest standards of customer services and care through our Customer Service Strategy; and

   •   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.

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:

   •   make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;

   •   make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;

   •   conduct a special inspection and publish a report and make recommendations; and

   •   recommend to Ministers of the Welsh Government that they intervene in some way.

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 or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

The Council made good progress against the improvement priorities we looked at and improved its overall performance against the national indicators

Overall performance against the national indicators improved slightly, with some strong performance across several service areas

11   We reviewed the Council's performance for 2012-13 against the average for Wales across a basket of 44 national indicators[1]. Based on this data, the Council's overall performance has improved slightly, with strong performance in several areas, but deteriorating performance in others. For example:

   • performance for two thirds of the national indicators (28 out of 44) was above the Welsh average, a slight improvement on 2011-12;

   • the Council achieved top quartile performance for 15 national indicators, compared with 11 in 2011-12;

   • the 2012-13 performance for 19 national indicators improved; and

   • the 2012-13 performance for 14 indicators deteriorated.

12   The Welsh Government's Local Authority Services Performance Report[2], which uses a different set of indicators, identified little change in the Council's overall performance during 2012-13.

13   The Council uses a mixture of national and local indicators to monitor performance against its improvement priorities. It classified 42 of these indicators as Improvement Targets – areas where the Council aimed to improve on its previous performance. For 2012-13, the Council reported that performance in just over half (51 per cent) of its improvement targets improved and a further two indicators maintained optimum performance. The performance in seven indicators (17 per cent) deteriorated significantly; the remainder showed a marginal decline in performance.

14   The Council's 2012-13 Improvement Plan contained 10 improvement priorities and 66 secondary priorities. It reported good progress against just over half (56 per cent) of the secondary priorities[3] and satisfactory progress against the remaining 44 per cent. The Council's self-assessment concludes that none of its secondary priorities made less-than-satisfactory progress during 2012-13.

15   Each year the Welsh Government undertakes a national survey to obtain the views of the people of Wales on a range of issues including health, education and local services. In the 2012-13 survey, 58 per cent of respondents agreed that the Council provided high quality services. This was slightly better than the Welsh average and ranked the Council 10th out of 22 unitary authorities in Wales.

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1   30 National Strategic Indicators (NSIs) and 24 Public Accountability Measures (PAMs), of which 10 are classified as both NSIs and PAMs

2   Local Authority Services Performance Report 2012-13 brings together the latest performance data available that can be used to support the accountability and scrutiny of public services in Wales. The service areas included are Social Care, Education, Leisure and Culture, Housing, Environment, Transport, Community Safety and Wellbeing. http://wales.gov.uk/topics/improvingservices/publicationsevents/publications/la-service-performance-2012-13/?lang=en

3   The Council's 2012-13 Improvement Plan was structured around 10 improvement Priorities and 66 sub-priorities.

The Council is making good progress at implementing initiatives to improve access to services

16   The Council reported good progress during 2012-13 against its improvement priority 'to achieve the highest standards of customer service and care through our Customer Services Strategy'. The Council was also confident of achieving the outcomes associated with this priority as the new initiatives matured. The sub-priorities underpinning this improvement priority focused on opening a network of one-stop-shops, encouraging customers to use self-service facilities and improving customer service by establishing a Customer Contact Centre. To secure the investment required, the Council produced a detailed business plan, which explained how it intended to achieve its ambitions in a cost-effective way. It is still too early to assess the full impact of these new initiatives, particularly in relation to the anticipated annual efficiency savings of £0.3 million. Progress within some areas was initially slower than expected, but momentum is growing. The Council met, or exceeded, some of the 2013-14 access-to-services targets associated with its new initiatives well before the end of the year.

17   The first phase of the Flintshire Connects (Customer Access Points) programme is on schedule; the first Connects Centre opened in Holywell, during November 2012. A second centre in Flint opened in early 2014, with work already underway to develop centres in Connah's Quay and Buckley. The Council expects to have five centres operating across the County by 2016. The Council's vision for Flintshire Connects is to improve customer service by providing simpler and more integrated access to Council and other public sector services in a modern and welcoming environment. The shared accommodation approach appears to be working well; the Council shares the Holywell Centre with JobCentre Plus and North Wales Police and with a range of third-sector partners on an ad-hoc basis. This one-stop-shop partnership model is beneficial for customers and helps to maximise the use of the facilities. Similar arrangements are in place for the new centre in Flint and the Council expects to replicate these arrangements as other centres open.

18   The Council's justification for investing in the Connects Centre concept was to reduce costs at the same time as improving local access to services for residents. The concept promotes flexible working and the decentralisation of Council staff and services to locations that improve the support available locally to customers. The Council expects to save costs by developing generic job roles for customer-facing staff, reducing staff journey times (and the corresponding cost of those journeys) and sharing the cost of running the centres with partner agencies. A further objective of locating the centres within town centres is their contribution to regeneration. The Council anticipates that some of the customers who visit the centres will use the opportunity to shop locally. This will support the sustainability of local retailers and contribute to the vibrancy of the area.

19   The Holywell Centre initially received fewer visitors than anticipated, but visitor numbers steadily increased and are now ahead of schedule. During the first nine months of 2013-14, the Council reported that visitor numbers were already 50 per cent higher than the annual target. This is good news and helps the Council remain optimistic of meeting or exceeding its original projections for 2016. The Council also reports 100 per cent satisfaction ratings from visitors to the centre. This is also good news. However, it is unusual to achieve such a high satisfaction score. The Council should satisfy itself that the visitor survey results are representative and that the survey explores the issues that matter most to customers.

20   The Council's Channel Shift project is helping it to capitalise on the significant savings available when customers switch to ways of contacting the Council that cost it less to deal with. For example, Council research suggests that the cost of dealing with customers online is around 10 per cent of the cost of dealing with customer telephone calls and about five per cent of the cost of face-to-face contact. Encouraging customers to change their habits is not easy; the secret is to make the lower-cost options for contacting the Council simple to access and effective. Some people will still need, or prefer, to use traditional ways of contacting the Council. The Council's approach involves striking a balance between reducing its transaction costs and providing a mix of conventional and electronic channels that meet the different needs of its citizens. For example, the contact centres also provide online facilities for customers to use and staff provide support where needed. The

Council hopes that this will encourage more people to access its online services, once they experience how easy the process is.

21   Encouraging more people to access services online will only work if their experience is positive, trouble-free and secure. Since 2012, the Council has procured a new system to manage its web-content and launched a new website and mobile 'App'. During 2013-14, the Council has focused on increasing the range, and publicising the availability, of digital services and increasing its use of social media to communicate with citizens. By the end of December 2013, the number of visitors to the Council's website had already exceeded the annual target for 2013-14. This is encouraging, but does not necessarily mean that the Council's approach to channel shift is working.

22   User satisfaction information – whether visitors to the website found what they were looking for – is not yet available for 2013-14. During 2012-13, around 75 per cent of online visitors found what they were looking for on the Council's website. The Council's target for 2013-14 is to increase satisfaction to 80 per cent and, ultimately, to 85 per cent by 2016. Despite the targeted increase in user satisfaction, these projections do not seem particularly ambitious. Website user expectations – particularly amongst younger people – are high. To avoid dissatisfied customers, the Council will need to ensure that its online user satisfaction ratings are on a par with popular commercial websites. It will also need to ensure that arrangements to capture user feedback provide sufficient information to identify and resolve any weaknesses in the online service.

23   The third strand of this improvement priority focuses on improving the standard of customer service provided by telephone and includes the development and implementation of a Customer Contact Centre. Despite some initial delays, the Council launched the Streetscene and Housing Contact Centres and a new customer-relationship-management system during 2012-13. Call handling times initially deteriorated as the new arrangements bedded in, but have subsequently improved.

24   The combined efficiency target for all three sub-priorities is £300,000. To make savings of this level, the Channel Shift, Customer Contact Centre and Flintshire Connects projects will need to achieve the levels of activity originally projected. Despite the lack of baseline data in some areas, the performance improvements already achieved are encouraging. However, the Council has recognised the need for robust data collection and monitoring arrangements to help it demonstrate the impact of these initiatives.

The Council is making progress against its five-year affordable homes target and is on schedule to achieve the Welsh Housing Quality Standard by 2020, but performance at preventing homelessness has been inconsistent

25   The Council's housing improvement programme is on target to meet the Welsh Housing Quality Standard[4] (WHQS) by 2020. Although only 24 Council homes (out of over 7,400 homes) in Flintshire were fully WHQS compliant by the end of 2012-13, the Council's performance against individual elements of the housing improvement programme has been much better. Many more homes are partially compliant because of the work already completed, allowing a lot of the Council's tenants to benefit from homes that are more comfortable to live in and cheaper to run. For example, by the end of 2012-13, 40 per cent of kitchens, 47 per cent of bathrooms, 64 per cent of heating systems and 70 per cent of windows and external doors in the Council's housing stock met the standard.

26   The Council estimates that an investment of around £103 million is required to complete its housing improvement programme by 2020. This is less than originally anticipated because the Council was able to revise some of its earlier assumptions. It also saved about £8 million by demolishing over 200 maisonettes where the improvement works required would not have been cost-effective. The site is being redeveloped with new affordable homes in partnership with a local housing association. The Council's

4   To meet the Welsh Housing Quality Standard, social housing must satisfy a range of criteria. For example, homes must be in a good state of repair, be safe and secure, have up to date kitchens and bathrooms and be adequately heated, fuel efficient and well insulated. All elements must meet the minimum acceptable standard for a house to be classified as WHQS-compliant.

Page 56

housing capital programme for 2013-2020 takes account of the investment needs of its housing stock and the money available for improvements from the Housing Revenue Account.

27   In addition to the schedule of planned improvements, the Council also has to deal with unscheduled repairs to its housing stock. During 2012-13, the Council significantly improved its response times for dealing with urgent and non-urgent repairs. For example, the response time to deal with non-urgent repairs to Council houses reduced from 63 to 44 days. The length of time that Council-owned properties remained empty also improved – down from 69 to 47 days in 2012-13. This helps the Council to maximise the income it receives from tenants and supports its wider efforts to reduce homelessness. Performance has continued to improve; the Council expects its 2013-14 performance for these indicators to show similar levels of improvement.

28   The Council's improvement priority for housing is wider than just improving the quality of Council-owned stock. The Council also works with partners to ensure a sufficient supply of quality affordable homes, and to support people who are, or who are about to become, homeless.

29   Across Wales, councils are accepting fewer households as homeless. The situation in Flintshire reflects this trend, despite an increase in the number of people seeking assistance since 2012. During 2012-13, the number of households accepted by the Council as homeless and in priority need was one of the lowest in Wales. On average,

fewer than 50 homeless households in the County were in temporary accommodation. However, the Council's performance for taking action to prevent homelessness has continued to decline. During 2012-13, the Council helped 83 per cent of potentially homeless households from becoming homeless, compared to 86 per cent in 2011-12 and 95 per cent in 2010-11. The Council's performance ranking for this indicator has dropped from third to 14th out of 22 since 2010-11. Council reports during 2013-14 indicate that performance has subsequently improved but year-end performance data is not yet available to confirm this.

30   The Council set itself a challenging target that, by 2016, no homeless person will be in temporary accommodation for more than 12 months. The average time homeless households spent in temporary accommodation in Flintshire increased from 208 days in 2011-12 to 280 days in 2012-13. The Council attributes some of this deterioration to an increased demand for homes with fewer bedrooms from existing social housing tenants anxious to avoid rent arrears arising from cuts to their housing benefit (the so-called 'bedroom tax'). This reduces the supply of smaller properties, which are also in demand from homeless households. The Council estimates that about 1,300 tenants in Flintshire will be affected by housing benefit cuts. In a related exercise, during April 2014, the Council began piloting the introduction of Universal Credit, which merges six working-age benefits and tax credits into one monthly payment. Some benefit recipients in Flintshire will be the first in Wales to move over to the new system.

31   The Council is taking action to ensure a sufficient supply of quality and affordable homes. It set a target of 740 new affordable home completions between 2012 and 2017, including 170 new homes to replace the 214 maisonettes that were demolished. The County benefitted from 57 new affordable homes during 2012-13 compared with 71 in 2011-12; this was fewer than the Council had anticipated. However, the Council is optimistic of meeting its 2013-14 target of 128 affordable homes, given the recent completion of an extra-care housing scheme, and is confident of meeting its 2012-2017 target. In addition to its own efforts to provide affordable homes, the Council is working closely with partners to identify opportunities for increasing the future supply of affordable housing. In particular, the Council has recently established a Housing Company to help it meet its local housing strategy targets across a range of tenures.

Social Services performance has continued to improve across a range of areas, particularly the support provided for adults; some aspects of both children's and adult services are performing strongly

32   Social Services-related issues feature strongly in the Council's improvement plan, reflecting the important contribution these services make to the health and welfare of people and families. About half of the Council's improvement priorities for 2012-13 are directly or indirectly associated with the social services department. In addition, about a quarter of the Councils secondary priorities are closely linked to the work of its social services teams. The Council has evaluated its 2012-13 progress against the majority (12 out of 16) of these secondary priorities as good – the planned activities were either delivered on time or were on schedule. Although a few of the planned activities experienced some delay, the Council reported that none were significantly behind schedule by the end of the year.

33   The Council performed well against the seven national indicators used to monitor adult services. Performance for five of the seven indicators improved during 2012-13 and six of the seven were in the top quartile. The Council performed better than the Welsh average for eight of the 13 indicators used to monitor children's services; five of these were in the top quartile. However, performance for six out of 10 indicators (where comparisons with 2011-12 were possible) deteriorated.

34   CSSIW's annual evaluation of the Council's provision of social care services describes positive changes across both adult and children's services during 2012-13. The CSSIW evaluation concluded that the Council was forward-looking and innovative; it benefits from strong leadership and clear vision and has continued to make progress in a number of key areas. CSSIW noted the Council's clear intention to put people in control of the services they receive and to support more people to live independent lives. The Council is also seeking to reduce dependency on its services by strengthening the support available within communities and by using new technology.

35   The Council's emphasis on prevention has helped more adults to lead independent lives. This means that fewer adults need residential care support. Its reablement service has been particularly successful in helping people regain independence; the majority of users do not require further services following reablement support. The Council identified the need to strengthen its adult safeguarding arrangements and has taken action to improve the way it manages risk. However, the Council has raised concerns over the arrangements for joint working with the Local Health Board in order to improve community health services.

