

# Public Document Pack



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To: Cllr Helen Brown (Chair)

Councillors: Glyn Banks, Jean Davies, Chris Dolphin, Andy Dunbobbin,  
Paul Johnson and Arnold Woolley

**Co-opted Member:**  
Sally Ellis

13 March 2018

Dear Sir/Madam

You are invited to attend a meeting of the Audit Committee which will be held at 10.00 am on Wednesday, 21st March, 2018 in the Clwyd Committee Room, County Hall, Mold CH7 6NA to consider the following items

## A G E N D A

### 1 **APOLOGIES**

**Purpose:** To receive any apologies.

### 2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

**Purpose:** To receive any Declarations and advise Members accordingly.

### 3 **MINUTES** (Pages 5 - 14)

**Purpose:** To confirm as a correct record the minutes of the meeting on 24 January 2018.

### 4 **TREASURY MANAGEMENT QUARTERLY UPDATE 2017/18** (Pages 15 - 30)

Report of Corporate Finance Manager - Leader of the Council and Cabinet Member for Finance

**Purpose:** To provide an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices to the end of February 2018.

5 **WALES AUDIT OFFICE (WAO) AUDIT PLAN 2018** (Pages 31 - 72)

Report of Corporate Finance Manager - Leader of the Council and Cabinet Member for Finance

**Purpose:** The Wales Audit Office, being the Council's external auditor, has prepared an audit plan for 2018 for the Council and the Clwyd Pension Fund which sets out their proposed audit work for the year along with timescales, costs and the audit teams responsible for carrying out the work.

6 **CERTIFICATION OF GRANTS AND RETURNS 2016/17** (Pages 73 - 94)

Report of Corporate Finance Manager - Leader of the Council and Cabinet Member for Finance

**Purpose:** To inform Members of the grant claim certification by Wales Audit Office for the year ended 31st March 2017.

7 **RISK MANAGEMENT STRATEGY** (Pages 95 - 136)

Report of Chief Executive - Leader of the Council and Cabinet Member for Finance

**Purpose:** Endorse the refresh of the Risk Management Strategy

8 **INTERNAL AUDIT STRATEGIC PLAN 2018/2021** (Pages 137 - 160)

Report of Internal Audit Manager

**Purpose:** To present the proposed Internal Audit Plan for the three year period 2018/19 to 2020/21 for Members' consideration.

9 **PUBLIC SECTOR INTERNAL AUDIT STANDARDS** (Pages 161 - 212)

Report of Internal Audit Manager

**Purpose:** To inform the committee of the results of the annual internal assessment of conformance with the Public Sector Internal Audit Standards (PSIAS).

10 **INTERNAL AUDIT PROGRESS REPORT** (Pages 213 - 248)

Report of Internal Audit Manager

**Purpose:** To present to the Committee an update on the progress of the Internal Audit Department.

11 **ACTION TRACKING** (Pages 249 - 254)

Report of Internal Audit Manager

**Purpose:** To inform the Committee of the actions resulting from points raised at previous Audit Committee meetings.

12 **FORWARD WORK PROGRAMME** (Pages 255 - 262)

Report of Internal Audit Manager

**Purpose:** To consider the Forward Work Programme of the Internal Audit Department.

**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.

Yours faithfully



Robert Robins  
Democratic Services Manager

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## **AUDIT COMMITTEE** **24 JANUARY 2018**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 24 January 2018

### **PRESENT: Councillor Helen Brown (Chair)**

Councillors: Jean Davies, Chris Dolphin, Andy Dunbobbin, Paul Johnson and Arnold Woolley

Co-opted member: Sally Ellis

**SUBSTITUTE:** Councillor Martin White (for Glyn Banks)

### **IN ATTENDANCE:**

Chief Executive; Chief Officer (Governance); Internal Audit Manager; Corporate Finance Manager; and Democratic Services Officer

Mike Whiteley of Wales Audit Office

Finance Manager - Technical Accountancy (minute numbers 44-49)

Corporate Business & Communications Executive Officer (minute numbers 46-47)

Chief Officer (Community & Enterprise); Housing Asset Manager; Service Manager, Customer Support; and Senior Auditor (minute number 50)

## **41. SUBSTITUTION**

In accordance with Constitutional requirements, the Committee agreed to allow Councillor Martin White to substitute for Councillor Glyn Banks. It was confirmed that Councillor White had undertaken the necessary audit training.

### **RESOLVED:**

That Councillor Martin White be permitted as a substitute for the meeting.

## **42. DECLARATIONS OF INTEREST**

None were received.

## **43. MINUTES**

The minutes of the meeting held on 22 November 2017 were submitted.

### **RESOLVED:**

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

**44. TREASURY MANAGEMENT 2018/19 STRATEGY AND QUARTER 3 UPDATE 2017/18**

The Finance Manager - Technical Accountancy presented the draft Treasury Management Strategy 2018/19 for review and discussion, seeking recommendation to Cabinet. All Members had been invited to a training session in December 2017 in preparation for approving the Strategy at full Council later in the month. Also presented for information was the Quarter 3 update on matters relating to the Council's Treasury Management Policy, Strategy and Practices 2017/18.

The report summarised the main changes arising from a recent update to two Codes of Practice by the Chartered Institute of Public Finance and Accountancy (CIPFA). Due to timescales and the fact that CIPFA had not yet published practical guidance to accompany the updates, the Treasury Management advisors (Arlingclose) had recommended that the Council set its 2018/19 Strategy using the 2011 version of the Code. Key changes from the previous Strategy were highlighted, noting that Section 4 (local context) was based on work currently in the Capital Programme which may be subject to change before submission of the report to Cabinet and Council.

During an update on Treasury Management 2017/18, the Finance Manager referred to previous discussion on MiFiD II (Markets in Financial Instruments Directive) resulting in agreement for the Council to opt up to 'professional' client status. Since publication of the report, the Council had been approved to this status by 11 financial institutions and was awaiting a response from another one.

Sally Ellis referred to publication of the CIPFA guidance, due in the second half of the year, and asked about the risks arising from implementing changes at a late stage. The Finance Manager explained that the 2011 Code still applied. Whilst some preparations could commence, the practical implications would require further discussion once the guidance was made available, for example clarity on the wider definition of 'investments'. The Council had a good approach to measuring risk associated with long-term investment decisions and it was important not to become overburdened with the risk framework if requirements of the Code were met. Sally requested that an additional update on Treasury Management be scheduled in the Forward Work Programme.

The Chief Executive did not expect the changes to affect practices as they generally applied to the recording and classification of items.

In response to questions from Councillor Johnson on the CIPFA changes, the Finance Manager interpreted these to be around increased commercial ventures undertaken by councils in England mainly. On MiFID II, she provided information on the regulated financial institutions required to give approval to the Council's professional status and agreed to share a list of those organisations which would accompany the Treasury Management Practices and Schedules.

Councillor Woolley spoke about the need for Welsh Government to be clear on reorganisation plans for local government. He asked whether the repayment of a £1.6m loan during Quarter 3 had been made using current funds or borrowing.

The Finance Manager said that such decisions were determined by the financial position on the day that the loan matured and would provide a separate response on this specific issue.

Councillor Woolley asked for clarification on the total amount of borrowing shown in different areas of the report. Officers confirmed that the £274.49m net total borrowing quoted included long and short-term borrowing in section 3 of the Strategy which tied back to the £252.1m of long-term loans shown in section 6.

**RESOLVED:**

- (a) That the draft Treasury Management Strategy 2018/19 be recommended to Cabinet on 20/02/18. The Committee confirms on this occasion that the issue it wishes to have brought to the Cabinet's attention is concern about potential risks arising from late availability of CIPFA guidance on the updated Codes of Practice; and
- (b) That the Treasury Management 2017/18 quarterly update be noted.