36   CSSIW noted that the Council's 2012-13 performance against a significant range of national indicators for children's services remained amongst the best in Wales. The Council provides an effective response to incoming referrals and performs well against its responsibilities for child protection and looked-after-children, but there is scope to improve placement stability. The Council has developed a range of preventative services, provides good support to young people leaving care and has improved their access to accommodation. The Director of social services annual report has been restructured to reflect the key components of the Social Services and Wellbeing (Wales) Bill. This promotes better public scrutiny against the key areas of leadership, commissioning, improvement, voice for citizens, safeguarding and integrating services.

37   The CSSIW has identified a range of good practice, such as the development of a second extra-care scheme that incorporates 15 purpose-built dementia apartments – the first in Wales. It also identified a few potential risks, such as the sustainability of the Council's medium-term financial planning and its ability to influence locality- focused strategic planning with the Local Health Board. The Council did not robustly address some of the key areas for development previously identified by CSSIW. The Council acknowledged this and prioritised those areas where it had made insufficient progress. For example, the Council is continuing to invest resources to improve its arrangements for adult safeguarding. Although the Council has made some progress, CSSIW noted that further action was needed to secure consistently robust outcomes.

38   In April 2014, CSSIW issued a report focusing on the Council's commissioning arrangements for the care and support for people with dementia and their carers. Overall, the report presents a very positive assessment of the Council's arrangements. For example, CSSIW found that the Council's 'commissioning strategy for long-term placements for older people with dementia is a comprehensive document which considers current and future demand, and links this to budget information and the state of the market-place. The analysis and conclusions drawn are sophisticated and nuanced, and puts the local authority in the position of making sound long-term decisions and managing the market rather than working in a reactive way. They also have a very detailed commissioning strategy for carers.'

39   CSSIW also identified strong interdepartmental working within the Council. Housing is within the same community directorate as social care; this creates good linkages across policy areas and service developments. For example, the Council is planning to introduce 'step down' beds within its sheltered housing schemes and there is no waiting list for housing adaptations.

40   The Council has consulted extensively with users and carers about its commissioning plans for services. Feedback from the families and carers of service users is very complimentary about their experiences of dealing with the Council and about the effectiveness of its engagement arrangements. CSSIW made three recommendations to improve the service provided to people with dementia and their carers; the recommendations focused on developing more integrated support arrangements between the Council and its partners, particularly with the Local Health Board.

Flintshire schools provide good value-for-money but there is scope for greater efficiency within the education system

41   The Council's improvement plans for education focused on four priority areas during 2012-13. These were to implement organisational change under the School Modernisation Strategy and the national 21st Century Schools programme; to improve learner outcomes in Flintshire schools; to complete reviews of the school funding formula and delegation of funding; and to review the range of services offered to schools and issue a revised partnership agreement and compendium of Service Level Agreements.

42   The Council successfully delivered some important elements of its 2012-13 plans, but its overall progress against the education-related sub-priorities was not so positive. For example, the Council does not have a good track record of maintaining its school buildings; by the end of 2012-13, there was still a significant backlog of repairs and maintenance. However, the Council has secured Welsh Government support to enable it to invest £64 million in schools in the Deeside and Holywell areas. This funding will make the schools concerned fit-for-purpose and help to reduce the maintenance backlogs. The Council recently announced that the schools maintenance backlog has reduced from £35 million to £23.6 million since 2010.

43 The Council evaluated its 2012-13 progress against each of the four sub-priorities as satisfactory, with some delays to scheduled activity, but broadly on track. The Council remained confident of achieving the outcomes for three of the four sub-priorities, but was uncertain about its ability to deliver organisational change under the School Modernisation Strategy and the national 21st Century Schools programme.

44 Results in Flintshire primary schools improved significantly in 2013. In contrast to 2012, the proportion of seven-year olds and 11 year-olds achieving the expected standards both exceeded the Wales average. A comparison of performance in Flintshire primary schools with that in schools situated in areas with similar levels of deprivation suggests that Flintshire schools performed broadly at the levels that might be expected.

45 In secondary schools, 62.2 per cent of 16 year-olds gained five or more good GCSE grades that included the important subjects of mathematics and English or Welsh (first language). This result was the highest of all councils in Wales and almost 10 percentage points above the average for Wales. The number of 16 year-old school leavers in Flintshire who are not in employment, education or training has continued to reduce; in 2012, the proportion fell to 2.3 per cent, second lowest of all councils in Wales.

46 The Council is responsible for ensuring an adequate supply of school places in an efficient manner. In January 2013, there were some 4,000 surplus places in Flintshire schools (15.4 per cent of the total) distributed across the 83 primary and secondary schools. Though higher than Welsh Government target of 10 per cent, this is a little better than the Wales average of 17.4 per cent. The Council continues to address the modernisation of its schools estate.

47 Despite the surplus capacity, the schools system in Flintshire costs less to run than in most councils in Wales. For 2013-14, the Council set an education budget (excluding specific grants) that amounted to £4,803 per pupil compared with an average across Wales of £4,992. Given the broadly positive outcomes outlined above, the low costs suggest that the schools service is providing good value for money.

48 Within this low total, however, the Council spends more per pupil than any other council in Wales, on placing pupils with additional learning needs in schools outside Flintshire. For 2013-14, the Council set a budget of almost £3.5 million for this item, representing £152 for each pupil in the County compared with an average across Wales of just £35 per pupil. It is very likely that there will always be a few young people living in Flintshire whose educational needs are so complex that they cannot be met by schools within the County. However, Flintshire's expenditure on school places outside the county has been very high for several years and further reduces what is already a low level of expenditure on pupils in Flintshire schools.

The Council is taking action to strengthen its arrangements for implementing its Welsh Language Scheme, but has made limited progress in some areas

49   The role of the Welsh Language Commissioner was created by the Welsh Language (Wales) Measure 2011. It is expected that new powers to impose standards on organisations will come into force through subordinate legislation by the end of 2014. Until that time, the Commissioner will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.

50   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.

51   The Commissioner reported that the Council acknowledges the need to ensure that the Welsh and English languages have equal status. The Council has undertaken to strengthen the link between its Improvement Plan and the Welsh Language Scheme and has developed a formal monitoring

scheme, which is now an integral part of its business planning process. Although the Council did not report comprehensively on the number of its staff who can speak Welsh during 2012-13, it gave a commitment that its entire workforce would complete a language skills self-assessment by March 2014. The Council subsequently issued a self-assessment questionnaire to all staff, although not all staff had responded to the survey by the end of March.

52   The number of staff who received Welsh language training during 2012-13 reduced considerably. The Council has now developed a Welsh Language Skills Strategy to offer Welsh language training to its staff in a more strategic and targeted way. The Council expects to launch the strategy during 2014-15, following a period of consultation with staff. Since opportunities to increase the proportion of Welsh-speaking staff through recruitment are currently limited, the Council will need to invest more in Welsh language training and plan its delivery effectively.

The Council has taken action to strengthen its approach to performance evaluation, but further work is required to harmonise its improvement planning and performance reporting arrangements

The Council has strengthened its approach to performance evaluation, underpinned by better improvement planning arrangements, but the changes are not yet fully embedded

53   The Auditor General's Improvement Assessment Letter of December 2013 concluded that the Council had discharged its improvement reporting duties under the Measure. The Letter highlighted opportunities for the Council to strengthen its arrangements. For example, we found scope to improve the transparency of the Council's conclusions about its progress and to provide more details about the impact of collaborative initiatives. The Council's evaluation of its performance and progress during 2012-13 was hindered by the need to reflect progress against its 2012-2017 Improvement Plan - which did not clearly define the Council's ambitions for 2012-13. This made it more difficult for the Council to report its annual progress.

54   In February 2013, the Auditor General reported that the Council's 2012-2017 improvement plan did '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'. As a result, the Council has unable to evaluate progress against its ambitions for 2012-13 as clearly as it should. However, the situation has improved. The Council responded to our earlier concerns by transforming the style and content of its subsequent improvement plan for 2013-14.

This should help the Council to evaluate its annual performance more effectively, when it produces an annual performance report in October 2014.

55   Our 2013 review of the Council's approach to data quality identified good progress in tackling the data-related weaknesses we identified in 2012. The Council's calculations for the performance indicators we sampled in 2013 were accurate, and based on accurate data. The systems we reviewed were progressing satisfactorily, but we found scope to strengthen the Council's local guidance arrangements. Taking action to address this will ensure that performance data used to inform Council decisions is recorded and reported in a consistent way.

56   The Council has strengthened its approach to project evaluation. For example, the implementation plans for the Councils access to services projects include a post-project evaluation stage. The Council expects this process to help it understand what went well and where changes are needed, so that similar projects in the future can benefit. Although some information about activity levels was available prior to the changes, the Council's focus during 2013-14 was on assembling detailed baseline data for the projects. By the end of 2014-15, the Council expects to be in a stronger position to assess the initial impact of these initiatives and to demonstrate whether the investment involved has been worthwhile.

57   To inform our analysis of the Council's evaluation arrangements, we looked at its arrangements for promoting equality and diversity. We found that the Council has continued to strengthen its approach, but that its arrangements are not fully embedded. For example, the Council did not set success measures for its Strategic Equality Plan, because it did not have any baseline data. This makes it more difficult for the Council to evaluate compliance with the Plan; the Council has now taken action to address this. In addition, although the Strategic Equality Plan includes well-defined objectives, it does not always have clear links to the Council's individual service plans. This increases the risk that decisions are taken without a clear understanding of the implications on equality and diversity.

The Council complied with its responsibilities for financial reporting but there is further scope to strengthen its financial controls in a number of areas

58   The auditor appointed by the Auditor General recently gave his opinion on the Council's accounts. Based on this opinion, the Appointed Auditor's view is that the financial statements were generally satisfactory, but there was scope to improve some aspects of the Councils financial control arrangements. For example, the Council needed to do more to understand the functionality of the fixed asset register and to improve the quality of the accounting statements. Appendix 3 provides more detail.

The Council has enhanced its arrangements for planning and supporting improvement, but further action is required to provide the rigour necessary to cope with the challenges ahead

The Council has strengthened its approach to improvement planning but further action is needed to fully comply with Welsh Government guidance

59   The Auditor General's Improvement Assessment Letter, September 2013, reported that the Council had discharged its improvement planning duties under the Measure but it should ensure that it acts more in accordance with Welsh Government guidance. The Council's 2013-14 Improvement Plan (the Plan), reflects the Council's new and improved approach to setting improvement objectives. Prior to 2012, the Plan consisted of several related documents. For 2013-14, the annual improvement objectives are described in a concise Plan that focuses on individual aspects of the Council's five-year corporate priorities. This approach has helped to sharpen the Council's own focus on the challenging agenda it has set itself. It has also provided a clearer commitment to improved outcomes for the citizens of Flintshire, during 2013-14 and beyond.

60   The Council has improved the layout of the Plan; it is much shorter than before, but communicates clearly and succinctly how each of the improvement objectives relates to the Council's eight medium-term corporate priorities and to those of partners in the Local Service Board. The well-judged use of colour, straightforward language, diagrams and photographs all help to communicate the Council's priorities for the year. Together, these changes make this version of the Plan a more engaging document and increase the Plan's accessibility to a wider readership.

61   Despite this progress, the Plan does not fully comply with Welsh Government guidance. In particular, the Plan lacks clear reference to any consultation on the improvement objectives, or the outcomes from any consultations. However, the Improvement Objectives do echo earlier objectives within the Council's five-year plan, several of which are consistent with the Community Strategy. The Council has previously consulted with a range of stakeholders about many of these objectives.

62   At the time the Auditor General issued his improvement assessment letter, the Council's Plan did not include any information on outcome targets for 2013-14. This made it difficult for readers of the Plan to understand the scale of the Council's ambitions for the year. Halfway through 2013-14, the Council published an Annexe to the plan that provides baseline data, performance outturn data for 2012-13 and targets for 2013-14. The delay in publishing year-end targets made it harder for officers to monitor progress during the first half of the year. The Council acknowledges that target setting should be an integral part of the improvement planning processes and is taking action to streamline its arrangements.

63   The Auditor General's September 2013 Letter raised concerns that some aspects of the Council's improvement arrangements - particularly a lack of clarity over how the Council intended to meet a significant funding gap - remained underdeveloped. These concerns undermined our confidence in the Council's ability to deliver its improvement objectives. Six months later, there are clear signs of the Council taking action to strengthen its improvement

arrangements, including the development of a medium term financial plan that explains how the Council expects to balance its budgets.

64   Nearly a third of the sub-priorities that the Council decided to focus on during 2013-14 relate to becoming a 'modern and efficient council'. Several of these sub-priorities are associated with major and complex projects, some of which were long-standing projects where progress was behind schedule. In the past, we have expressed concern about this lack of progress – concerns that were shared by the Council.

65   During 2013-14, the Council has made steady progress against several of these sub priorities. For example, access to Council services is improving, and work to match resources to priorities has contributed positively to the Council's latest medium-term financial plan. The Council also made significant progress with delivering its 2009-2014 people strategy, which included a range of projects that supported the Council's organisational change agenda. The people strategy included actions to address concerns previously raised by the Auditor General; for example, implementation of the Single Status agreement is now on target and almost complete. During 2014-15, we intend to review the Councils progress against some of the other sub-priorities. We are currently reviewing the Council's approach to asset management and we will continue to monitor implementation of the organisational change programme, which is, arguably, the most radical of its sub-priorities. During autumn 2014, we will also complete a corporate assessment to provide a comprehensive

position statement of the Council's capacity and capability to deliver continuous improvement. The assessment will examine the Council's track record of performance and outcomes as well as evaluating the key arrangements necessary to underpin improvements in services and functions.

66   In common with councils throughout Wales, Flintshire County Council faces significant financial challenges, now and for the foreseeable future. The Council's response has been to develop a detailed organisational redesign and change programme that prioritises the protection of local services, targets efficiency savings and reduces workforce costs.

67   The risks associated with implementing the organisational change programme – such as the need for significant investment, political support and staff engagement – have been managed effectively. The investment required has been agreed, there is strong political support for the programme and staff engagement is underway. The Council has designed its new senior management structure to meet its changing circumstances, to save money and use its senior talent more effectively to modernise the organisation. As a result, the Council anticipates that services will be improved and transformed at a faster pace and that its ability to respond to changes in the external environment will be enhanced.

68   The capacity and capability of the new senior leadership team will be critical to the change process. The changes include the creation of a leaner senior management structure - a single tier of senior officers, instead of the existing two tiers of directors

and heads of service. The new structure contains two corporate roles, five service roles and two transformation roles alongside the position of Chief Executive – a reduction from 18 to 10 senior management posts. The Council recognises that the new operating model is not without risk, but is confident that it can manage those risks effectively. The Council expects the two transformation roles to play a key part in tackling our shared concerns about the slippage of key projects and programmes. The two new Heads of Transformation will provide dedicated capacity to lead and support both service change and internal change.