**45. CHANGES TO STATUTORY DEADLINES FOR THE PUBLICATION OF LOCAL AUTHORITY STATEMENT OF ACCOUNTS**

The Corporate Finance Manager presented the report detailing preparations by the Council and Wales Audit Office (WAO) to meet the first stage of earlier deadlines proposed by Welsh Government (WG) which applied to the publication of local authority accounts in Wales.

The earlier deadlines for 2018/19 onwards presented significant challenges for all councils and auditors, and would benefit from early planning. It was therefore recommended that the timetable for approval of the 2017/18 accounts be brought forward to week commencing 10 September 2018. To assist with this approach, a number of changes had been made to working practices and regular meetings held with WAO colleagues.

It was explained by the Chief Executive that whilst approval of the final accounts was a Council function in Flintshire, future consideration could be given to adopting the approach taken by many other councils to delegate this responsibility to the Audit Committee. If this was to be pursued, a report would need to be submitted to the Constitution & Democratic Services Committee.

Councillor Woolley spoke in support of the proposed approach for the 2017/18 accounts but had concerns about the impact on officer time. The Chief Executive said that the same work would be undertaken within a condensed period and that the impact on performance on other tasks would need to be monitored. Internal and external options were being explored to identify additional resources in light of the forthcoming absence of the Finance Manager - Technical Accountancy, and this was viewed as an operational risk.

Councillor Johnson raised concerns about the democratic implications arising from the timetable of the next Council term in which the newly formed Audit

Committee would need to meet its statutory responsibilities on the accounts. The Chief Executive said that early appointment of the Committee's new membership could be prioritised post-election and that a variation could be made to the accounts timetable at that time to allow some flexibility as required.

The Finance Manager clarified that the regulations on earlier deadlines had not yet been approved by WG and she referred to the nature of the Statement of Accounts as a retrospective document within a prescribed format.

**RESOLVED:**

That the report and changes to the September meetings of the Audit Committee and Council to approve the Statement of Accounts, as explained in paragraph 1.08, be noted.

**46. MID YEAR RISK REPORT**

The Chief Executive presented an update on the strategic risks contained within the Council's 2017/18 Council Plan and an overview of the recent Risk Management review carried out by Internal Audit.

It was reported that most of the 48 risks had been assessed as moderate and that the 11 red risks mainly related to the continuing financial position of the Council which could not be fully mitigated. There were concerns at the potential for some red risks to escalate to black (severe) which was unprecedented.

On the timing of the update, the Corporate Business & Communications Executive Officer advised that the position was subject to change when reporting the Quarter 3 position the following month. She also explained that future reports would include more detail on trends.

The Internal Audit Manager said that the remit of this year's review had changed to focus on the identification, management and reporting of operational risks which had been given an overall assurance level of 'reasonable'. There were a number of areas where risk was being well managed and progress was being made on the four areas identified for further improvement.

Councillor Woolley asked if the Welsh Government (WG) had responded to communications about the risk on meeting increased demand for residential and nursing home care. The Chief Executive said that recent rises in occupancy rates had demonstrated the lack of capacity. Representations by the Council on the continued retention of the £0.500m Intermediate Care Fund had been well made and a formal decision was awaited. On the Risk Management Policy and Strategy, it was explained that an update would be undertaken and brought to the next meeting for consideration.

In response to questions from Sally Ellis and Councillor Johnson, the Chief Executive advised that work was underway with Chief Officers to ensure that actions were taken on the areas for improvement to strengthen processes.



Some minor changes were agreed to the report's recommendations to reflect the points raised.

**RESOLVED:**

- (a) That the status of the initial overview of the strategic risks of the 2017/18 priorities of the Council be noted;
- (b) That the outcomes of the recent Internal Audit review of the Council's risk management arrangements and the Council's management response be noted, in accordance with the action plan and follow-up Audit report; and
- (c) That the Risk Management Policy and Strategy be brought to the next meeting to give assurance that this has been fully updated.

**47. CODE OF CORPORATE GOVERNANCE**

The Corporate Business & Communications Executive Officer presented a report on the updated Code of Corporate Governance to seek endorsement to the Constitution & Democratic Services Committee.

The report included a diagram demonstrating how the Code linked with the Council Plan and the Annual Governance Statement (AGS). Whilst significant changes had been made to the Code in the previous year to follow revised national guidance, the current update applied to specific areas.

Sally Ellis commented on the professionalism of the document and asked whether events during the past year had led to learning about issues aligned to the Code. The Executive Officer referred to new areas such as the introduction of a Community Benefits Strategy and the development of Human Resources work on stress management. The Chief Executive and Chief Officer explained that whilst the Code did not drive practice, the scoring of self-assessment questionnaires provided learning for future development. This process was currently underway to enable the draft AGS to be presented to the Committee at a later stage.

Councillor Johnson asked about opportunities for Member involvement on the Corporate Governance Working Group. The Chief Executive explained the technical nature of this work in checking compliance with the framework which the Committee was required to endorse. The Chief Officer provided information on preparations for the AGS and suggested that officers discuss how best to present the document as this was the first time that the membership of this Committee would consider it.

The Internal Audit Manager advised that self-assessment questionnaires would shortly be circulated to enable the results to be reported to the next meeting.

**RESOLVED:**

That the Committee endorses the updated Code of Corporate Governance for adoption as part of the Council's Constitution.

#### **48. CONTRACT MANAGEMENT**

The Chief Officer (Governance) presented a report on the findings of an Internal Audit review on procurement following adoption of the revised Contract Procedure Rules (CPRs). The report was to give reassurance on contract management which had been an area of concern for the Committee.

A 'Green/Amber' assurance level had been given on the review and the findings were summarised. The Chief Officer provided more detail on work to address actions relating to the central recording of contractor performance, the contract register and mandatory training for officers.

Sally Ellis commented on the need for prompt implementation of actions. The Chief Officer explained that the recommendation in the report reflected that follow-up actions were subject to monitoring and that any not completed by the target date would be reported to the Committee in the usual way.

Councillor Johnson referred to the agreed action on the prohibited use of Approved Lists and was informed that this would be followed up to remind officers of the correct way in which contractors should be appointed.

Councillor Woolley asked about the approach to dealing with contractor underperformance which impacted on officer time. The Chief Officer said that a range of escalating measures were incorporated within contracts and that the preferred option was to work with the appointed contractor to identify improvements. He spoke about the various considerations involved such as whether the contract was of a specialist nature, however the ultimate sanction was to terminate the contract.

#### **RESOLVED:**

That Members are assured that the remedial actions identified will, if implemented, address the control weaknesses identified.

#### **49. WALES AUDIT OFFICE (WAO) - ANNUAL AUDIT LETTER 2016/17**

Mike Whiteley of Wales Audit Office (WAO) presented the Annual Audit Letter which summarised the key messages arising from the statutory responsibilities of the Auditor General for Wales.

The letter dealt mainly with audit work on the accounts for 2016/17 and actions being taken to identify learning for both parties. The implementation of earlier deadlines for publishing future accounts would be a challenge for all involved, and positive engagement between Council officers and WAO colleagues was helping to identify areas of early preparation. Regular meetings were helping to monitor actions to resolve the issues identified on the Clwyd Pension Fund accounts for the previous year and there were no concerns by WAO at this stage. The letter acknowledged the significant financial pressures faced by the Council and reflected positive work to mitigate some of that risk. Work on the certification of grant claims

and returns was nearing completion and would be reported to the next meeting of the Committee.

The Chief Executive expressed appreciation for the work by WAO. He explained that cumulative issues had led to the matters identified on the Clwyd Pension Fund accounts for 2016/17 which should not reoccur. In recognising the sensitivity of language used in the letter, he emphasised the clear distinction between the effective management of budgets under the Council's control as opposed to the scale of the financial challenge caused by fiscal policies and the economic market. Representations recently made to Welsh Government included an 'open book' approach to offer transparency of information to support the concerns on financial sustainability.

The Corporate Finance Manager referred to the positive comments by WAO on follow-up actions to address issues identified in the previous year which would also benefit work on the 2017/18 accounts process.