The Council has developed a more detailed plan to manage its challenging financial position, but success relies on timely and effective implementation and monitoring

69   The Auditor General's September 2013 Letter expressed reservations about the Council's capacity to develop plans that identified, in sufficient detail, the sources of efficiency savings or service cuts needed to achieve a balanced budget for 2014-15 and beyond.

70   Since then, the Council has updated its medium term financial plan. In October 2013, it identified a budget gap of £16.5 million for 2014-15. The budget gap subsequently reduced to £15.5 million, following adjustments announced in the Welsh Government's Local Government Settlement for 2014-15.

71   Proposals for achieving a balanced budget for 2014-15 were approved in February 2014. The Council's budget plans reflect its overarching priority of protecting front-line services as far as practicable, by focusing on further reductions to operating costs and overheads, reducing overall workforce costs (including a senior management restructure) and remodelling some Council functions. The Council's budget strategy is based on generating significant organisational efficiency savings during 2014-15, followed by a broader regime of service reform and prioritisation from 2015-16 onwards.

72   The 2014-15 revenue budget includes a one-off cost of £6.25 million (funded from reserves) to cover up-front investment and transitional funding costs. The budget also assumes efficiency savings of £12 million during 2014-15. The Council acknowledges the scale of this challenge and understands that effective implementation of its major organisational change programmes will significantly influence the outcome. The Chief Executive's report to Cabinet, supporting the budget proposals, stated that '…the efficiency targets are achievable subject to the organisation meeting the deadlines set, and being decisive at each step'. The Council's Chief Financial Officer, also noted, in the same report, that '…effective and disciplined in-year financial management will be key to ensuring that budgets are managed effectively and prompt action taken to mitigate the impacts should variances occur'. Making sure that these critical factors are addressed robustly will be a high priority for, and an early test of, the Council's restructured senior management team.

73   Furthermore, it will be essential that the new senior management team quickly turns its focus to the financial challenges of 2015-16 and beyond, which will require a more fundamental review of the models for future service delivery. As we have highlighted in the past, the lead-in time for such complex changes can be lengthy; there is therefore a risk that anticipated efficiency savings might not be realised as quickly as is necessary.

74   Delivery of the Council's organisational change programme, together with the increasing financial challenges faced by all councils, will inevitably put significant pressure on both officers and members. The Council's ability to identify early signs of slippage and to respond flexibly to problems or opportunities will influence the scale of its success.

75   The Council set a capital budget for 2014-15 to meet core priorities and urgent needs. In doing so, the Council took a prudent view on the level of expected capital receipts in order to reduce the risk of income not materialising and to introduce certainty to this capital funding stream for future years. Work in developing its capital strategy, which will include member consideration and public consultation, is still underway. The Council recognises that this needs to be fully integrated with revenue financial planning.

76   We will continue to monitor the effectiveness of the Council's approach, further development of its medium term financial planning and capital strategy and its implementation of the 2014-15 budget plans.

The Council has strengthened planning, management and evaluation arrangements that were previously underdeveloped, but there is scope to reinforce some of the improvements already made

77   In his letter of September 2013, the Auditor General concluded that, based on, and limited to, work carried out to date by the Wales Audit Office and relevant regulators, he believed that the Council was likely to comply with the requirement to make arrangements to secure continuous improvement during this financial year, although some aspects of these arrangements were underdeveloped. Since September 2013 we have continued to review the Council's progress against recommendations and proposals for improvement arising from our earlier work.

78   The Auditor General's February 2013 Letter listed eight long-standing recommendations and proposals for improvement, which the Council had not fully addressed. We have grouped these into five broad areas for improvement for the purposes of this report. Progress against these areas is discussed below and summarised in Appendix 5:

- **Evaluation:** The Council responded to our concerns about the robustness of its evaluation arrangements by providing a more balanced narrative in its 2012-13 performance report. The Council also increased the use of data to support its evaluation of progress and impact, but its approach is not yet fully developed.

The Council will need to demonstrate that its evaluation arrangements match the improved rigour of its improvement planning arrangements. This improvement proposal remains open.

- **Performance Management:** During 2013, the Council enhanced the way it defines its annual ambitions. However, scope remains for the Council to make wider use of quantitative as well as qualitative success measures that will help councillors and other stakeholders hold it to account for its performance. This improvement proposal remains open.

- **Engagement:** Although the Council has made some progress against this proposal, its arrangements for engaging with stakeholders are not yet robust. The Council has a wide range of systems for consulting and engaging with groups with protected characteristics, but these systems are not always used by services. We identified some missed opportunities for engagement. For example, during a review of public conveniences, the Council did not engage with local disability access groups or the 50+ forum even though both groups had raised concerns about the issue at a national level. This improvement proposal remains open.

- **Business planning:** The Council developed and agreed a detailed business plan for improving customer access. This improvement proposal is now closed. However, the Council should

continue to strengthen its arrangements for evaluating the success of this initiative – particularly the scale of the efficiency savings achieved. The scheduled post-project evaluation for improving customer access should help the Council to understand what it could do differently or better, and increase confidence in its ability to deliver further invest-to-save projects.

- **Financial Planning:** The Council completed the work required to establish the funding gap and identify ways of balancing the budget. This specific recommendation is now closed. However, as with all councils in Wales, Flintshire County Council will continue to face significant financial pressures for the foreseeable future. The assurance provided by robust arrangements for developing and delivering a balanced budget means that this will remain a high-priority for the Council.

The Council is likely to make arrangements to secure continuous improvement for 2014-15

79 Based on the conclusions outlined in the previous sections of this report the Auditor General for Wales believes that Flintshire County Council is likely to meet the requirements of the Measure in making arrangements to secure continuous improvement.

Appendices

Appendix 1
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 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. The Auditor General will summarise his audit and assessment work in a published Annual Improvement Report for each authority (under section 24).

The Auditor General may also in some circumstances carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). 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
Useful information about Flintshire and Flintshire County Council

The Council

The Council spends approximately £318 million per year (2013-14 budget), including specific Welsh Government grants. This equates to about £2,083 per resident. In the same year, the Council also planned to spend £40.9 million on capital items.

The average band D council tax for Flintshire in 2012-13 was £1,184 per year. This has increased by 3.14 per cent, to £1,221 per year for 2013-14. 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:

- 31 Labour

- 10 Independent Alliance

- 8 Conservatives

- 7 Welsh Liberal Democrats

- 7 New Independents

- 6 Independents

- 1 vacant seat, pending a by-election in May 2014

The Leader is Councillor Aaron Shotton

The Council's Chief Executive is Colin Everett. He is supported by: to be confirmed, following April 2014 recruitment for new SLT

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 Isherwood, North Wales Region, Welsh Conservative Party
Aled Roberts, North Wales Region, Welsh Liberal Democrat
Antoinette Sandbach, North Wales Region, Welsh Conservative Party

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 www.flintshire.gov.uk or contact the Council at Flintshire County Council, County Hall, Mold, Flintshire, CH7 6NB. Telephone: 01352 752121

Appendix 3
Annual Audit Letter

Councillor Aaron Shotton – Leader
Colin Everett - Chief Executive
Flintshire County Council
County Hall
Mold
CH7 6NB

Dear Councillor Shotton and Colin

Annual Audit Letter

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and my reporting responsibilities under the Code of Audit Practice.

The Council complied with its responsibilities relating to financial reporting and use of resources but there is further scope to strengthen its financial controls in a number of areas and the Council faces significant financial challenge which needs to be addressed

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 30 September 2013, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial 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 report on the 25 September 2013 and are summarised below:

- There were a number of amendments in relation to the accounting of fixed assets. The Council had treated non-enhancing capital expenditure incorrectly and an adjustment of £13.8 million was required to restate asset values as a result of having to impair assets. In addition, not all assets were recorded in the asset register resulting in inconsistencies with the financial ledger, which could lead to errors in accounting treatment. Further work also needs to be done to understand the functionality of the fixed asset register and embed consistent working practices.

- Despite some improvements, in particular the clearance of long standing 'balancing items' in the accounts, there is further scope to improve the quality of the accounting statements.

- Based on legal advice available to it, the Council did not fully 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 payment 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 2012-2013 audit of accounts.

- In September 2013, the liquidation of AD Waste was finalised. In accounting terms this was an adjusting event after the balance sheet date and between the draft accounts preparation and finalisation, the Council therefore adjusted the final version of the accounts to reflect the post liquidation position. All accounting transactions relating to ADW being brought in-house have been completed and were satisfactory.

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 2013 had been understated by £0.9 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.

The Council updated its medium term financial plan in October 2013. The plan identified a budget gap of £16.5 million for 2014-15 and £47.8 million over the coming five years. Since then, the provisional Local Government Settlement for 2014-15 was announced by Welsh Government. This included a number of adjustments, which had the effect of reducing the budget gap to £15.5 million for 2014-15. The plan sets out the organisational change strategy to meet the efficiency and savings targets over the next five years. The major structural review will consist of: corporate efficiency; functional efficiency; organisational design – structure and operating models; and, organisational design – workforce.

The scale of change facing the Council to deliver the financial savings is considerable although we understand that the Council is well on its way to identifying how the financial gap in 2014-15 is to be met. Nonetheless, there is still significant work required to set a balanced budget for 2014-15 and to meet the financial challenges in 2015-16 and beyond.

The Council is close to finalising its single status agreement, which sees 84.5 per cent of staff set to stay the same or gain on base pay. The proposed agreement also aims to provide a modern and positive solution for low pay. The Council is confident that it strikes the balance of acceptability and affordability and the financial implications have been built into its financial planning.

I issued a certificate confirming that the audit of the accounts has been completed on 30 September 2013.

The financial audit fee for 2012-13 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

John Herniman

For and on behalf of the Appointed Auditor
29 November 2013

Appendix 4
Flintshire County 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 2013-14 in its Improvement Plan 2013-14, which can be found on the Council website at www.flintshire.gov.uk.

The Council restructured the ten priorities in place for 2012-13 into eight thematic priorities, underpinned by areas where the Council expected to make a positive impact during 2013-14. The table below illustrates the restructured priorities.

Improvement Priorities 2012-13	Improvement Priorities 2013-14
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	**Modern and efficient council** • Improving customer services • Protecting local front-line public services through the best use of our resources • Having the right buildings in the right places for the right uses • Making our money go further through smart procurement • Achieving a fair and affordable pay and grading structure • Managing services well to achieve our priorities
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	**Safe communities** • Improving road safety • Keeping people and communities safe

Improvement Priorities 2012-13	Improvement Priorities 2013-14
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	**Poverty** • Protecting people from poverty **Economy and enterprise** • Making local communities viable • Creating jobs and growing the local economy • Supporting and creating new forms of local business
To promote independent, healthy and fulfilled living in the community with the highest quality personalised and supportive social and health care services	**Living well** • Helping more people to live independently and well at home • Improving people's quality of life
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	**Housing** • Helping more people to live independently and well at home • Improving quality of life for our tenants through improved housing • Improving the choice and quality of local housing
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	**Skills and learning** • Improving standards in schools to get the best learner outcomes • Improving places of learning to get the best learner outcomes • Meeting the skills and employment needs of local employers
To protect, plan and develop sustainable natural and built environments	**Environment** • People being able to access employment, local services and facilities • Reducing our carbon impact on the natural environment

The Council's self-assessment of performance

The Council's self-assessment of its performance during 2012-13 is set out in its Annual Performance Report 2012-13. This can be found on the Council's website at www.flintshire.gov.uk.

Appendix 5
Previous recommendations or proposals for improvement made to the Council

Over the course of our work since 2010, we have made recommendations or proposals for improvement. The Council has satisfactorily addressed or made progress against, most of these. The status of earlier recommendations or proposals for improvement, not previously identified as complete, is set out below. We will continue to monitor and report on the progress made by the Council in implementing the remaining improvement proposals or recommendations under our future programme of work.

Corporate assessment update letter 2011	Current Status
P3: Develop an improved corporate approach to engagement with communities and users of services including arrangements to enhance the contribution of elected members.	While the Council has made some progress against this proposal, it remains an area for improvement; the improvement proposal remains open.

Annual Improvement Report 2012	Current Status
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.	The Council completed the work required; this recommendation is now closed. However, councils in Wales will continue to face significant financial pressures for the foreseeable future. The need for robust arrangements to develop and then deliver a balanced budget and to meet cost-saving targets means that this remains a live, high-priority issue.
P1: Complete the work in progress to set clear success measures for all improvement objectives and ensure regular, clear reporting.	The Council improved the clarity of some success measures within its 2013-14 Improvement Plan. It also improved the clarity of its progress reporting against that Plan. However, scope remains to expand the Council's use of quantitative as well as qualitative success measures, to support a more objective evaluation and reporting of progress and success. This improvement proposal remains open.
P2: Develop and agree a detailed business plan for improving customer access showing how success measures will be achieved and offer value for money.	The Council did develop and agree a detailed business plan for improving customer access. This improvement proposal is now closed. Nevertheless, the Council should ensure that its arrangements for demonstrating the efficiency gains arising from its investment in improving customer access are robust.

Letter 2: February 2013	Current Status
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.	The Council responded to this improvement proposal within its 2013-14 Improvement Plan. The Plan contained a restructured set of Improvement Priorities that more clearly defined the intended impact for the year, within a more reader-friendly format. However, scope remains for the Council to make wider use of quantitative success measures that would help the public to hold the Council to account for its performance. The improvement proposal remains open.
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.	The Council did not need to revise its 2013-14 Improvement Plan during the year (but did not publish its success measures until mid-year). This improvement proposal is now closed. However, the Council should ensure that any changes to subsequent Improvement Plans are clear and well documented.
P3: Increase the use of relevant data to support the Council's evaluation of outcomes in relation to its Improvement Objectives	The Council has increased the use of data to support its evaluation of outcomes. However, there is still significant scope to enhance the Council's approach to evaluation, by including the use of freely available data. This improvement proposal remains open.
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.	The Council's 2012-13 Annual Performance Report provides a more balanced narrative; the Report evaluates what went well and what went less well, for every sub-priority. This improvement proposal is now closed.

Page 81

Wales Audit Office Annual Improvement Report

May 2014

Executive Response

The Wales Audit Office's Annual Improvement Report is, overall, a fair and positive summary of the position of the Council. The report is a welcome endorsement of a full year of improved improvement reporting following the introduction of this year's Improvement Plan.