Sally Ellis asked about possible input by WAO on addressing the risks to financial sustainability. The Chief Executive spoke about the independent role of the WAO in proving validation. As mentioned earlier, he welcomed external validation and challenge of the Council's risk statements which were evidenced.

Councillor Woolley echoed the concerns about financial sustainability in the event of no additional funding from Welsh Government.

**RESOLVED:**

- (a) That the WAO Annual Audit Letter for 2016/17 be noted; and
- (b) That the positive comments on the approach to risks of financial governance be accepted.

**50. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager presented the update on progress of the Internal Audit department. She explained that the outcomes of performance indicators were mainly due to the timing of the report. On the 2017/18 Audit Plan, the reviews of Contract Management and the Welsh Housing Quality Standard would be moved to 2018/19, and the latter was dependent on the outcome of a Wales Audit Office regional review.

During the period, the only 'red' (limited assurance) review had been issued for the Single Access Route to Housing (SARTH). In keeping with the agreed practice for red reviews, the Chief Officer (Community & Enterprise) was in attendance with the Housing Asset Manager and Service Manager (Customer Support) to give assurance on actions being taken.

The Senior Auditor explained the background and scope of the review which had identified 13 actions, including two of high risk which had been completed. She

reported that management had been receptive to the findings and were promptly implementing actions.

The Chief Officer reiterated that the findings of the review were being prioritised. She provided explanation on the two red actions relating to the checking of evidence to support allocation overrides and the recording of application dates on the register. As background information, she spoke about the impact of an increase in applicants on the register over the past 12 months which had led to challenges in register management.

Sally Ellis welcomed the detailed action plan. In response to comments, the Senior Auditor said that the ICT changes would help to automate systems and reduce the level of manual working and subsequent pressures. Officers referred to previous issues arising from a delay in upgrading the server to support the 'Open Housing' system. Actions were set out in the report for ICT officers to prioritise that work, subject to the capacity of Capita, in accordance with the agreed timescales.

When asked by Councillor Dolphin about ICT work planning, the Chief Officer said that the current approach involved discussion with the Chief Officer team to assess how any new projects identified during the year could be accommodated.

The Chief Executive said that to address the findings of red reviews, Chief Officers were required to look at the detail beyond those actions to assist teams in carrying out that work.

Councillor Woolley highlighted a number of typographical errors in the report.

In response to a query by Councillor Johnson, the Internal Audit Manager explained that a follow-up review of SARTH was scheduled for June 2018 to allow time for actions to be implemented. The Chair asked that the report on the follow-up review include details of any delays to ICT changes.

The Chair thanked the Chief Officer and team members for their attendance and contributions.

**RESOLVED:**

That the report be accepted.

**51. ACTION TRACKING**

The Internal Audit Manager presented the progress update report on actions arising from previous meetings. Those which were not yet complete were scheduled to do so.

**RESOLVED:**

That the report be accepted.

**52. FORWARD WORK PROGRAMME**

The Internal Audit Manager presented the Forward Work Programme for consideration. Following earlier discussion, she advised that the self-assessment questionnaires to be circulated would include the results of responses from last year's exercise to help the Committee complete the task. Members were advised to contact the Internal Audit Manager if they wished to discuss the questionnaire.

It was proposed by Sally Ellis that the Committee receives details of 'amber red' final reports issued by Internal Audit, in addition to information on 'red' reports currently received. The Internal Audit Manager agreed to provide a breakdown of the information together with details of the 'amber red' review on Pollution Control listed in the current report. This was seconded and supported by the Committee.

**RESOLVED:**

- (a) That the Forward Work Programme be accepted;
- (b) That the Committee receives information on 'amber red' final reports issued by Internal Audit (as well as red reports currently shared) including that on Pollution Control contained in this report; and
- (b) That the Internal Audit Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

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

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

The meeting commenced at 10am and finished at 12.15pm

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**Chair**

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## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday 21 <sup>st</sup> March 2018
<b>Report Subject</b>	Treasury Management Quarterly Update 2017/18
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The report provides an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices 2017/18 to the end of February 2018.

### RECOMMENDATIONS

1	Members note the Treasury Management 2017/18 quarterly update.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE QUARTERLY UPDATE</b>
1.01	The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies. The Audit Committee has previously agreed to include Treasury Management as a standing item on each quarterly agenda to receive an update.
1.02	On 16 <sup>th</sup> February 2016 the Council approved the Treasury Management Policy Statement 2016-2019 and Treasury Management Practices 2016-2019, following the recommendation of the Cabinet and consideration by the Audit Committee.

1.03	On 14 <sup>th</sup> February 2017, the Council approved the Treasury Management Strategy 2017/18, following the consideration by the Audit Committee and recommendation from the Cabinet.																
1.04	A statement setting out the Council's investments as at 28 <sup>th</sup> February 2018 is attached at Appendix 1 and shows that the investment balance at this time was £18.2m, spread across 8 counterparties with an average investment rate of 0.45%.																
1.05	There have been no changes to the Council's long term borrowing during the quarter. A schedule of outstanding loans as at 28 <sup>th</sup> February 2018 is attached as Appendix 2, with total long-term borrowing of £252.5m with a weighted average interest rate of 4.95%.																
1.06	Appendix 3 shows the Council's short term borrowing as at 28 <sup>th</sup> February 2018. The total amount of loans outstanding was £42.1m with an average interest rate payable of 0.59%.																
1.07	<p>The borrowing strategy throughout 2017/18 has been to monitor capital expenditure plans to confirm the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and borrow unnecessarily which will be costly.</p> <p>Short term borrowing continues to be available at much lower rates than long term borrowing and is currently being utilised as far as possible without exposure to excessive refinancing risk.</p> <p>The structure of the Council's borrowing portfolio is constantly being reviewed as interest rates are forecast to rise, using current forecasts short term borrowing will be more cost effective over the medium term compared with long term borrowing.</p> <p>In the near future it is likely that borrowing long term could represent a better deal over the long term but this would be more expensive in the short to medium term and will reduce the flexibility of our debt portfolio. The position is finely balanced and is being monitored closely.</p>																
1.08	<p>Members requested a list of the regulated financial institutions which have approved the Council's application to be classed as a professional client under MiFID II as its January 2018 meeting. These are detailed in the table below:</p> <table border="1" data-bbox="319 1579 1385 2069"> <thead> <tr> <th><b>Financial Institution:</b></th> <th><b>Relationship with the Council:</b></th> </tr> </thead> <tbody> <tr> <td>Arlingclose Limited</td> <td>Treasury Management Advisors</td> </tr> <tr> <td>Martin Brokers Ltd</td> <td>Broker</td> </tr> <tr> <td>Tradition (UK) Ltd</td> <td>Broker</td> </tr> <tr> <td>ICAP plc</td> <td>Broker</td> </tr> <tr> <td>Tullet Prebon (UK) Ltd</td> <td>Broker</td> </tr> <tr> <td>BGC Partners</td> <td>Broker</td> </tr> <tr> <td>King &amp; Shaxson Limited</td> <td>Broker &amp; Custodian</td> </tr> </tbody> </table>	<b>Financial Institution:</b>	<b>Relationship with the Council:</b>	Arlingclose Limited	Treasury Management Advisors	Martin Brokers Ltd	Broker	Tradition (UK) Ltd	Broker	ICAP plc	Broker	Tullet Prebon (UK) Ltd	Broker	BGC Partners	Broker	King & Shaxson Limited	Broker & Custodian
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	<table border="1"> <tr> <td>Institutional Cash Distributors (ICD)</td> <td>Money Market Funds</td> </tr> <tr> <td>Federated Investors (UK) LLP</td> <td>Money Market Funds</td> </tr> <tr> <td>Aberdeen/Standard Life</td> <td>Money Market Funds</td> </tr> <tr> <td>Insight Investment</td> <td>Money Market Funds</td> </tr> <tr> <td>Coventry Building Society</td> <td>Building Society</td> </tr> </table> <p>There are no outstanding applications to 'opt up' to professional status with any financial institution at this time.</p> <p>The Council has not received any rejections from applications submitted to financial institutions, all applications have resulted in a successful outcome to continue to be recognised as a professional client.</p>	Institutional Cash Distributors (ICD)	Money Market Funds	Federated Investors (UK) LLP	Money Market Funds	Aberdeen/Standard Life	Money Market Funds	Insight Investment	Money Market Funds	Coventry Building Society	Building Society
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1.09	<p><b><u>Economic update – Provided by Arlingclose</u></b></p> <p>The optimism about global growth evident in the second half of 2017 continued into 2018, with repercussions for central bank decision-making and interest rate expectations. Expectations for the US economy in particular were riding high, after strong Q3 GDP growth and the Donald Trump-driven tax reforms eventually passed late in 2017, while Eurozone activity continued to strengthen.</p> <p>In the UK, economic growth continued to be relatively subdued, particularly with regards to business investment and consumer spending, as Brexit uncertainty and higher inflation continued to weigh on activity. However, the stronger global picture and monetary policymaker concerns about higher wage growth/inflation fed into interest rate expectations, prompting a rise in government bond yields. This more hawkish stance was confirmed by the February Inflation Report, following which the market priced in a high probability of a Bank Rate rise in May.</p>										
1.10	<p><b><u>Interest Rate Forecast</u></b></p> <p>Since the last report Arlingclose Ltd, the Council Treasury Management Advisors has revised its interest rate projections. The projection is for Bank Rate rise by 0.25% in June and December 2018, then again in June 2019 to 1.25%.</p> <p>Gilt yields have also risen slightly, any borrowing that the Council undertakes is linked to Gilt yields. The Arlingclose projection is for yields to experience a further small upward movement of 0.2% over the next financial year and broadly stay flat over the next 2 financial years.</p>										
1.11	<p><b><u>Change in Minimum Revenue Provision</u></b></p> <p>As part of 2018/19 budget setting the Council's policy on Minimum Revenue Provision (MRP) has been reviewed with full Council approving a change to the policy at its meeting on 1<sup>st</sup> March. This has the impact of bringing forward the Council's borrowing requirements which was explained and considered as part of the decision to change the policy.</p>										