There are no new statutory recommendations or proposals for improvement.

In our response we set out how we will make improvements to ensure full compliance with the spirit and detail of the national guidance.

Listed below are the principal topics within the letter along with our response.

Issue	Response
In summary the report:	
Performance Evaluation "The Council has strengthened its approach to performance evaluation, underpinned by better improvement planning arrangements, but the changes are not yet fully embedded"	This was a transitional year in which the measures and targets the Council set were not published alongside the Improvement Plan for 2012/13 but were reported alongside progress in the mid year report. The Improvement Plan for 2014/15 is now fully aligned and accompanied by the more detailed 'Measures of Success' document which will continue to be monitored and reported against each quarter as a practice.
Improvement Plan – compliance with Welsh Government guidance "The Council has strengthened its approach to improvement planning but further action is needed to fully comply with Welsh Government guidance" (in respect of consultation)	This is a specific comment on limited reference in the Improvement Plan 2013/14 to consultation undertaken. The priorities set for the Improvement Plan were, from the outset, based on a wide range of previous consultations in service areas with both partners and representative groups (e.g. community safety, anti-poverty, education, economic development) and, in some cases, service users directly (e.g. housing). There has been no one intensive consultation exercise on the Plan itself, by local choice, given this background. A local decision has been made by elected members to use their representative role to test the relevance of the priorities of Plan against local public opinion as explained in the Plan. The Council remains open to feedback on the plan and amending it following new service based consultations at any time. This explanation is given in the Improvement Plan for the clarity of the reader.
Response to change – financial planning "The Council has developed a more detailed plan to manage its	The Council's Medium Term Financial Strategy and Plan is under constant review and improvement. Under the newly adopted Corporate Operating Model the new Chief Officer Team will have a strengthened

challenging financial position, but success relies on timely and effective implementation and monitoring"	collective role on priority led budget planning to meet the corporate sub-priorities in the new version of the Improvement Plan. Strengthening of the roles, systems and organisational disciplines which underpin robust planning, implementation and tracking of financial planning and efficiency planning is advancing and continues to be work in progress.
Schools maintenance backlog "The Council does not have a good track record of maintaining its school buildings; by the end of 2012-13, there was still a significant backlog of repairs and maintenance. However, the Council has secured Welsh Government support to enable it to invest £64 million in schools in the Deeside and Holywell areas. This funding will make the schools concerned fit-for-purpose and help to reduce the maintenance backlogs. The Council recently announced that the schools maintenance backlog has reduced from £35 million to £23.6 million since 2010."	The £35m figure relates to 2009-2010 and includes cyclical maintenance (i.e. items that are repeated every 5 years - electrical testing and repainting). From 2011/12 onwards the backlog calculated for this has excluded the cyclical maintenance items. This is the figure quoted for 2012/13 of £23.6m in the AIR report. This figure has subsequently increased to £25.8m for 2013/14 following resurvey of 75% of primary schools.
Out of County places "The Council spends more per pupil than any other council in Wales, on placing pupils with additional learning needs in schools outside Flintshire. For 2013-14, the Council set a budget of almost £3.5 million for this item, representing £152 for each pupil in the County compared with an average across Wales of just £35 per pupil. It is very likely that there will always be a few young people living in Flintshire whose educational needs are so complex that they cannot be met by schools within the County. However, Flintshire's expenditure on school places outside the county has been very high for several years and further reduces what is already a low level of expenditure on pupils in Flintshire schools."	This needs to take into account Flintshire's geography and historic inheritance of provision from Clwyd i.e. we would not recreate specialist provision when it is provided just across the border in Denbighshire (i.e. Ysgol Plas Brondyfryn). The location of the provision means that Flintshire is an unusually high contributor to inter-authority recoupment, whilst Denbighshire is a high beneficiary through the same mechanism. The creation of a duplicate Autistic spectrum residential facility in the county would have a significant unnecessary capital cost for the Council, whilst Denbighshire would face a significant unnecessary revenue reduction if Flintshire withdrew from the present joint provision. The overall cost to the public purse of a duplicate facility would then be both the capital outlay plus an increased subsidy from Denbighshire County Council to continue the currently shared facility. Inter authority collaboration and the wider issues in public sector funding need to be taken into account. The small number of pupils that need other more specialist provision have their provision efficiently procured following the innovative value for money project undertaken with Commercial and Clinical Solutions - so much so that our approach has been adopted regionally in the hub commissioning model.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: AUDIT COMMITTEE

DATE: WEDNESDAY 25 JUNE 2014

REPORT BY: CHIEF EXECUTIVE

SUBJECT: WAO PERFORMANCE AUDIT REGULATORY
                  PROGRAMME 2014-15

1.00   PURPOSE OF REPORT

1.01   To note the proposed Regulatory Programme for Performance Audit
        for the Wales Audit Office (WAO) for the period 2014-15.

1.02   To note the reduction in fees for the performance and financial audit
        work programme.

2.00   BACKGROUND

2.01   The Auditor General for Wales is responsible for preparing a
        programme of work under the Local Government (Wales) Measure
        2009 (the Measure), the Local Government Act 1999 and the Public
        Audit (Wales) Act 2013.

2.02   The letter from the WAO also identifies the fees for the performance
        audit work and financial audit work for 2014-15.

3.00   CONSIDERATIONS

3.01   The programme of performance audit and assessment work is divided
        into two parts: i) WAO performance audit work 2014-15; and ii) Local
        Government studies.

3.02   The full programme is attached as the Wales Audit Office's letter at
        Appendix 1.

3.04   The main piece of work to be carried out in 2014-15 is the Corporate
        Assessment; a review of the Council's capacity and capability to
        deliver continuous improvement. This is to be undertaken as part of a
        four year rolling programme of assessments at all Welsh Councils. In
        North Wales, Conwy CBC was assessed as part of the first year of the
        programme in 2013-14; and during the second year of the
        programme, Ynys Mon is also being assessed.

        The outcome of the Corporate Assessment will be a report that states
        whether the Auditor General believes that the Council is likely to

comply with the requirements of the Measure.

3.04   The total fees for both the performance audit work and financial audit work have reduced from last year as shown in the table below, with the significant reduction in the performance audit work.

Fee April 2014 to March 2015	£	Previous year's fee
Fee for performance audit work	£104,058	£137,587
Fee for financial audit work	£ 216,366	£ 215,967
Total fee	£ 320,394	£ 353,554

The explanation for the decrease in total fees is set out in the Auditor General's letter (Appendix 2), although an element of reduced risk in performance work has also contributed to the reduction.

3.05   Separate programmes are published by the WAO for the auditing of the financial accounts and the pension fund. These are presented and considered by the Audit Committee.

4.00   RECOMMENDATIONS

4.01   To note the proposed Regulatory Programme for Performance Audit for the Wales Audit Office (WAO) for the period 2014-15.

4.02   To note the reduction in fees for the performance and financial audit work programme.

5.00   FINANCIAL IMPLICATIONS

5.01   This report details the regulatory fee allocation for 2014-15 for both the performance and financial audit and assessment work.

6.00   ANTI POVERTY IMPACT

6.01   There are no relevant anti poverty implications detailed in this report.

7.00   ENVIRONMENTAL IMPACT

7.01   There are no relevant environmental implications detailed in this report.

8.00   EQUALITIES IMPACT

8.01   There are no relevant equality implications detailed in this report.

9.00   PERSONNEL IMPLICATIONS

9.01   There are no relevant personnel implications detailed in this report.

10.00   CONSULTATION REQUIRED

10.01   No further consultation required.

11.00   CONSULTATION UNDERTAKEN

11.01   The Auditor General consulted local authorities on the programme of proposed Local Government Studies.

This report has been considered by Cabinet and Corporate Resources Overview and Scrutiny Committee.

12.00   APPENDICES

12.01   Appendix 1: Letter from the Wales Audit Office: 2014-15 Performance Audit Work and Fees (13.05.14)
Appendix 2: Letter from the Auditor General for Wales: Wales Audit Office Fees: Local Government (13.05.14)

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

None

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Colin Everett
Chief Executive
Flintshire County Council
County Hall
Mold
Flintshire
CH7 6NB

Date	13 May 2014
Pages	1 of 3

Dear Colin

2014-15 Performance Audit Work and Fees

I am writing to confirm the programme of performance audit work at Flintshire County Council for 2014-15 and the associated fee for that work. This work is delivered under the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999 and the Public Audit (Wales) Act 2013.

As you are aware we will be carrying out a Corporate Assessment at Flintshire Council this year as part of a four-year rolling programme of assessments at all Welsh councils. The Corporate Assessment will provide a position statement of the Council's capacity and capability to deliver continuous improvement. It will, by its nature, examine track record of performance and outcomes as well as examining the key arrangements that are necessary to underpin improvements in services and functions. We will publish a Corporate Assessment report that states whether the Auditor General believes that the Council is likely to comply with the requirements of the Measure. Carrying out the Corporate Assessment will not require any additional fee from the Council as it will be funded by Welsh Government grant to the Wales Audit Office.

In addition to the Auditor General's audit and assessment work under the Measure, we will undertake a programme of Local Government Studies as set out in the Auditor General's letter of 28 April 2014. These and the specific elements of our audit and assessment work are set out in the table below. Please note that each year's work programme and performance audit fee covers one cycle of Improvement Assessment work. However, as this work does not fit neatly within a period starting on 1 April and ending on 31 March, the delivery of the annual work programme may overlap financial years.

WAO performance audit work 2014-15	
Improvement assessment work	
Corporate Assessment	Review of the Council's capacity and capability to deliver continuous improvement
'Improvement Plan' Audit	Audit of discharge of duty to publish an improvement plan.
'Assessment of Performance' Audit	Audit of discharge of duty to publish an assessment of performance.
Financial Management	Financial position work focussing on financial health, the effectiveness of budget setting arrangements, financial governance systems and progress/track record in delivering on required savings.
Governance	Local scope to be confirmed
Performance Management	Local scope to be confirmed
Local Government Studies	
Joined up working to address Health and Social Care demand – Independence of Older People.	This study will focus on supporting older people to maintain their independence outside of the health and care system by assessing how effective ancillary services are at supporting them to live independently.
Delivering with less – Leisure Services	This study will track the levels of investment in leisure services over the last few years using the methodology developed for the 2013-14 delivering with less study on environmental health services.

Financial position summary	This study will summarise local work on councils' financial position and give an all-Wales picture of financial resilience.
Local work	The focus and scope of local work will be agreed following further discussion with the Authority and based on an assessment of issues relevant to the Authority's programme of improvement

The table below sets out our fees for performance audit work and includes the fee for financial audit work for completeness. The indicative total fee for April 2014 to March 2015 is £320,394 and will be charged in equal instalments between April 2014 and March 2015. If during the course of the audit and assessment any additional work is identified as being necessary, this may incur additional fees. Similarly should an issue arise of such importance that we consider a special inspection to be an appropriate response, we will charge an additional fee to conduct such an inspection.

Fee April 2014 to March 2015	£
Fee for performance audit work	£104,058
Fee for financial audit work	£216,336
Total Fee	**£320,394**

In addition to the programme of work set out above the Wales Audit Office may be undertaking work at local government bodies in the course of our programme of value for money studies laid before the National Assembly for consideration by its Public Accounts Committee. As many of these studies cut across the boundaries between different parts of the Welsh public sector, they will often be relevant to our work in local government. This work is funded separately by the Welsh Government consolidated fund and therefore does not incur a fee.

The Auditor General also has a duty under the Measure in relation to the coordination of the regulatory functions of the Wales Audit Office and relevant regulators, those being the Appointed Auditor; the Care and Social Services Inspectorate Wales (CSSIW); Estyn; and the Welsh Language Commissioner. The range of performance audit work that the Wales

Audit Office and relevant regulators will carry out will be set out in more detail in a Work Plan and Timetable (WP&T) which will be reviewed every quarter.

We will publish an Annual Improvement Report for Flintshire Council summarising our work and that of relevant regulators, and will issue reports (and/or letters) setting out the findings of audit and assessment work. As required by the Measure, these will be copied to Welsh Ministers. We will also provide local feedback on our Studies. As some of our studies are only carried at a selection of authorities, you may not receive a local report: instead we will publish a national report, the recommendations of which will apply to all local authorities. Where appropriate, both our improvement studies and national work may result in shared learning seminars or other outputs.

Should you wish to discuss any element of this work please do not hesitate to contact me or Huw Lloyd Jones (huw.lloydjones@wao.gov.uk) or Paul Goodlad (paul.goodlad@wao.gov.uk).

Yours sincerely

Jane Holownia

WAO Group Director

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Mr Colin Everett
Chief Executive
Flintshire County Council
County Hall
Mold
Flintshire
CH7 6NB

Reference	JH15/AH
Date	13 May 2014
Pages	1 of 2

Dear Colin

Wales Audit Office Fees: Local Government

You will be aware that the Wales Audit Office (WAO) is currently setting fees for audit work at your authority. Under the Public Audit (Wales) Act 2013 (the 2013 Act) responsibility for setting audit fees transferred from the Auditor General for Wales to the WAO from 1 April this year.

That is why the process has been lengthier than usual this year. While the WAO Board has formally agreed the fee scales and fee schemes that underpin your fees, they remain indicative until the National Assembly's Finance Committee approves the WAO Scheme. The Scheme is due for consideration on 8 May and we hope to be able to formally confirm your fee shortly afterwards. We hope the hiatus has not caused undue delay to your processes and, of course, in future years we will be returning to the normal timetable.

A number of factors are affecting audit costs and fees this year:

- The 2013 Act has required us to revise our cost allocation methodology. Broadly, the impact of this exercise has been to increase the cost of financial audit work and reduce the cost of performance work. For unitary authorities, where we undertake both functions, the overall change has generally been cost neutral. For pension funds, we do not undertake performance audit work, and there has been an increase in the overall cost of work. However, the impact of this will be mitigated by the rebate set out below.

- Under the Act we are no longer able to generate reserves and we have decided to distribute the reserves we generated to 31 March 2014 in respect of our local government audit activity. Your authority will therefore receive a rebate of around 15 per cent of your previous year's audit fee, once our accounts have been audited.

- The Act has also changed the funding arrangements for Wales Audit Office studies that relate to our work in local government. This work will now be funded separately by the Welsh Consolidated Fund and therefore will no longer incur a fee.

- An HMRC VAT ruling means that the WAO cannot charge VAT on Local Government or NHS work and as our fee must cover our costs, we have had to introduce a

corresponding increase in fees for all audited public bodies of an average of 3.8 per cent.