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The financial implications of changes to investing and borrowing rates and the change in MRP policy as set out in the report will be factored into the next revenue budget report and future forecasts of the Medium Term Financial Strategy; no other resource implications directly as a result of this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Arlingclose Ltd, being the Council's treasury management advisors.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Risk Management directly addressed within the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	<ol style="list-style-type: none"> <li>1. Investment Portfolio as at 28<sup>th</sup> February 2018</li> <li>2. Long Term Borrowing Portfolio as at 28<sup>th</sup> February 2018</li> <li>3. Short Term Borrowing Portfolio as at 28<sup>th</sup> February 2018</li> </ol>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Contact Officer:</b> Paul Vaughan – Technical Finance Manager  <b>Telephone:</b> 01352 702289  <b>E-mail:</b> <a href="mailto:paul.vaughan@flintshire.gov.uk">paul.vaughan@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Bank Rate:</b> The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate".</p> <p><b>Basis Point:</b> A unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). In most cases, it refers to changes in interest rates and bond yields. For example, if interest rates rise by 25 basis points, it means that rates have risen by 0.25% percentage points.</p> <p><b>Bond:</b> A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.</p>

**Capital Expenditure:** Expenditure on the acquisition, creation or enhancement of capital assets.

**Capital Financing Requirement (CFR):** The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.

**Credit Default Swaps:** Similar to an insurance policy against a credit default.

**Certificates of Deposits (CD's):** A savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks. The term of a CD generally ranges from one month to five years.

**Cost of Carry:** The "cost of carry" is the difference between what is paid to borrow compared to the interest which could be earned. For example, if one takes out borrowing at 5% and invests the money at 1.5%, there is a cost of carry of 3.5%.

**Consumer Price Index (CPI):** The UK's main measure of inflation (along with Retail Price Index or 'RPI') The Monetary Policy Committee of the Bank of England set the Bank Rate in order to try and keep CPI at or close to the target set by the Government. The calculation of CPI includes many items of normal household expenditure but excludes some items such as mortgage interest payments and Council Tax.

**Credit Rating:** Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

**Corporate Bonds:** Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.

**Counterparty List:** List of approved financial institutions with which the Council can place investments.

**Custodian:** A custodian is a financial institution that holds customers' securities for safekeeping to minimise the risk of their theft or loss. Most custodians also offer other services, such as account administration, transaction settlements, collection of dividends and interest payments and foreign exchange.

**Debt Management Office (DMO):** The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Facility (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign credit rating.

**Federal Reserve:** The US central bank, the equivalent of the Bank of

England. (Often referred to as “the Fed”).

**Financial Instruments:** Financial instruments are tradable assets of any kind. They can be cash, evidence of an ownership interest in an entity, or a contractual right to receive or deliver cash or another financial instrument

**Gilts:** Gilts are bonds issued by the UK Government. They take their name from ‘gilt-edged’. They are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.

**LIBID:** The London Interbank Bid Rate (LIBID) is the rate bid by banks on Eurocurrency deposits (i.e. the rate at which a bank is willing to borrow from other banks).

**LIBOR:** The London Interbank Offered Rate (LIBOR) is the rate of interest that banks charge to lend money to each other. The British Bankers' Association (BBA) work with a small group of large banks to set the LIBOR rate each day. The wholesale markets allow banks who need money to borrow from those with surplus amounts. The banks with surplus amounts of money are keen to lend so that they can generate interest which it would not otherwise receive.

**LOBO:** Stands for Lender Option Borrower Option. The underlying loan facility is typically very long-term - for example 40 to 60 years - and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the ‘option’ to either accept the new imposed fixed rate or repay the loan facility.

**IFRS:** International Financial Reporting Standards.

**Maturity:** The date when an investment or borrowing is repaid.

**Maturity Structure / Profile:** A table or graph showing the amount (or percentage) of debt or investments maturing over a time period.

**Monetary Policy Committee (MPC):** Government Body that sets the Bank Rate. Its primary target is to keep inflation within 1% of a central target of 2%. Its secondary target is to support the Government in maintaining high and stable levels of growth and employment.

**Money Market Funds (MMF):** Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

**MiFID II (Markets in Financial Instruments Directive):** EU legislation that regulates firms who provide services to clients linked to ‘financial instruments’. As a result of MiFID II, from 3<sup>rd</sup> January 2018 local authorities will be treated as retail clients but can “opt up” to professional client status, providing that they meet certain qualitative and quantitative criteria.

**Minimum Revenue Provision (MRP):** An annual provision that the Council is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital

assets.

**Non Specified Investment:** Investments which fall outside the WG Guidance for Specified investments (below).

**Operational Boundary:** This linked directly to the Council's estimates of the CFR and estimates of other day to day cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

**Premiums and Discounts:** In the context of local authority borrowing,  
(a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and  
(b) the discount is the gain arising when a loan is redeemed prior to its maturity date.

**Prudential Code:** Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.

**Prudential Indicators:** Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators

**Public Works Loans Board (PWLB):** The PWLB is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

**Quantitative Easing (QE):** QE is a form of monetary policy where a Central Bank creates new money electronically to buy financial assets, like government bonds. This cash injection lowers the cost of borrowing and boosts asset prices to support spending.

**Revenue Expenditure:** Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.

**Retail Price Index (RPI):** A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent.

**Term Deposits:** Deposits of cash with terms attached relating to maturity and rate of return (Interest).

**Specified Investments:** Term used in the Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than one year. UK government, local authorities and bodies that have a high credit rating.

**Supported Borrowing:** Borrowing for which the costs are supported by the government or third party.

**Supranational Bonds:** Instruments issued by supranational organisations created by governments through international treaties (often called multilateral development banks). The bonds carry an AAA rating in their own right. Examples of supranational organisations are the European Investment Bank, the International Bank for Reconstruction and Development.