Please be assured that I am supported by the full Board in my determination to keep the WAO's cost base under review to ensure that it continues to offer value for money. Between 2009-10 and 2012-13 we have reduced our annual expenditure by £4.6 million (18 per cent in cash terms).

To present your fees in the context of our audit work at your authority we attach to this letter:
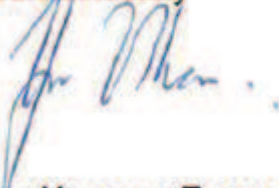
- a 2014-15 Programme of Performance Audit Work and Fees, which should be read in the context of my letter to you dated 28 April outlining the outcome of my consultation on 2014-15 Performance Audit Work; and
- revised 2014 Financial Audit Outlines for the Council and for the Clwyd Pension Fund.

The impact of the above changes on the Council's audit fees has been a decrease of 5.4 per cent from £394,565 to £373,077. A detailed breakdown is provided in Exhibit 6 of the revised 2014 Financial Outline for the Council. As previously mentioned, during 2014-15 you will also be receiving a refund equivalent to around 15 per cent of your previous year's audit fees. In addition, we are in the process of aligning our planning cycles which will result in a further one-off refund, details of which will be confirmed shortly.

May I take this opportunity to thank those of you who responded to the specific consultation on fees and my work programme earlier this year.

We will shortly be seeking your views on the Wales Audit Office, its performance and the framework under which we must recover costs, in our biennial survey. In the meantime, if you have any concerns about the changes outlined in this letter please do not hesitate to contact John Herniman, or any member of our senior team.

Yours sincerely

HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES AND
CHIEF EXECUTIVE, WALES AUDIT OFFICE

WAO Fees/HVT/May 2014/mjb/fgb

FLINTSHIRE COUNTY COUNCIL

REPORT TO: AUDIT COMMITTEE

DATE: WEDNESDAY, 25 JUNE 2014

REPORT BY: CHIEF EXECUTIVE

SUBJECT: RISK MANAGEMENT UPDATE

1.00   PURPOSE OF REPORT

1.01   To provide members with an update on the improved risk management approach as part of streamlining and integrating the business planning arrangements.

1.02   To provide an overview of the key risks of the Improvement priorities of the Council.

2.00   BACKGROUND

2.01   Audit Committee received a report in January 2014 which outlined the changes in risk management approaches following the adoption of the Council's Improvement Plan.

2.02   The Council adopted the Improvement Plan for 2013/14 on 25 June 2013. The adoption of the plan and its priorities provided the Council with the opportunity to realign the strategic risks to these priorities and sub priorities.

2.03   A change in strategic planning which provided the opportunity to align business processes. In particular, the alignment of two separate documents: i) the Improvement Plan and ii) the Strategic Assessment of Risks and Challenges (SARC), which although there was some symmetry, it was not transparent.

2.04   The January report also referred to the method by which strategic risk was being captured i.e. as industry good practice which had historically been used for our operational risks.

3.00   CONSIDERATIONS

3.01   Improvement Plan strategic risks
       Overview and Scrutiny committees have received quarterly progress reports against the Improvement Plan for 2013/14. These have included a template for each risk capturing:

       • the nature of each risk

- the gross, net and target RAG status for each risk
- current actions already in place to mitigate the risk
- further activity to mitigate the risk
- risk trend

Members suggested at the January meeting that a target date be added to the target RAG risk status; this will be incorporated within the first quarterly reporting of the Improvement Plan 2014/15.

Members will note that trend arrows are shown which indicate if a risk is increasing (↑) or decreasing (↓) or stays the same / stable (↔). It should be noted that although the RAG status may stay the same e.g. amber, that the trend may still increase or decrease within that status.

3.03 A summary of all of the risks captured in the Improvement Plan is attached at Appendix 1. An analysis of the current 'net' status of the 86 risks associated with our eight Improvement priorities shows the positive shift from the first assessment undertaken in September 2013 to the end of year position:

Net risk status	Q2 (Sep '13)	Q4* (Mar '14)
Red	17	4
Amber	43	42
Green	26	40

In addition the following table provides an analysis of how our risk trends have changed between December and March.

Trend positions	Q3 (Dec '13)	Q4* (Mar '14)
Increase	3	10
Decrease	33	27
Stable	50	49

3.03.1 Details of all risks are provided in the end of year Improvement Plan monitoring reports presented to the Overview and Scrutiny Committees.

3.04 Informal feedback from the recent annual Internal Audit assessment on risk management has concluded that for strategic risks implementation of the new approach is consistent and well adhered to. Further improvement in embedding the approach is required for operational risks, project and partnership risks.

4.00 <u>RECOMMENDATIONS</u>

4.01 Audit Committee endorse the improved risk management approach as part of streamlining and integrating the business planning arrangements and are assured that the process for risk management is robust.

4.02   Audit Committee note the summary of strategic risks as related to the Improvement priorities of the Council.

5.00   FINANCIAL IMPLICATIONS

5.01   None directly arising from this report; although some specific risks may have financial implications.

6.00   ANTI POVERTY IMPACT

6.01   None directly arising from this report; although some specific risks may have poverty implications.

7.00   ENVIRONMENTAL IMPACT

7.01   None directly arising from this report; although some specific risks may have environmental implications.

8.00   EQUALITIES IMPACT

8.01   None directly arising from this report; although some specific risks may have equalities implications.

9.00   PERSONNEL IMPLICATIONS

9.01   None directly arising from this report; although some specific risks may have personnel implications.

10.00   CONSULTATION REQUIRED

10.01   Overview and Scrutiny Committees will be considering the risks and their mitigations as part of the quarterly monitoring of the Improvement Plan.

11.00   CONSULTATION UNDERTAKEN

11.01   Improvement Priority leads and CMT have considered the risks in relation to the improvement Plan.

12.00   APPENDICES

12.01   **Appendix 1:** Summary of Improvement Plan risks 2013/14

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985

BACKGROUND DOCUMENTS –
    i)   Improvement Plan 2013/14

ii)   Monitoring reports of Improvement Plan as presented to Overview and Scrutiny Committees – June / July 2014

Contact Officers: Karen Armstrong, Policy and Performance Manager

Telephone: 01352 702740

Email: Karen.armstrong@flintshire.gov.uk

IP	Risk	Sept 2013		Dec / Jan 2014		Mar / Apr 2014		Target Score
		Net Score & Trend						

IP	Risk	Sept 2013	(trend)	Dec/Jan 2014	(trend)	Mar/Apr 2014	(trend)	Target Score
Housing	**Extra Care Housing**							
	How we can fund the building of new schemes with local partners and using local assets without national capital grant	R	N/A	A	↓	A	↔	G
	How we can switch revenue resources from more traditional to new housing and care services	R	N/A	A	↓	A	↔	G
	Keeping up with demand for alternative housing models from an ageing population	R	N/A	A	↓	A	↔	G
	Keeping up with specialist demand such as meeting the specific needs of those with dementia	R	N/A	A	↓	A	↔	G
	Modern, Efficient and Adapted Homes							
	Ensuring that we prevent delays in planning approvals for affordable housing developments	G	N/A	G	↔	G	↔	G
	Ensure the availability of private finance for development of affordable homes	R	N/A	G	↓	G	↓	G
	Encouraging developers to build a range of affordable housing in the current economic climate	R	N/A	R	↔	A	↓	G
	Maximising our joint resources with our partners	R	N/A	R	↔	R	↔	A
	Achieve the Welsh Housing Quality Standard							
	Outcomes of Stock Condition Survey	G	N/A	G	↔	G	↔	G
	Securing additional funding such as ECO finance	G	N/A	G	↔	G	↔	G
	Realising efficiencies and income generation targets identified in the business plan	G	N/A	G	↔	G	↔	G
	Ensuring Contractors perform effectively	G	N/A	G	↓	G	↔	G
	Meeting customer expectations	G	N/A	G	↓	G	↔	G
	Ensuring that the Council finds the resources required to meet the Welsh Housing Quality Standard by 2020	G	N/A	G	↓	G	↔	G
	Ability to address the impact and change in demand due to Welfare Reform	G	N/A	G	↓	G	↔	G
Living Well	**Independent Living**							
	Ensuring we have enough capital for disabled facilities grants	A	N/A	A	↓	A	↔	G
	Keeping up with specialist demand such as the specific residential needs of those with dementia	A	N/A	G	↓	A	↑	G
	How we encourage service users and carers to embrace greater independence	A	N/A	G	↓	G	↓	G
	Integrated Community Social and Health Services							
	Ensuring effective joint working with BCUHB to achieve common goals, in order to ensure that people can safely remain at home and be medically and socially supported	A	N/A	A	↔	A	↓	A
	The new model does not result in unexpected increased costs to the Council	A	N/A	A	↔	A	↓	G
	Public support for the changes to the services	A	N/A	A	↔	A	↓	G

IP	Risk	Net Score & Trend						Target Score
		Sept 2013		Dec / Jan 2014		Mar / Apr 2014		
Economy & Enterprise	**Business Sector Growth in Deeside**							
	Work with local employers and learning providers to meet their needs in recruiting skilled people ready for work	A	N/A	A	↔	A	↔	G
	How we can work with WG to ensure the infrastructure arrangements support the development of the DIP and DEZ	A	N/A	A	↔	A	↔	G
	Town and Rural Regeneration							
	Maximising funding opportunities through external programmes to invest in our urban and rural areas	G	N/A	G	↔	R	↑	G
	Ensuring sufficient project management capacity to successfully complete the programmes	G	N/A	A	↑	A	↑	A
	Social Enterprise							
	How we maintain the necessary capacity and investment to support the development of Social Enterprises	G	N/A	G	↔	G	↔	G
	Building the skills in the community to develop a social enterprise	A	N/A	A	↔	A	↔	A
	Local Social Enterprises need to compete effectively in the market	A	N/A	A	↔	A	↓	A
Skills & Learning	**Modernised and High Performing Education**							
	Ensuring that we wisely invest our resources to achieve the aspirations of our plans	A	N/A	A	↔	A	↔	G
	Ensuring that schools receive the support they need from the Council and those organisations commissioned to provide support services	A	N/A	A	↑	A	↑	A
	Ensuring that schools work together effectively to share and develop best practice	A	N/A	A	↔	A	↔	G
	Places of Modernised Learning							
	Changing demographics and impact on supply of school places	A	N/A	A	↔	A	↓	A
	Community attachment to current patterns of school provision	R	N/A	R	↔	R	↑	A
	Limited funding to address backlog of known repairs and maintenance works in educational assets	R	N/A	R	↔	A	↓	A
	Programme delivery capacity	R	N/A	R	↔	A	↓	A
	Approval of business cases to draw down 21st Century Schools Grant	R	N/A	R	↔	G	↓	G
	Apprenticeships and Training							
	Ensuring that employer places match current and future aspirations and needs	G	N/A	G	↔	G	↔	G
	Ensuring capacity to support paid work placements and other programmes	G	N/A	G	↔	G	↔	G
	Strengthening the links between schools, colleges and employers	G	N/A	G	↔	G	↔	G
	Ensuring that education providers participate fully	G	N/A	G	↔	G	↔	G

IP	Risk	Net Score & Trend						Target Score
		Sept 2013		Dec / Jan 2014		Mar / Apr 2014		
	Community Safety							
Safe Communities	How we can improve the public's perception of safety in the community	A	N/A	G	↓	A	↑	G
	Ensuring that new Community Safety Partnership arrangements work effectively	A	N/A	A	↔	A	↓	G
	How we can fund the provision of CCTV with local partners	A	N/A	A	↔	A	↔	G
	Traffic and Road Management							
	Gaining successful civil parking enforcement powers from Welsh Government	A	N/A	G	↓	G	↔	G
	Gaining public and local support for our road safety schemes	A	N/A	A	↓	A	↑	G
	Making best use of our resources to meet our priorities for road safety	A	N/A	A	↓	A	↑	G
Poverty	**Welfare Reform**							
	Meeting the growing costs of homeless prevention	R	N/A	A	↓	A	↔	A
	Rent arrears rising if tenants are unable to afford to pay their rent	R	N/A	A	↓	A	↔	A
	The Welfare Rights and Money Advise Service being able to meet demand	R	N/A	A	↓	A	↔	A
	Local neighbourhood services may suffer as residents have less income to spend	R	N/A	A	↓	A	↔	A
	Fuel Poverty							
	We could be unsuccessful in establishing an ECO partnership	G	N/A	G	↓	G	↔	G
	Residents may not take up the energy efficiency measures available as we hope	G	N/A	G	↓	G	↔	G
	Available funding might fall short of public demand	G	N/A	G	↓	G	↔	G
Environment	**Transport Infrastructure and Services**							
	Ensuring that the County's infrastructure is adequate to support economic growth	A	N/A	A	↓	G	↓	G
	Securing funding to ensure our highways infrastructure is safe and capable of economic growth	A	N/A	A	↓	G	↓	G
	Ensuring sustainable transport options remain attractive to users	A	N/A	A	↔	G	↓	G
	Carbon Control and Reduction							
	Ensuring that recycling and energy efficiency programmes are supported by the public and employees	A	N/A	A	↓	G	↓	G
	Securing sufficient funding for renewable energy schemes	A	N/A	G	↓	A	↑	A
	Ensuring that buildings are used effectively to match our priorities	A	N/A	A	↔	G	↓	G

IP	Risk	Net Score & Trend						Target Score
		Sept 2013		Dec / Jan 2014		Mar / Apr 2014		
Modern & Efficient Council	**Organisational Change**							
	Gaining political agreement to the future operating model	A	N/A	A	↔	G	↓	G
	Gaining workforce and Trade Union agreement and acceptance of the organisational changes	A	N/A	A	↔	A	↔	A
	Keeping up workforce motivation and morale to prevent resistance to organisational change and minimise service disruption such as industrial action	A	N/A	A	↔	A	↔	G
	Ensuring organisational capability to make the changes happen and sustain the model	A	N/A	A	↔	A	↔	A
	How we can fund the necessary investment costs to create change	A	N/A	A	↔	A	↔	A
	Matching Resources to Priorities							
	Securing Council agreement to the priorities	A	N/A	A	↔	A	↔	G
	Ensuring sufficient capital & revenue resources to meet ambition of our priorities	G	N/A	G	↔	G	↔	A
	Funding the delivery of our priorities if the national financial position worsens	G	N/A	G	↔	G	↔	A
	Gaining political agreement to a business approach for fees and charges which may have public opposition	R	N/A	R	↔	R	↔	A
	Achieving Efficiency Targets							
	Delivery of priorities if the national financial position worsens	G	N/A	G	↔	G	↔	R
	Gaining Political Agreement of the Financial Plan	A	N/A	A	↔	A	↔	A
	Ensuring the organisation responds positively to the financial plan and has the capability and capacity to make it happen	A	N/A	A	↔	A	↔	A
	Procurement Strategy							
	Ensure the internal adoption of improved procurement practice and process	G	N/A	G	↓	G	↔	G
	Keep up the pace of collaboration to maximise procurement efficiencies through the use of the National Procurement Service and regional procurement frameworks	A	N/A	A	↓	A	↑	A
	Delays in agreeing and implementing new joint arrangements	A	N/A	A	↔	G	↓	G
	Having the creativity to apply community benefit clauses within contracts	A	N/A	A	↔	A	↓	G
	Asset Strategy							
	Gaining public acceptance to the rationalisation of assets	A	N/A	A	↔	G	↓	G
	How we can invest and ensure we have the capacity to implement the strategy	G	N/A	A	↓	G	↓	G
	Gaining workforce agreement and acceptance of agile working practices	G	N/A	A	↑	G	↓	G