**Treasury Bills (T-Bills):** Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. They are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have an AAA-rating.

**Treasury Management Code:** CIPFA's Code of Practice for Treasury Management in the Public Services, initially brought in 2003, subsequently updated in 2009 and 2011.

**Treasury Management Practices (TMP):** Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.

**Temporary Borrowing:** Borrowing to cover peaks and troughs of cash flow, not to fund capital spending.

**Unsupported Borrowing:** Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.

**Yield:** The measure of the return on an investment instrument.

**FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO**

**28th February 2018**

**APPENDIX 1**

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
AMUNDI MONEY MARKET FUND	3.0	04/05/17	31/03/18	0.44%	11,970	MMF	1 month or less
<b>AMUNDI MONEY MARKET FUND</b>	<b>3.0</b>						
BANK OF SCOTLAND	2.0	20/12/17	31/03/18	0.57%	3,155	UK BANK	1 month or less
<b>BANK OF SCOTLAND</b>	<b>2.0</b>						
BNP PARIBAS SECURITIES SVCS	3.0	03/04/17	31/03/18	0.45%	13,389	MMF	1 month or less
<b>BNP PARIBAS SECURITIES SVCS</b>	<b>3.0</b>						
FEDERATED INVESTORS (UK)	3.0	27/11/17	31/03/18	0.38%	3,873	MMF	1 month or less
<b>FEDERATED INVESTORS (UK)</b>	<b>3.0</b>						
FURNESS BUILDING SOCIETY	1.0	05/10/17	05/04/18	0.65%	3,241	UK BS	1 - 3 months
<b>FURNESS BUILDING SOCIETY</b>	<b>1.0</b>						
INSIGHT LIQUIDITY FUND	2.9	01/08/17	31/03/18	0.41%	7,883	MMF	1 month or less
<b>INSIGHT LIQUIDITY FUND</b>	<b>2.9</b>						
INVESCO AIM STIC	3.0	04/10/17	31/03/18	0.41%	5,998	MMF	1 month or less
<b>INVESCO AIM STIC</b>	<b>3.0</b>						
SSGA GBP LIQUIDITY FUND	0.3	05/04/17	31/03/18	0.37%	1,095	MMF	1 month or less
<b>SSGA GBP LIQUIDITY FUND</b>	<b>0.3</b>						
<b>TOTAL</b>	<b>18.2</b>			<b>0.45%</b>	<b>50,604</b>		
<b>PREVIOUS REPORTS TOTALS (31st December 2017)</b>	<b>14.7</b>			<b>0.41%</b>			

**FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY**

**28th February 2018**

**APPENDIX 1**

Type of Investment	Total Amount Invested	% of Total Portfolio
	£m	
Debt Management Office (DMO)	0.0	0%
UK Bank	2.0	11%
UK Building Society (UK BS)	1.0	5%
Overseas	0.0	0%
Local Authorities	0.0	0%
CD's	0.0	0%
T-Bills	0.0	0%
Money Market Funds (MMF)	15.2	84%

Period to Investment Maturity			
1 month or less	1 - 3 months	3 months +	12 months +
£m	£m	£m	£m
2.0			
	1.0		
15.2			

<b>Total (£)</b>	<b>18.2</b>	
<b>Total (%)</b>		<b>100%</b>

<b>17.2</b>	<b>1.0</b>	<b>0.0</b>	<b>0.0</b>
<b>95%</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>



## FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

28th February 2018

APPENDIX 2

Loan Start Date	Principal Loan Outstanding £	Interest Rate %	Annual Interest £	Loan Maturity Date
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<b>PWLB Fixed Rate Maturity Loans</b>				
20/03/86	2,436,316	9.50	231,450	30/11/25
01/04/86	1,392,181	9.13	127,036	30/11/23
01/04/86	1,218,158	9.13	111,157	30/11/21
24/03/88	696,090	9.13	63,518	30/11/27
25/08/88	696,090	9.50	66,129	31/03/28
26/10/88	870,113	9.25	80,485	30/09/23
26/05/89	1,044,135	9.50	99,193	31/03/25
26/05/89	1,044,135	9.50	99,193	31/03/29
28/09/95	561,642	8.25	46,335	30/09/32
28/09/95	181,120	8.63	15,622	30/09/32
28/09/95	348,045	8.25	28,714	30/09/27
28/09/95	696,090	8.25	57,427	30/09/28
28/09/95	1,740,226	8.25	143,569	30/09/29
28/09/95	1,740,226	8.25	143,569	30/09/30
28/09/95	1,740,226	8.25	143,569	30/09/31
28/09/95	522,068	8.25	43,071	30/09/21
28/09/95	696,090	8.25	57,427	30/09/24
28/09/95	1,740,226	8.25	143,569	30/09/26
28/09/95	1,000,282	8.63	86,274	30/09/22
18/04/97	2,000,000	7.75	155,000	18/10/27
18/04/97	2,000,000	7.75	155,000	18/10/28
18/04/97	2,000,000	7.75	155,000	18/10/29
18/04/97	2,000,000	7.75	155,000	18/10/30
* 17/07/97	4,000,000	7.13	285,000	31/03/55
* 17/07/97	4,000,000	7.13	285,000	31/03/56
* 17/07/97	4,492,873	7.13	320,117	31/03/57
* 17/07/97	3,500,000	7.00	245,000	31/03/55
* 17/07/97	3,500,000	7.00	245,000	31/03/56
* 17/07/97	3,278,252	7.00	229,478	31/03/57
* 20/05/98	1,333,332	5.75	76,667	18/04/31
20/05/98	1,050,000	6.00	63,000	18/04/26
09/06/98	2,000,000	5.75	115,000	30/09/32
09/06/98	3,000,000	5.75	172,500	30/09/33
09/06/98	4,000,000	5.75	230,000	30/09/34


	17/09/98	3,850,000	5.25	202,125	31/03/58
	08/12/98	1,200,000	4.75	57,000	31/03/54
	08/12/98	2,500,000	4.75	118,750	31/03/58
	08/12/98	4,800,000	4.50	216,000	31/03/54
	01/04/99	6,000,000	4.63	277,500	31/03/53
	22/04/99	4,000,000	4.50	180,000	31/03/52
*	10/08/99	1,700,000	4.50	76,500	31/03/53
*	10/08/99	3,700,000	4.50	166,500	31/03/52
*	10/08/99	7,700,000	4.50	346,500	31/03/51
*	10/08/99	7,700,000	4.50	346,500	31/03/50
*	10/08/99	7,700,000	4.50	346,500	31/03/49
*	10/08/99	7,700,000	4.50	346,500	31/03/48
	05/04/01	2,500,000	4.75	118,750	31/03/25
	15/11/01	1,400,000	4.50	63,000	31/03/23
	15/11/01	1,350,000	4.50	60,750	31/03/22
*	02/08/05	1,700,000	4.45	75,650	18/04/31
*	02/08/05	4,900,000	4.45	218,050	18/04/32
*	02/08/05	4,600,000	4.45	204,700	18/04/33
*	02/08/05	1,800,000	4.45	80,100	18/04/34
*	02/08/05	2,244,611	4.45	99,885	18/04/35
	02/04/15	10,800,000	4.11	443,880	02/10/34
	02/04/15	9,000,000	4.13	371,700	02/04/35
	02/04/15	9,000,000	4.14	372,600	02/10/35
	02/04/15	9,000,000	4.16	374,400	02/04/36
	02/04/15	8,000,000	4.17	333,600	02/10/36
	02/04/15	7,000,000	4.18	292,600	02/04/37
	02/04/15	7,000,000	4.19	293,300	02/10/37
	02/04/15	7,000,000	4.20	294,000	02/04/38
	02/04/15	7,000,000	4.21	294,700	02/10/38
	02/04/15	5,448,094	4.22	229,910	02/04/39
	<b>Total</b>	<b>220,810,621</b>	<b>5.24</b>	<b>11,576,018</b>	

<b>Market Fixed Rate Loans (LOBOS)</b>					
*	24/07/07	6,350,000	4.48	284,480	24/01/40
*	24/07/07	6,300,000	4.53	285,075	24/01/41
*	24/07/07	6,300,000	4.58	288,540	24/01/42
	<b>Total</b>	<b>18,950,000</b>	<b>4.53</b>	<b>858,095</b>	

<b>PWLB Variable Rate Maturity Loans</b>					
*	05/05/10	10,000,000	0.57	57,000	05/05/20
		<b>10,000,000</b>	<b>0.57</b>	<b>57,000</b>	

<b>Other Government Loans</b>				
17/02/12	56,120	0.00	0.00	01/04/18
13/03/12	24,939	0.00	0.00	01/04/18
01/03/17	350,000	0.00	0.00	01/04/20
08/06/17	700,000	0.00	0.00	01/04/22
21/09/17	350,000	0.00	0.00	01/04/23
19/12/17	350,000	0.00	0.00	01/10/24
21/10/15	460,000	0.00	0.00	31/03/30
20/10/16	400,000	0.00	0.00	31/03/31
	<b>2,691,059</b>	<b>0</b>	<b>0</b>	

<b>Totals</b>			
<b>Fixed Rate</b>	<b>239,760,621</b>		<b>12,434,113</b>
<b>Variable Rate</b>	<b>10,000,000</b>		<b>57,000</b>
<b>Other</b>	<b>2,691,059</b>		<b>0</b>
<b>Grand Total</b>	<b>252,451,680</b>	<b>4.95</b>	<b>12,491,113</b>

\* New loan due to debt restructuring  
 HRAS Buyout Loans

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Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
CITY OF EDINBURGH COUNCIL	5.0	18/12/17	09/03/18	0.50%	5,548	1,110	1 month or less
CITY OF EDINBURGH COUNCIL	5.0	27/02/18	04/06/18	0.65%	8,637	664	3 - 12 months
<b>CITY OF EDINBURGH COUNCIL</b>	<b>10.0</b>						
DERBYSHIRE PENSION FUND	5.0	25/01/18	24/08/18	0.62%	17,921	1,445	3 - 12 months
DERBYSHIRE PENSION FUND	5.0	27/02/18	31/08/18	0.75%	19,007	1,267	3 - 12 months
<b>DERBYSHIRE PENSION FUND</b>	<b>10.0</b>						
GLOUCESTER CITY COUNCIL	3.1	24/04/17	23/04/18	0.52%	16,076	3,092	3 - 12 months
<b>GLOUCESTER CITY COUNCIL</b>	<b>3.1</b>						
OXFORD CITY COUNCIL	6.0	19/02/18	18/05/18	0.60%	8,679	723	1 - 3 months
<b>OXFORD CITY COUNCIL</b>	<b>6.0</b>						
TAMESIDE MBC	6.0	26/02/18	05/03/18	0.50%	575	115	1 month or less
<b>TAMESIDE MBC</b>	<b>6.0</b>						
TUNBRIDGE WELLS BOROUGH COUNCIL	5.0	22/02/18	22/05/18	0.62%	7,559	610	1 - 3 months
<b>TUNBRIDGE WELLS BOROUGH COUNCIL</b>	<b>5.0</b>						
WESTERN ISLES COUNCIL	2.0	29/01/18	27/04/18	0.55%	2,652	145	1 - 3 months
<b>WESTERN ISLES COUNCIL</b>	<b>2.0</b>						
<b>TOTAL</b>	<b>42.1</b>			<b>0.59%</b>	<b>86,654</b>	<b>9,171</b>	

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## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday 21 <sup>st</sup> March 2018
<b>Report Subject</b>	Wales Audit Office Audit Plan 2018
<b>Cabinet Member</b>	Leader and Cabinet Member for Finance
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

External auditors are required to carry out an audit to discharge their statutory duties as Auditor General and fulfil their obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009, Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice.

The Wales Audit Office, being the Council's external auditor, has prepared an audit plan for 2018 for the Council and the Clwyd Pension Fund (attached at Appendix 1 and 2 to this report) which sets out their proposed audit work for the year along with timescales, costs and the audit teams responsible for carrying out the work.

### RECOMMENDATIONS

1	Members note the Wales Audit Office reports.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE WALES AUDIT OFFICE AUDIT PLAN</b>
1.01	The 2018 Audit Plan for Flintshire County Council is attached at Appendix 1, and Clwyd Pension Fund at Appendix 2.

1.02	<p>The Audit Plan for Flintshire County Council is a combined plan covering;</p> <ul style="list-style-type: none"> <li>• Financial audit of the 2017/18 Statement of Accounts</li> <li>• Certification of 2017/18 grant claims and returns</li> <li>• Other audit work relating to North Wales Residual Waste Joint Committee</li> <li>• Performance audit including annual improvement assessment</li> </ul>
1.03	<p>The improvement assessment work, combined with work on financial matters, also discharges the Auditors responsibility to satisfy that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.</p>
1.04	<p>The Wales Audit Office have issued a separate report summarising their work on certification of grants and returns 2016/17 which is included elsewhere on this agenda.</p>
1.05	<p>The programme of performance audit work in 2018/19 is outlined in paragraphs 18 - 25 within the Wales Audit Office report, and in exhibit 4.</p>
1.06	<p>At its meeting in January 2018 the Audit Committee discussed proposed changes Welsh Government were intending to make to the Accounts and Audit (Wales) Regulations. Welsh Government have subsequently issued the amended Regulations.</p>
1.07	<p>The draft financial statements will be reported to the Audit Committee in July 2018. The final audited accounts will be considered by the Audit Committee for recommendation to Council in September 2018. Reports will be within the earlier deadlines agreed by the Audit Committee at its January 2018 meeting of 15<sup>th</sup> June for draft accounts preparation, and 15<sup>th</sup> September for final audited accounts publication. This is in preparation for earlier statutory deadlines for financial year 2018/19 set out by the amended Regulations.</p>
1.08	<p>The amended Regulations also require that pension fund accounts are not included in the statement of accounts of county or county borough councils that administer pension funds. This means that the accounts of the Clwyd Pension Fund will no longer be included within the Council's Statement of Accounts.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>Proposed fees charged for the audit work for Flintshire County Council has been included in the Wales Audit Office report at exhibit 5.</p> <p>Proposed fees charged for the audit work for Clwyd Pension Fund has been included in the Wales Audit Office report at exhibit 3.</p>



<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None required.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	All audit work is carried out on a risk based approach which is covered in detail within the Wales Audit Office reports.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Wales Audit Office 2018 Audit Plan Flintshire County Council Appendix 2 – Wales Audit Office 2018 Audit Plan Clwyd Pension Fund

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<b>Contact Officer:</b> Gary Ferguson – Corporate Finance Manager <b>Telephone:</b> 01352 702271 <b>E-mail:</b> <a href="mailto:gary.ferguson@flintshire.gov.uk">gary.ferguson@flintshire.gov.uk</a>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
	<p><b>Financial Audit:</b> The annual external audit of the Council’s Statement of Accounts.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April</p> <p><b>Material:</b> A concept used to inform judgements regarding the accuracy of the Council’s Statement of Accounts. The basis could be quantitative with an assigned value or qualitative and affected by issues that are legal, regulatory, or politically sensitive.</p> <p><b>Statement of Accounts / Final Accounts / Financial Accounts or Statements:</b> The Council’s annual finance report providing details of the Council’s financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.</p> <p><b>Wales Audit Office:</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p>

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

## 2018 Audit Plan – Flintshire County Council

Audit year: 2017-18

Date issued: March 2018

Document reference: 439A2018-19

This document has been prepared for the internal use of Flintshire County Council as part of work performed/to be performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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# 2018 Audit Plan