IP	Risk	Net Score & Trend						Target Score
		Sept 2013		Dec / Jan 2014		Mar / Apr 2014		
	Access to Council Services							
	How we can ensure the investment to further improve access to our services	G	N/A	G	↔	G	↔	G
	How the Council adjusts its processes and practices to support Flintshire Connects and the increased use of self-service	R	N/A	A	↓	A	↔	G
	Ensuring a positive public response to the changing ways our services can be accessed	A	N/A	G	↓	G	↔	G
	Ensuring our customers can access our digital services	G	N/A	G	↓	G	↔	G
	Single Status							
	An Agreement being reached within agreed timescales and how the Single Status Agreement and modernised terms and conditions are paid for in the long term with reduced financial resources	A	N/A	A	↔	G	↓	G
	Gain agreement of the council as the employer, the workforce and the Trade Union to the Single Status agreement and modernised terms and conditions of employment	A	N/A	A	↔	G	↓	G
	Ballot agreement by the workforce and the Trade Union t the Single Status agreement and modernised terms and conditions of employment	A	N/A	A	↔	G	↓	G
	Negotiating an affordable settlement rate for issued claims and meeting all settlement costs within defined funding range	A	N/A	A	↔	A	↓	G

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: AUDIT COMMITTEE

DATE: WEDNESDAY, 25 JUNE 2014

REPORT BY: INTERNAL AUDIT MANAGER

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   Internal Audit gives a progress report to the Audit Committee every quarter as part of the normal reporting process. The report is divided into several parts as listed below.

2.02   The status of all projects in the 2013/14 plan as at 31st May is shown in Appendix A. The appendix shows the actual number of days spent on each project.

2.03   The details of all audits added to the plan or deferred from it during the year are given in Appendix B. No further deferrals have taken place since the last meeting.

2.04   The operational plan for 2014/15 is shown in Appendix C.

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

2.06   Appendix E gives a summary of all recommendations tracked since the last committee. For recommendations not completed by the due date it also gives the view of the relevant Director, Head of Corporate Services or Chief Officer on the acceptability of the reason for the delay and on the management of the risk that has arisen because of the delay.

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

2.08   An overview of current investigations is given in Appendix G.

3.00   <u>**CONSIDERATIONS**</u>

3.01   **Audit Plan and Resources**

Issues with resources were reported to the meeting in December and March, with the need to review and adjust the 2013/14 plan to match resources. Reductions were made in the number of days allocated to some reviews, while others were deferred. This was done in such a way as to minimise the additional risk incurred and as reported in the Annual Report in May, there was sufficient work done to enable the annual audit opinion to be reached. Recruitment has taken place to replace the member of the team who left in March. The new person starts in July.

3.02   The effect of the shortfall was that the completion of the audit plan was delayed. Appendix A shows progress against the plan. The revised total of 1200 audit days was achieved. A few audits are still coming to a close and will be completed as part of the 2014/15 plan.

3.03   A list of the audits added to or removed from the plan during the year is given in Appendix B. All of those that were removed during December were considered for the 2014/15 plan in the planning process.

3.04   The operational plan for 2014/15 is shown in Appendix C. Work has just commenced on the plan, which has been impacted by the need to recruit. The plan has been re-ordered to correspond to the new management structure. Now that structure is in place each of the Chief Officers will be contacted to confirm that the plan for their area is still valid. An updated plan will be brought to the committee in September.

3.05   **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix D, nine in total. Details for the reports on Performance Indicators, Pensions Administration and Town Centre Partnerships are given.

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

3.07   **Recommendation Implementation**

Appendix E shows the responses that have been received when tracking recommendations. Replies have been received for all reports.
Most of the recommendations that were due to be implemented at this time have been completed. The non-implemented recommendations will be tracked again at their new due date.

The more rigorous approach to tracking the recommendations by Internal Audit has continued. For those that have not been implemented on time the relevant Director or Corporate Head of Service (now Chief Officer) is required to confirm that the reason and the new date are both acceptable to them and to report on how the risk is being managed before the recommendation is implemented. This ensures that they are aware of non-implementation and that they are able to take responsibility for the risk. The views of the Directors, Corporate Heads or Chief Officers are also shown in Appendix E. As requested previously, the initial implementation dates and the new implementation dates are shown, and there is a column to show the view of Internal Audit.

3.08   **Performance Indicators**

Appendix F shows the range of performance indicators for the department. During the third quarter the revised ways of working for the department were introduced, as described to previous meetings. The target length of time to issue and respond to reports therefore changed during the quarter. Where applicable both targets are shown. All targets were achieved with the exception of the return of client questionnaires. Reminders will be sent in the coming quarters.

3.09   **Investigations**

Appendix G shows the status of current investigations into alleged fraud or irregularities. As requested at the last meeting, the table now shows the start date of the investigations.

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 2013/14
         B   Changes to the Operational Plan 2013/14
         C   Operational Plan 2014/15
         D   Reports Issued
         E   Recommendation Implementation
         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

Operational Plan 2013/14

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
CORPORATE					
Risk	Risk Management	10	10	8	DRAFT
Risk	NWRWTP	20	5	10	FINAL
Risk	Theatre Clwyd	10	10	15	FINAL
Reg	Performance Indicators	5	5	14	FINAL
Other	Lean Team	5	5	1	WIP
Other	Taith	10	5	4	FINAL
Advisory	Flintshire Futures	10	10	1	WIP
Advisory	Corporate Governance	10	5	5	FINAL
Advisory	Collaborations	10	0	0	
Advisory	Local Partnerships	10	0	3	
		100	55	61	
FINANCE					
Risk	Medium Term Financial Strategy and Plan / Financial Management and Control	20	20	18	FINAL
Reg	Main Accounting	30	30	39	DRAFT
Reg	Housing Benefit	20	20	38	FINAL/DRAFT
Reg	Council Tax and NNDR	20	20	24	FINAL
Other	Corporate Debt Management	15	10	15	DRAFT
Other	CIVICA – new cash management system	15	15	32	FINAL
Other	Treasury Management	10	10	4	FINAL
		130	125	170	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
PENSION FUND					
Reg	Pensions Administration and Contributions	15	15	23	FINAL
Other	Pensions Investment Management and Accounting	15	10	13	FINAL
		30	25	36	
LEGAL AND DEMOCRATIC SERVICES					
Risk	Data Protection	15	15	12	FINAL
Other	Legal Counsel	10	10	14	FINAL
Other	Court Dates	10	10	10	FINAL
		35	35	36	
HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT					
Reg	Payroll & HR System, Overtime Payments	30	30	54	DRAFT
Other	Absence Management and Return to Work	15	15	5	WIP
Other	Corporate Training	20	10	9	WIP
Other	Equalities	5	5	6	FINAL
Other	Staff Induction	15	0		
Other	Honorariums	15	0		
Other	Salary Overpayments	10	10	17	DRAFT
Other	I Trent - expenses	10	10	8	DRAFT
Advisory	Implementation of Single Status	20	30	46	FINAL
Advisory	I Trent - developments	5	0	5	ONGOING
Advisory	Agile Working	5	0		ONGOING
Addition	Payroll – implementation of Single Status	0	20	16	WIP
		150	140	167	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
INFORMATION AND COMMUNICATIONS TECHNOLOGY					
Other	Moodle	15	10	4	WIP
Other	Mobile Devices/Usage	15	0		
Other	Server Licensing	10	10	2	WIP
Addition	ICT Procurement	0	15	16	FINAL
Addition	Data Centre 2 Security	0	10	9	FINAL
		40	45	31	
PROCUREMENT AND CUSTOMER SERVICES					
Risk	P2P System	20	15	5	WIP
Risk	Flintshire Connects	5	5	2	ONGOING
Other	Corporate Complaints	10	10	2	WIP
		35	30	9	
LIFELONG LEARNING					
Reg	Grants	10	10	19	ONGOING
Other	Leisure Service	20	15	11	FINAL
Other	Pupil/Student Transport	15	15	15	FINAL
Other	Families First	10	10	11	FINAL
Other	School Funds	5	5	15	WIP
Advisory	Control Awareness Sessions New Heads and Governors	5	0		
Schools	Control and Risk Self-Assessments	15	10	33	COMPLETED
Schools	Risk Based Thematic Reviews / School Audits	40	50	53	COMPLETED
Schools	School Closures/Openings	20	20	22	FINAL
		140	135	179	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
COMMUNITY SERVICES					
Risk	Homelessness	15	0		
Other	Private Rented Sector	15	10	17	WIP
Other	Housing Maintenance System	20	15	32	FINAL
Other	Housing Maintenance Contracts	20	20	27	FINAL
Other	Paris System	15	15	21	DRAFT
Other	Client Finances	10	0		
Other	POVA	5	5	6	FINAL
Other	Disability Service	20	0		
Other	Commissioning Team	15	10	1	DEFER See App B
Advisory	Adoption Services – Partnership Arrangements	5	5	1	ONGOING
Addition	Mobile Working and Ticket Validation	25	20	28	FINAL
Addition	Empty Homes Scheme And Follow up	10	10	23	FINAL FINAL
		175	110	156	
ENVIRONMENT					
Risk	Integrated Transport Infrastructure	15	15	13	FINAL
Risk	Streetscene	20	20	3	DEFER See App B
Other	Repairs and Maintenance	20	0	1	
Other	Industrial Units	10	10	3	DEFER See App B
Other	Income From Fees and Charges	30	30	29	FINAL
Other	Regeneration	10	0		
Other	Waste Management	20	15	21	WIP

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
Other	Minerals and Waste Planning	10	10	20	FINAL
		150	100	90	
CONTRACT AUDIT					
Other	Shotton Schools	10	10	14	FINAL
Other	21st Century Schools	5	0	1	
		15	10	15	
INVESTIGATIONS, PROVISIONS AND DEVELOPMENT					
	Pro-active fraud work and NFI	50	50	61	ONGOING
	Provision for investigations	300	300	247	ONGOING
	Provision for ad-hoc requests from Directorates	20	20		ONGOING
	Follow up reviews	30	30	8	ONGOING
	Audit Development - IDEA	20	0		
	Regional Collaboration	30	10	8	ONGOING
		450	360	324	
	Overall Total	1450	1200	1274	

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 Improvement Plan 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.

CHANGES TO THE PLAN REPORTED TO PREVIOUS MEETINGS

Audits added to the 2013/14 plan

Human Resources and Organisational Development
Payroll – Implementation of Single Status

ICT
ICT Procurement – deferred from last year.

Data Centre 2 Security – requested by ICT management

Community Services
Mobile working and ticket validation – deferred from last year

Empty Homes Scheme – as a result of an investigation

Empty Homes Follow Up – requested by Head of Housing

Environment
Pollution Control Service Review – deferred from last year

Audits deferred / deleted from the 2013/14 plan

Corporate
Collaborations
Local Partnerships

Human Resources and Organisational Development
Staff Induction
Honorariums

Information and Communications Technology
Mobile Devices / Usage

Community Services
Homelessness
Client Finances
Disability Services

Commissioning Team – Other review.
CSSIW inspection taking place

Environment
Repairs and Maintenance
Regeneration

Streetscene – Risk Based review.
Internal value for money review has taken place. IA contributed to that review.

Industrial units – Other review.
CIPFA consultants have been appointed to review the service.

Contract Audit
21st Century Schools

Advisory Work deleted from the 2013/14 plan

Human Resources and Organisational Development
I Trent developments
Agile Working

Lifelong Learning
Control Awareness Sessions

Operational Plan 2014/15

Type	Audit	Plan Days	Actual Days used	Proposed quarter / Status
CORPORATE				
Risk	Risk Management	10		3
Risk	Performance Indicators	5		2
Risk	Implementation of Operating Model	10		2/3
Risk	North West Regional Waste Partnership	10		4
Risk	Use of Consultants	10		2
Risk	Corporate Governance	10		3
Risk	Partnerships	10		TBC
		65		
GOVERNANCE				
Risk	Data Protection	10		2
Risk	Document Sealing	5		TBC
System	Members Allowances	15		2
System	Freedom of Information/EIR	5		TBC
Advisory	Electoral Register	10		2
Risk	IT Helpdesk	10		4
Risk	Backup & Service Continuity	10		2
Risk	Use of Personal Email Addresses	10		3
Risk	Mobile Phones & Devices/Usage	15	1	WIP
Follow Up	EDRMS	10		TBC
Risk	Procurement – New Arrangement	5		2
Risk	Contract Procedural Rules	15		TBC
System	P2P System	10		3
Advisory	Select List	5		2
Risk	Etarmis	20		2
Risk	Records Management	15		2

Type	Audit	Plan Days	Actual Days used	Proposed quarter / Status
Addition	EVR		10	1
		170	11	
PEOPLE AND RESOURCES				
Systems	Main Accounting	30		¾
Follow Up	Capital Programme	10		4
Follow Up	Corporate Grants	10		2
Follow Up	Fees and Charges	10		4
System	Pensions Administration & Contributions	15		3
System	Pensions Investment Management & Accounting	15		3
Risk	Implementation of Single Status	20	14	1
Risk / System	SS Governance Framework: Additional Payments & ECU	20		4
Risk	SS Governance Framework: Workforce Data	10		2
Risk	Schools HR/Safeguarding	15		2
System	SS Governance Framework: SS Payments	20		2
Risk	Voluntary Redundancy & Early Voluntary Retirement	20		1
Risk	Staff Recruitment & Induction	15		2
System	Payroll	20		3
		230	14	
EDUCATION AND YOUTH				
Risk	Risk Management in Schools	10		2
System	Grants – Various WG Requirement	10		2/3/4

Type	Audit	Plan Days	Actual Days used	Proposed quarter / Status
System	School Funding Formula	20		2
Risk	Control & Risk Self Assessment	15		1
Risk	Risk Based Thematic Reviews	45		3
Risk	School Closures/Openings	10	1	WIP
		110	1	
SOCIAL CARE				
Risk	Mental Health Team	10		2
Risk	Community Equipment Service	10		3
Risk	Commissioning Team	20		3
Risk	Transition & Care Leavers Team	15		TBC
System	Llys Jasmine	20		2
Risk	Financial Assessment & Charging Team	15	1	WIP
		90	1	
COMMUNITY & ENTERPRISE				
System	Housing Benefits	20		4
Risk	Supporting People	20		1
Risk	Appraisal & Absence Management	20		2
System	Council Tax & NNDR	20		2
Risk	Rent Arrears	15		2
Risk	Community Living	10		TBC
Risk	Communities First	15		2
		120		
PLANNING & ENVIRONMENT				
System	Building Control	20		TBC
System	Pest Control	15	2	WIP
Risk	21st Century Schools	5		TBC

Type	Audit	Plan Days	Actual Days used	Proposed quarter / Status
		40	2	
TRANSPORT & STREETSCENE				
Risk	Waste Management – Recyclable Materials	20		2
Advisory	Alltami Store	5	6	1
		25	6	
ORGANISATIONAL CHANGE				
Risk	Facilities Services	30		TBC
Risk	Repairs & Maintenance	15		TBC
Risk	Asset Management - TechForge	20		1
		65		
INVESTIGATIONS, PROVISIONS AND DEVELOPMENT				
Provision for Investigations & Pro-active Fraud		200	29	
Provision for ad hoc requests from Directorates		90		
Follow up Reviews		50		2/3/4
IDEA		20		
Audit Development – New Software		55		
Consultancy		50		
Regional Collaboration		10		
		475	29	
	Grand Total	1390	64	

Definitions

Risk based audits

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

Systems based audits

Work in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.

Advisory

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

TBC (To be confirmed)

Lower priority audits that may be deferred or deleted during the year if necessary, depending on resources.

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
CD0200T1	Performance Indicators	Amber +	1	0	1
FD0010T1	Financial Management & Control	Green	0	1	1
FD0060T1	Pensions Administration	Amber -	1	0	10
FD0065T1	Pensions Investments	Green	0	1	4
FD0270T1	Council Tax & NDR	Green	0	0	2
LD7004T1	Legal Counsel	Amber +	0	4	2
IT0080T1	IT Procurement of Business Systems	Green	0	0	2
IT0350T1	Data Centre 2 Security	Amber +	0	5	1
EN0300S1	Town Centre Partnerships	Amber -	1	9	1

Levels of Assurance – standard reports.
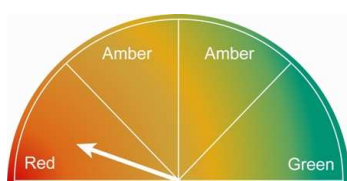
Taking account of the issues identified, the organisation cannot take assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.
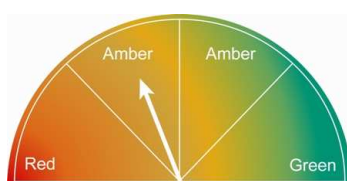
Taking account of the issues identified, whilst the organisation can take some assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.
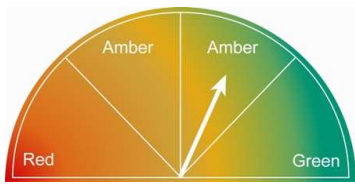
Taking account of the issues identified, the organisation can take reasonable assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.
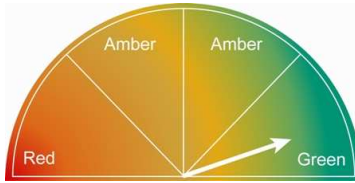
Taking account of the issues identified, the organisation can take substantial assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective.

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

Value For Money

The definition of Internal Audit within the Audit Charter includes '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.'

These value for money findings and recommendations are included within audit reports. In the findings listed below they have been highlighted in bold italics.

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

CD0200T1, Performance Indicators

We have made one high level recommendation based on the following:

The need for consistent and accurate calculation of one PI

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	Local guidance should be introduced to ensure consistent and accurate calculation of this PI, as a matter of urgency :- *"Increase in the number of users on our cycleway networks* *(data from counters)."* **Numerator** *The number of users on the cycle network evidenced through counter data*.	High	Y	All relevant officers to receive instruction on the use of the counter system. Monthly collection date to be agreed and adhered to. Procedure to be written as to use of Tinytag system to produce monthly reports to export into Excel to produce the breakdown of figures between pedestrian and cycle users to ensure consistent collation and continuing monthly collection should the current officer not be available . Figures updated on quarterly basis into performance system, currently Ffynnon.	September 2014	Head of Assets and Transportation

FD0060T1, Pensions Administration

We have made 1 high level recommendation based on the following:

- The lack of disaster recovery testing since conversion to the current computer system.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
2.1	Pensions Admin. should take steps to ensure that the Altair system can be fully restored in the event of any system failure leading to loss of data.	High	Yes	Agreed, contact has been made with FCC ICT on 12.3.14 and again on 31.3.14	30/06/2014	Pensions Manager

EN0300S1, Town Centre Partnerships

Bullet points in bold italics are those that relate to 'value for money' points covered during the audit.

We have made 1 high level recommendation and 9 medium level recommendations, based on the following:

- The town centre action plans should be reviewed and kept up to date.
- *The Partnerships should review and report on progress to date for all projects within the action plans on a regular basis.*
- The risk register relating to the completion of the Cabinet approved projects October 2013 should be revisited and regularly reviewed.
- *The town centre benchmarking data results for 2013 should be considered by the relevant officers to decide how they can be used by Economic Development and the town Partnerships to inform any future actions and projects.*
- *Terms of reference should be reviewed regularly to establish if they remain fit for purpose for each Partnership and are consistent with the current nature of the Partnerships' objectives.*
- Meetings (including the Annual General Meeting) should be held as per the Partnership's terms of reference or noted as not required at that time.
- Ballot count sheets should be used to record election count results, and fully completed.
- Buckley and Holywell's terms of reference should include the clauses relating to the declaration of interests.
- Partnerships should consider their communication strategy and draft plans to include the timing of updating other agencies and the public regarding project progress.
- *Consideration should be given to undertaking Partnership self assessments against whether they are achieving their stated aims, objectives and purpose.*

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1	The town centre action plans should be revisited and amended where applicable to reflect the current situation and priorities in each town. Completed actions should be noted as such. Any plans in draft form should be formally	Medium	Yes	Agreed.	31/03/2015	Economic Development Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	adopted when required revisions have been undertaken. The plans should include the proposals for the allocation of the ERDF (European Regional Development Fund) funding approved by Cabinet during October 2013. The plans should be subject to regular review by town Partnerships to ensure items remain valid.					
1.2	The Partnerships should review and report on progress to date for all projects within the action plans on a regular basis. Reports should be in a suitable format e.g. general Gantt chart for all projects and written detailed updates for projects where actions/project completions have occurred. Consideration should be given for the Mold action plans to include likely cost indications and sources of funding where these can be established.	Medium	Yes	Agreed – determining costs can be difficult at early stage of project lifespan.	31/03/2015	Economic Development Manager
1.3	The risk register relating to the completion of the Cabinet approved projects October 2013 should be revisited and regularly reviewed to ascertain if any new risks have arisen or any identified risks have risen to levels were remedial action is now required especially relating to time scales. This information should be escalated to senior management.	High	Yes	Agreed.	30/06/2014	Economic Development Manager
1.4	The town centre AMT (Action for Market Towns – benchmarking company) data	Medium	Yes	Agreed.	31/12/2014	Economic Development

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	results for 2013 should be considered by the relevant officers to decide how they can be used by Economic Development and the town Partnerships to inform any future actions and projects. If it is felt that the results of certain datasets are too limited to provide meaningful information and cannot be used productively, an assessment should be taken of this data collection and analysis process to ascertain whether it represents value for money for the County Council.					Manager
2.1	Terms of reference should be reviewed regularly to establish if they remain fit for purpose for each Partnership and are consistent with the current nature of the Partnerships' objectives. Terms of reference should be produced for the Deeside Sub Groups and Forum.	Medium	Yes	Agreed. Deeside Terms of Reference to be completed by June 2014, other Partnerships, will be reviewed throughout the year.	31/03/2015	Economic Development Manager
2.2	Meetings (including the Annual General Meeting) should be held as per the Partnership's terms of reference or noted as not required at that time. Terms of reference should include: • The frequency of meetings and meetings should be held when member elections are required. Public meetings should also be held as per the terms of reference requirements.	Medium	Yes	Agreed.	31/03/2015	Economic Development Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	• How the Partnership Chair is to be elected/nominated. • Detail quorum numbers and the process to follow if decision making cannot be made by consensus.					
2.3	• Ballot count sheets should be used to record election count results. • The sheets should allow sufficient space for the results to be clearly recorded. • The sheets should include the maximum number of votes a candidate can gain and counts should be checked to ensure this figure has not been exceeded. • A consistent methodology should be applied when recording the count and the results carefully recorded. • The ballot count sheets should be signed and dated by the officers completing the count.	Medium	Yes	Agreed.	30/06/2014	Economic Development Manager
2.4	Buckley and Holywell's terms of reference should include the clauses relating to the declaration of interests. Consideration should be given to including declaration of interests as a standing item on the Partnership meetings' agendas.	Medium	Yes	Agreed.	31/03/2015	Economic Development Manager
2.5	Partnerships should consider their	Medium	Yes	Agreed.	30/09/2014	Economic

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	communication strategy and draft plans to include the timing of updating other agencies and the public regarding project progress.					Development Manager
2.6	Consideration should be given to undertaking Partnership self assessments against whether they are achieving their stated aims, objectives and purpose. An internal assessment should also be made of the resource and time given to the Partnerships by Regeneration Officers as it is vital that that this input represents value for money for the County Council.	Medium	Yes	Agreed.	31/03/2015	Economic Development Manager

Recommendation Implementation

Status of Recommendations that reached their Implementation Dates in January, February, March and April 2014.

Title	Reference	Date Issued	Response Received	Recommendations		
				Due	Implemented	Not Implemented
CORPORATE						
Procurement	CD0070S1	Oct 2013	Yes	5	2	3
Procurement	CD0070R1	Mar 2012	Yes	5	4	1
Procurement	CD0070P1	Nov 2010	Yes	1	0	1
Implementation of LEAN Recommendations	CD0300S1	Sep 2013	Part	3	0	3
			Total	14	6	8
FINANCE						
Main Accounting	FD0080P1	Dec 2011	Yes	1	1	0
Capital Programme	FD0090P1	Jan 2012	Yes	10	0	10
Corporate Grants	FD0220S1	Jun 2013	Yes	7	6	1
Enforcement	FD0300L1	Feb 2009	Yes	2	0	2
Housing Benefits	FD6150R1	Aug 2012	Yes	1	1	0
			Total	21	8	13
LEGAL AND DEMOCRATIC						
			Total	0	0	0
HUMAN RESOURCES						
Holiday Entitlements	HR0220N1	Sep 2010	Yes	3	0	3
			Total	3	0	3
ICT						
			Total	0	0	0

LIFELONG LEARNING						
Youth & Community	LL0030S1	Sep 2013	Yes	5	5	0
School Transport	LL0060T1	Nov 2013	Yes	2	2	0
ETeach	LL0190N1	Aug 2010	Yes	1	0	1
School Budgetary Control	LL1010P1	Nov 2011	Yes	3	2	1
ICT Unit Security of Mobile Devices	LL1065P1	May 2011	Yes	1	0	1
			Total	12	9	3
COMMUNITY SERVICES						
Fostering	CS0110S1	Nov 2012	Yes	1	1	0
Empty Homes Scheme	CS8000T1	Dec 2013	Yes	4	4	0
			Total	5	5	0
ENVIRONMENT						
Income From Fees and Charges	EN0001T1	Feb 2014	Yes	1	0	1
Section 106 Agreements	EN0020P1	Feb 2011	Yes	1	1	0
Fleet Management	EN0060P1	Jun 2011	Part	3	3	0
Planning Appeals	EN0105R1	May 2013	Yes	1	1	0
Asset Management	EN0155R1	Nov 2012	Yes	1	1	0
			Total	7	5	1
			Total	62	34	28

Recommendations Not Implemented – Comments from Directors / Corporate Heads / Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
Procurement – CD0070S1	Original Dates: 01.01.14 & 31.03.14 New Dates: 01.08.14 & Nov 14	Chris Guest	The delay has been unavoidable due to resource capacity issues which has delayed the rollout of the new financial vetting solution.	Existing arrangements in place until new system has been implemented.	Yes.
Procurement – CD0070R1	Original Date: 31.12.12 New Date: April 15	Chris Guest	All recommendations will be addressed by the implementation of the new e-Sourcing system later this year with full roll out by April, 2015. There has been a major project delay due to a re-scoping of the project and changes to the project management arrangements..	New CPRs are agreed and implemented and training provided to all staff with involvement in procurement activities. This provides some risk mitigation but the e-sourcing solution will strengthen the level of mitigation.	Yes.
Procurement – CD0070P1	Original Date: 30.11.10 New Date: April 15	Chris Guest	A central contract register will form part of the new e-sourcing solution which is due to be implemented later this year with full rollout scheduled for April, 2015.	CPR's have been amended and recently republished with training provided for 300 staff to raise awareness of the risks regarding EU regulations. Confidence levels are high that there is CPU involvement in all contracts above EU threshold and this is supported by the sample checks undertaken by Audit.	Yes

Recommendations Not Implemented – Comments from Directors / Corporate Heads / Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
Implementation of LEAN Recommendations – CD0300S1	Original Date: Aug 13 & Sep 13 New Date: June 2014	Gareth Owens	The new policy has been circulated to the new Chief Officer Team for approval by 20th June	The revised process for lean reviews includes explanations of the information contained within the policy.	Yes
Capital Programme – FD0090P1	Original Dates: 30.04.12, 30.07.12, 31.10.12, & 01.12.12	Kerry Feather	Yes. The recommendations relate to developing and documenting a capital strategy which considers all aspects of capital expenditure within the Authority which is a comprehensive planning document for capital investment. The Council is committed to developing a capital strategy. The timescale for delivery must dovetail with the overall forward planning timelines Significant progress has been made identifying the condition of major assets as background to member consideration of service choices for 2015/16 and beyond. This is vital information to the formulation of the strategy, which will consider the prioritisation within and between service groupings and the financial implications for integration into the MTFP. Completion of this work by 30.09.14 will set a programme of	The capital programme for 2014/15 was set in February 2014. No financial commitment has been made for future years, other than for the Council's contribution to the 21st Centuries schools programme Tranche A, which is included within the MTFP. The capital programme is monitored on an ongoing basis and reported to members quarterly. The HRA has an 30 year business plan agreed with WG which sets out the capital strategy for the Council's Housing Stock	Yes