## Summary

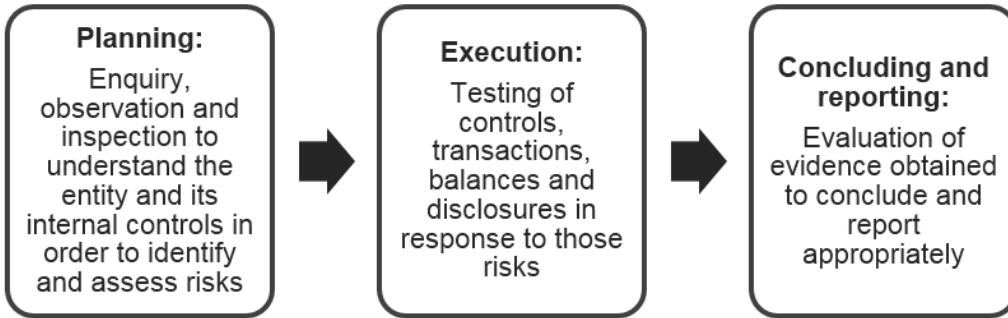
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
  - examine and certify whether your financial statements are 'true and fair';
  - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
  - audit and assess whether you have discharged the duties and met requirements of the Measure; and
  - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not Flintshire County Council (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Council and its Group's financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

**Exhibit 1: my audit approach**

My audit approach involves three key stages: planning, execution and finally concluding and reporting



- 9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

**Exhibit 2: financial audit risks**

This table summarises the key financial audit risks identified at the planning stage of the audit

<b>Financial audit risk</b>	<b>Proposed audit response</b>
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.	My audit team will: <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
Risk that the Council’s key financial systems and controls are not designed or operating effectively to prevent and detect material misstatements in the financial statements.	We will review the key controls to support the production of accurate accounts, including the main accounting system, closedown procedures.
Risks related to preparation of the Group accounts: <ul style="list-style-type: none"> <li>• there is a risk of material misstatement in the financial statements arising from the Council’s rolling programme of revaluing Property Plant and Equipment (fixed assets);</li> </ul>	We will: <ul style="list-style-type: none"> <li>• assess the rolling revaluation programme to ensure it has been conducted in line with accounting policies; and they it is, in all material</li> </ul>

Financial audit risk	Proposed audit response
<ul style="list-style-type: none"> <li>• risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure;</li> <li>• there is a risk that the financial transactions of the new Aura Leisure and Libraries Limited are not reflected in accordance with the requirements of accounting for group operations as the Council does not intend consolidating the company within its Group accounts.</li> </ul>	<p>respects, accurately reflected in the financial statements.</p> <ul style="list-style-type: none"> <li>• undertake a programme of audit testing to address risks identified as part of our planning work and review of the draft financial statements.</li> <li>• we will review the accounting treatment of Aura Leisure and Libraries Limited to ensure they are correctly excluded from the Group.</li> </ul>
<p>The preparation of the Statement of Accounts will involve the estimation of a number of account figures such as accounting for employee benefits under International Accounting Standard 19 and provisions for the Council's liabilities (eg pay claims, legal disputes).</p>	<p>We will review:</p> <ul style="list-style-type: none"> <li>• the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information, including progress with the determining liabilities; and</li> <li>• documentation held to support estimates derived and judgements made, and refer to papers provided in support of them.</li> </ul> <p>We will also ensure that appropriate accounting and disclosure requirements are included within the financial statements.</p>
<p>We have identified a number of disclosures as being material by nature. These include the disclosure of Related Parties and the Remuneration note.</p>	<p>We will design detailed testing to obtain the required assurance that disclosures identified as material by nature have not been misstated.</p>

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Council prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
  - all appropriate officers will be available during the audit;



- you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 13 In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council to support preparation of Whole of Government Accounts.

### Statutory audit functions

- 14 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 15 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

### Other financial audit work

- 17 I am also responsible for the audit of North Wales Residual Waste Joint Committee. Your estimated fee for this work is set out in [Exhibit 5](#).

## Performance audit

- 18 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
  - offering insight on the extent to which resources are used wisely in meeting people's needs; and
  - identifying and promoting ways by which the provision of public services may be improved.
- 19 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will minimise work that focuses on the process of improvement planning.
- 20 In recent years I have placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future I will be unable to rely on my work under the Measure, in 2018-19, and subsequent years, the focus of my local performance audit programmes will be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 21 In 2017-18 I undertook my first work under the Wellbeing of Future Generations (Wales) Act 2015, the Year One Commentary. This work sought to identify how public bodies are beginning to respond to the Act and share emerging practice. My 2018-19 programme will include the first examinations to be carried out under the Act. These examinations will assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives.
- 22 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 3** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.
- 23 In the spring of 2018 I will also be consulting on my forward programme of studies across all sectors and I would welcome views on the areas I should focus my national reviews on when the consultation is launched.

### Exhibit 3: local government studies

In 2016-17 I published three national reports related to local government and will undertake fieldwork for a further three reports during the summer and autumn of 2018

Study	Status
<b>2016-17 studies</b>	
How local government manages demand	Published January 2018
Improving wellbeing through housing adaptations	Publish in February 2018
Strategic commissioning	Publish in March 2018
<b>2017-18 studies</b>	
Services to rural communities	Fieldwork – Publish Summer/Autumn 2018
Use of data	Fieldwork – Publish Summer/Autumn 2018
Integrated care fund	Fieldwork February – Publish Autumn 2018

24 Taking all these factors into consideration, my 2018-19 programme of work will comprise:

### Exhibit 4: performance audit programme

My 2018 performance audit programme will include local projects and national studies

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet one or more of its wellbeing objectives - which we will discuss and agree with the Council during early 2018-19
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.

Performance audit programme	Brief description
<p>One or more of the theme reviews described opposite. We are currently discussing with the Council which of the review(s) will be undertaken. The outcomes of the discussions will be reported to the next meeting of the Audit Committee.</p>	<p><b>Environmental Health</b> Review of the arrangements the Council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General for Wales as part of the 'delivering with less' themed studies.</p> <p><b>Leisure Services</b> Review of the arrangements the Council has put in place to deliver leisure services building on the study previously undertaken by the Auditor General for Wales as part of the 'delivering with less' themed studies.</p> <p><b>Corporate Safeguarding Arrangements</b> Review of the effectiveness of corporate safeguarding arrangements building on the study previously undertaken by the Auditor General for Wales in this area.</p>
<p>We are currently discussing with the Council the details of the local bespoke work to be undertaken during the year. The outcomes of the discussions will be reported to the next meeting of the Audit Committee.</p>	
<p><b>2018-19 Local Government Studies</b></p>	<p>Funded by the Welsh Government</p>
<p>Implementation of the Social Services and Well-being Act</p>	<p>The Social Services and Well-being (Wales) Act 2014 focuses on reforming and simplifying the law relating to social services. The Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review progress by authorities in delivering their new duties under the Act and help to identify opportunities for improving current management and delivery arrangements. Further information can be found in our call for evidence report published in August 2017.</p>

Performance audit programme	Brief description
Implementation of Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015	The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 aims to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventive, protective and supportive mechanisms in the delivery of services. Our review will focus on the effectiveness of arrangements to improve support for people affected by such abuse and violence. Further information can be found in our <a href="#">call for evidence report</a> published in August 2017.
Value for Money of Planning Services	The Planning (Wales) Act 2015 (the Act) gained Royal Assent on 6 July 2015. The Act sets out a series of legislative changes to deliver reform of the planning system in Wales, to ensure that it is fair, resilient and enables development. An effective planning service will be at the front of shaping the character, development and prosperity of a local authority or national park. Given the requirements of the Act, it is important that planning authorities ensure that their services are fit for the future to ensure they meet both their statutory responsibilities but also support the delivery of corporate, regional and national priorities. Our review will consider the effectiveness and impact of planning services on local communities in Wales. Further information can be found in our <a href="#">call for evidence report</a> published in August 2017.