Recommendations Not Implemented – Comments from Directors / Corporate Heads / Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
	New Dates: 30.09.14		dates for implementation.		
Corporate Grants – FD0220S1	Original Date: 31.03.14 New Date: 31.05.14	Kerry Feather	Yes. This recommendation has now been implemented. The minor delay was attributable to the need to prioritise resources around the turn of the year end.	A specific review of the database has been undertaken and training provided to staff on what is required to keep the database up to date. Ongoing review of the integrity of the information in the database is now built into the procedures for Corporate Grants on an ongoing basis.	Yes
Enforcement – FD0300L1	Original Dates: Jun 09	Kerry Feather	Yes. The audit recommendations relate to the consistency of credit control and the enforcement of debt owed to the authority. Significant progress has been made, with the final recommendations being reliant on the replacement of the sundry debtors software system to provide the required functionality and authority wide use of the corporate	The Sundry Debt Team have taken on the recovery of all debts and are applying consistent collection standards across all areas in line with the Corporate Debt Policy. Debt recovery scheduling and performance monitoring are being carried out by making best use of the functionality in the current systems,	Yes

Recommendations Not Implemented – Comments from Directors / Corporate Heads / Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
	New Dates: July 14		system. This is now being taken forward on a Project Management basis involving cross directorate input.	supplemented with manual records / spreadsheets and form part of internal management reporting.	
Holiday Entitlements – HR0220N1	Original Dates: Nov 2010 Revised Dates: 01.06.14	Helen Stappleton	The review of this policy has been delayed, primarily because of the resource /capacity levels required to deliver Single Status. I am satisfied that significant progress has now being achieved in that the policy has been re-drafted, has undergone a full consultation with key stakeholders including the Trade Unions and is in the final stage of consultation with the new Chief Officer Team.	This is very low risk. The Council has recently adopted a new Agile Working policy and Flexible Hours Scheme. The new Annual Leave policy complements these new policies and ways of working by introducing a more flexible approach for taking annual leave entitlement. On that basis, the implementation of the new policy is very timely and appropriate.	Yes
ETeach – LL0190N1	Original Date: 30.03.11	Helen Stappleton	HR and OD (now People and Resources) assumed responsibility for Schools HR in June 2013. Since then, solid progress has been made in reviewing the E Teach arrangements and in piloting the use of an agency 'New Directions' as a preferred supplier for agency staff (previously there was limited visibility and monitoring of agency usage and spend in Schools). E Teach has cleansed so that only current supply staff	Risks are being well managed. Consultation and engagement with the Schools on the review of E Teach and the piloting of New Directions as a preferred agency under the 'All Wales' procurement framework has been positive and has raised awareness of the issues and risks. Improved controls on usage and spend for agency workers are being tested as part of the	Yes

Recommendations Not Implemented – Comments from Directors / Corporate Heads / Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
	New Date: 30.10.14		details are held. I am satisfied that the date is realistic and that steady progress is being made,	pilot and subject to its evaluation, improved practices will be formally introduced by October 2014.	
School Budgetary Control – LL1010P1	Original Date: 31.03.12 New Date: 31.08.14	Gary Ferguson / Kerry Feather	The need to incorporate the outcome of the school funding formula review into the 2014/15 budget meant that it needed to be prioritised.	This work is now substantially complete and is intended to be considered by school budget forum in July	Yes.
ICT Unit Security of Mobile Devices – LL1065P1	Original Date: 31.10.11 New Date: NO RESPONSE	Chris Guest	Reliant on individual schools cooperation to implement software, although majority of schools have been dealt with 4 schools have been outstanding for some time.	Work now scheduled to be completed in the 4 schools during June.	Yes
Income From Fees & Charges – EN0001T1	Original Date: 31.03.14	Kerry Feather	A cross directorate finance group has been set up and work has commenced in the early part of 2014 to bring together a comprehensive database of existing fees and charges for the council and also to assess any potential creative opportunities for income generation. This work will form the basis of a strategic discussion in early summer on the next steps regarding the incorporation of a corporate policy and fee setting	Fees and Charges for the 2014/15 financial year have been set and so the risk is mitigated for the current year. The revised timescale will enable the work to be carried out within a timescale which dovetails with the financial strategy for the 2015/16 budget year and the medium term.	Yes

Recommendations Not Implemented – Comments from Directors / Corporate Heads / Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
	New Date: 31.07.14		process. It is envisaged that a cross directorate service provider/finance group will be set up to progress the next stage.		

Internal Audit Performance Indicators

Performance Measure	Q4	Target	RAG Rating
Internal Audit Departmental Targets			
Audits completed within planned time	82%	80%	G ↑
Average number of days from closure meeting to issue of draft report – old system	19.83	20	G ↑
Average number of days from end of fieldwork to debrief meeting – new system	7.22	20	G
Average number of days from response to issue of final report – old system	1	5	G ↑
Average number of days from response to issue of final report – new system	2.33	2	A
Return of client satisfaction questionnaires	60%	70%	R ↑
Client questionnaires responses as satisfied	100%	95%	G →
Productive audit days	81%	75%	G ↑
Other Targets			
Days for departments to return draft reports	Old System – 6 New System - 3	Old system 20 New system 3	G

Key — R Target not achieved — A Within 10% of target — G Target Achieved

↑ Improving trend — → No change — ↓ Worsening trend

Investigations

Ref	Date Referred	Investigation Details
1.		**The following new referrals have been received**
1.1	09.05.2014	An anonymous allegation has been received concerning the improper use of electrical equipment. The investigation is ongoing.
2.		**The following investigations have been reported to previous committees and are still being investigated**
2.1	26.04.2013	A referral was received concerning missing money at a Council leisure centre; an employee is subject to a disciplinary investigation and controls have been introduced to reduce the risk of a recurrence. The employee is currently on long term sick leave and the investigation cannot be concluded.
2.2	05.07.2012	An investigation is ongoing into alleged operational and financial irregularities within Streetscene. Two employees have been summarily dismissed following disciplinary hearings and two employees have returned to work. One of these has been issued with a final written warning and demotion from a management position without protection and the other is still the subject of disciplinary action.
2.3	03.03.2014	An investigation is ongoing into an allegation that an employee is stealing articles from a recycling site.
2.4	20.02.2014	An investigation is ongoing into an allegation made concerning issues around the granting of a lease for Council owned land.
2.5	19.02.2014	An investigation is ongoing concerning a referral about a company established by Flintshire Council to manage funding assigned for conservation area purposes.
3.		**The following investigations have been completed**
3.1	26.01.2014	An investigation has been concluded concerning issues around an application for affordable housing. A review has been carried out of the procedures followed for this application. It has been recommended that a review is carried out of the scheme following issues highlighted in the investigation.
3.2	03.03.2014	Two employees had been previously suspended from a recycling site for allegedly stealing from the site. Both employees have subsequently been dismissed.
3.3	17.10.2013	Following the investigation into a data match highlighted in the National Fraud Initiative (NFI) exercise, it was found that the pension of a deceased pensioner was still being paid to an individual who had power of attorney for the pensioner. The individual had been charged with fraud however the case has subsequently been dropped by the CPS due to insufficient evidence. An audit report has been issued with recommendations to improve controls.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: AUDIT COMMITTEE

DATE: WEDNESDAY, 25 JUNE 2014

REPORT BY: CHIEF EXECUTIVE

SUBJECT: INTERNAL AUDIT REPORTING

1.00   PURPOSE OF REPORT

1.01   To inform the committee of the interim reporting arrangements for Internal Audit.

2.00   BACKGROUND

2.01   The Internal Audit Manager has a dual reporting line. He reports functionally to the Audit Committee. This means that the Audit Committee is responsible for approving the charter and audit plans, and receives reports on audit work, performance and progress against the plan. The Internal Audit Manager is also to be accountable to, and supported and guided by, a senior officer as their line manager.

2.02   Such arrangements are in line with the Public Sector Internal Audit Standards, which refer to 'functional' and 'administrative' reporting lines for all Internal Audit Managers. It is also reflected in the Internal Audit Charter. The only requirement is that the Internal Audit Manager should report administratively to a member of the corporate management team (known in Flintshire as the Chief Officer Team in the new operating model) in order to provide the necessary status within the organisation to fulfil the role.

3.00   CONSIDERATIONS

3.01   Previously the Internal Audit department was part of the Finance Division and the Internal Audit Manager reported to the Head of Finance. With the corporate re-structure the department becomes part of the Governance division and he will report to the Chief Officer (Governance).

3.02   As that post has not yet been filled there was a need for an interim arrangement to maintain the status of the function and its business continuity. The Internal Audit Manager will, in the interim and for a period of six months, report directly to the Chief Executive.

3.03   This will not affect the functional reporting line to the Audit Committee.

4.00 **RECOMMENDATIONS**

4.01 For the committee to note the interim internal management arrangements for the Internal Audit function.

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 Change in reporting line for the Internal Audit Manager

10.00 **CONSULTATION REQUIRED**

10.01 None.

11.00 **CONSULTATION UNDERTAKEN**

11.01 None.

12.00 **APPENDICES**

12.01 None.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

None
Contact Officer: **David Webster**
Telephone: **01352 702248**
Email: **david.webster@flintshire.gov.uk**

FLINTSHIRE COUNTY COUNCIL

REPORT TO: AUDIT COMMITTEE

DATE: WEDNESDAY, 25 JUNE 2014

REPORT BY: INTERNAL AUDIT MANAGER

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 that have not yet reached their due date. 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

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

AUDIT COMMITTEE ACTION SHEET

	30th JULY 2013			
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
28	Certification of Grant Claims and Returns 2011/12	Outcomes from the WAO report for 2011/12 to be included in the 2012/13 report to show comparison	WAO	Due for July meeting.

	25TH SEPTEMBER 2013			
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
40	Risk Management	That the changes to the SARC process be reflected in the Annual Governance Statement for the year ending 31 March 2014.	Democracy and Governance Manager	Due for July meeting.

18TH DECEMBER 2013				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
60	Informal Meeting between Audit Committee members and O&S Chairs / Vice Chairs	To raise at the next informal meeting the suggestion made by Mr Williams.	Internal Audit Manager.	Meeting not yet arranged.

29TH JANUARY 2014				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
68	Risk Management Update	That an additional column be included in the Appendix to indicate the date by which it was anticipated the improvement would be made.	Policy and Performance Manager	Not yet completed. To be included in next update – December.

26TH MARCH 2014				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
82	Internal Audit Progress Report	Investigations in Appendix F to include the start date	Internal Audit Manager	Actioned.

7TH MAY 2014				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
93	Audit Committee self-assessment against CIPFA guide	The Internal Audit Manager increase the profile of value for money elements of specific work	Internal Audit Manager	Value for money aspects of audit reports highlighted to the committee.
93	Audit Committee self-assessment against CIPFA guide	Further work be completed on developing a more consistent approach to ensuring value for money on financial pressures and non-audited work in the Council.	Chief Executive Internal Audit Manager	Meeting held with CE to scope an audit review of the value for money efficiencies programme.

7TH MAY 2014				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
93	Audit Committee self-assessment against CIPFA guide	The work of Internal Audit and the Policy, Performance and Partnerships team on external partnership governance and performance be shared with the Committee	Internal Audit Manager.	Work ongoing. To be brought to the September meeting.
94	Public Sector Internal Audit Standards	The external assessment to be carried out in year 3 rather than year 2.	Internal Audit Manager	External assessment deferred.
96	Whistleblowing Policy	Amended to - bring forward the internal and external procedures in the Policy, in that order to encourage employees to use the internal process but also make them aware of the external route - update the officer posts under 'Internal Procedure' - include names of MPs under the 'Relevant Organisations' section	Internal Audit Manager	Actioned. Updated Policy to be presented to the Constitution Committee on 9th July 2014.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: AUDIT COMMITTEE

DATE: WEDNESDAY, 25 JUNE 2014

REPORT BY: INTERNAL AUDIT MANAGER

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 as 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 Programme and approves/amends 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 arising directly from this report.

8.00   EQUALITIES IMPACT

8.01   None as a result of this report.

9.00   PERSONNEL IMPLICATIONS

9.00   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

12.01   Appendix A – Forward Work Programme.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

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AUDIT COMMITTEE
FORWARD WORK PROGRAMME 2014/15

MEETING DATE	AGENDA ITEM	AUTHOR
16 July 2014	• WAO Certification of Grants report • Draft Statement of Accounts • Draft Annual Governance Statement • Treasury Management Update and Annual Report 2012/13 • Financial Procedure Rules	Liz Thomas Liz Thomas Gareth Owens Liz Thomas Liz Thomas
24 September 2014	• Statement of Accounts 2012-13 • Audit of Financial Statements (WAO) • Internal Audit Progress Report • Action Tracking • Forward Work Programme	Liz Thomas David Webster David Webster David Webster
10 December 2014	• Internal Audit Progress Report • Action Tracking • Forward Work Programme • Risk Management update • Corporate Governance Report • Treasury Management Mid Year Update • Risk Management	David Webster David Webster David Webster Karen Armstrong Peter Evans Liz Thomas Karen Armstrong
28 January 2015	• Treasury Management Update and Strategy • Annual Report on external inspections • Action Tracking • Forward Work Programme	Liz Thomas Peter Evans David Webster David Webster

MEETING DATE	AGENDA ITEM	AUTHOR
18 March 2015	• Annual Financial Audit Outline (WAO) • Treasury Management Update • Internal Audit Progress Report • Internal Audit Strategic Plan • PSIAS Compliance • Audit Committee Self Assessment • Action Tracking • Forward Work Programme • Private Meeting (WAO and IA)	Liz Thomas David Webster David Webster David Webster David Webster David Webster David Webster
3 June 2015	• Annual Improvement Report (WAO) • Regulatory Programme (WAO) • Certification of Grants and Returns Report (WAO) • Internal Audit Annual Report • Internal Audit Progress Report • Action Tracking • Forward Work Programme • Risk Management Update	David Webster David Webster David Webster David Webster Karen Armstrong