- 25 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

## Fee, audit team and timetable

### Fee

- 26 Your estimated fee for 2018 is set out in [Exhibit 5](#). This figure represents a one per cent decrease compared to the fee set out in the 2017 audit plan.
- 27 As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than one per cent) which we have offset by a reduction in audit days.

#### Exhibit 5: audit fee

The total audit fee will be £307,800 and an estimated arrange of £45,000 to £55,000 for the certification of grant claims and returns

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts	206,699	209,699
Performance audit work	100,261	100,261
North Wales Residual Waste Joint Committee	920	920
<b>Total fee</b>	<b>307,880</b>	<b>310,880</b>
Grant certification work	45,000 to 55,000	63,731

- 28 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 29 The fee for my work on grant claims and returns reflects the Welsh Government's new streamlined assurance arrangements for 2017-18, the 'Summary Schedule of Certified Welsh Government Grants'. This follows successful piloting at four Council's across Wales last year. This means that there should only be a small number of claims and returns which remain to be certified in the 'traditional' way, as reflected in the lower estimated fee range for grant certification work in 2017-18.
- 30 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

## Audit team

31 The main members of my team, together with their contact details, are summarised in [Exhibit 6](#).

### Exhibit 6: my team

This table provides contact details for the audit team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Director and Engagement Lead – Financial Audit	02920 320640	<a href="mailto:richard.harries@audit.wales">richard.harries@audit.wales</a>
Huw Rees	Engagement Lead – Performance Audit	0290 320599	<a href="mailto:huw.rees@audit.wales">huw.rees@audit.wales</a>
Matthew Edwards	Financial Audit Manager	07837 385420	<a href="mailto:matthew.edwards@audit.wales">matthew.edwards@audit.wales</a>
Mike Whiteley	Financial Audit Team Leader	07970 488911	<a href="mailto:mike.whiteley@audit.wales">mike.whiteley@audit.wales</a>
Jeremy Evans	Performance Audit Manager	07825 052861	<a href="mailto:jeremy.evans@audit.wales">jeremy.evans@audit.wales</a>
Paul Goodlad	Performance Audit Lead	07854 108620	<a href="mailto:paul.goodlad@audit.wales">paul.goodlad@audit.wales</a>

32 I can confirm that my team members are all independent of the Council, its officers and any joint committees. I can confirm that, except as set out in [paragraph 33](#), there are no known threats to the independence of the Appointed Auditor or other audit staff and I have complied with the Wales Audit Office rotation policy.

33 The only known threats that we need to bring to your attention relate to Matthew Edwards, the Financial Audit Manager and an audit team member. Members of their families are employed as teachers in Flintshire schools. As a result, they will not be involved in any work at the two schools. Their involvement in any other audit work in relation to education will only be permitted following a risk assessment.

## Timetable

34 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 7](#).

### Exhibit 7: timetable

This table sets out my proposed timetable for completion and reporting of my audit work at the authority

Planned output	Work undertaken	Report finalised
2018 Audit Plan	January to March 2018	March 2018
Financial accounts work: <ul style="list-style-type: none"> <li>• Audit Deliverables</li> <li>• Audit of Financial Statements Report</li> <li>• Opinion on Financial Statements</li> <li>• Whole of Government Accounts submission</li> </ul>	February to September 2018	February 2018 September 2018  September 2018 October 2018
Performance work: Programme will be finalised as soon as practicable: see <a href="#">paragraphs 22 to 25</a> .	To be confirmed	To be confirmed
Annual Improvement Report	Throughout the year	June 2019
Annual Audit Report	May to November 2019	November 2019
2019 Audit Plan	December 2018 to February 2019	March 2019

\* Subject to timely clearance of draft findings with the Council.



## Future developments to my audit work

- 35 Details of future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 3](#).
- 36 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- **Sustainable Procurement.** Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act
  - **Measuring Outcomes.** Supporting the WFG Act, 44 bodies shift their focus from outputs to outcomes and impact
  - **Adverse Childhood Experiences.** In partnership with ACE's Hub at Public Health Wales and the Future Generations Office
  - **Digital Seminar,** taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab
  - **Building Resilient Communities.** Focussing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales
  - **Partnership working between Voluntary bodies and Public Sector Bodies.** Will also include the launch of the Good Practice Guide to Grants Management.
  - **Financial Audit – Early Closure of Local Government Accounts.** Focussing on cultural and behaviour changes
  - **Alternative Service Delivery Models.** In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation, and Good Practice Wales
  - **Cybersecurity.** Focusing on governance arrangements
  - **Preventing Hospital Admissions.** Jointly with NHS, Social Care, Housing and partners from the Third Sector
  - **Youth.** Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning

# Appendix 1

## Respective responsibilities

### Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with the statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

## Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

## Appendix 2

### Performance work in last year's audit outline still in progress

#### Exhibit 8: performance work in last year's audit outline still in progress

Four pieces of performance audit work included in last year's audit plan remain outstanding.

Performance audit project	Status	Comment
Thematic Review: Overview and Scrutiny – Fit for the Future?	Fieldwork complete	Draft report planned for issue in March 2018
Thematic Review: Service User Perspective	Fieldwork complete	Draft report planned for issue April 2018
Occupational Health arrangements review	Project scoping underway.	Fieldwork in March / April 2018 Draft report April / May 2018
Annual Improvement Report	In progress	To be published April 2018

# Appendix 3

## Other future developments

### Forthcoming key IFRS changes

#### Exhibit 9: forthcoming key IFRS changes

There are three key changes to accounting rules that will impact on the authority over the next three years.

Standard	Effective date	Further details
<b>IFRS 9 Financial instruments</b>	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
<b>IFRS 15 Revenue from contracts with customers</b>	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
<b>IFRS 16 Leases</b>	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

## General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends will also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

## Wales Pension Partnership

The administering authorities for the eight Local Government Pension Scheme (LGPS) funds in Wales have established a pension investment pool in line with government requirements. The Wales Pension Partnership Joint Governance Committee will, from April 2018 onwards, oversee the pooling of some £15 billion of investments from the eight LGPS funds in Wales.

The relevant authorities need to be fully engaged in this process to ensure that appropriate arrangements are put in place that meet their requirements and to achieve the benefits of pooling which include economies of scale and reduced costs.

## Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

### Exhibit 10: Planned forthcoming GPX webinars and Seminars.

My planned GPX programme includes 11 subject areas

Date	Format	Topic
April 2018	Webinar	<b>Sustainable Procurement.</b> Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act.
May 2018	Webinar	<b>Measuring Outcomes.</b> Supporting the WFG Act 44 bodies shift their focus from outputs to outcomes and impact

Date	Format	Topic
June 2018	Seminar	<b>Adverse Childhood Experiences.</b> In partnership with ACE's Hub at Public Health Wales and the Future Generations Office.
June 2018	Seminar	<b>Digital.</b> Seminar, taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
July 2018	Seminar	<b>Building Resilient Communities.</b> Focussing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales.
September 2018	Seminar	<b>Partnership working between Voluntary bodies and Public Sector Bodies.</b> Will also include the launch of the Good Practice Guide to Grants Management.
October 2018	Webinar	<b>Financial Audit – Early Closure of Local Government Accounts.</b> Focussing on cultural and behaviour changes.
December 2018	Seminar	<b>Alternative Service Delivery Models.</b> In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation and Good Practice Wales.
January 2019	Webinar	<b>Cybersecurity.</b> Focusing on governance arrangements.
February 2019	Seminar	<b>Preventing Hospital Admissions.</b> Jointly with NHS, Social Care, Housing and partners from the Third Sector.
March 2019	Seminar	<b>Youth.</b> Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.



# Appendix 4

## National value-for-money studies

The Council may also be interested in the national value-for-money examinations that I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

**Exhibit 11** covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work, follow-up work, or based on the findings of other reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

### Exhibit 11: national value-for-money studies

Topic	Anticipated publication (as at 11 January 2018)
Primary care services <sup>2</sup>	February/March 2018
Access to public services with the support of specialist interpretation and translation	March/April 2018
Waste management (waste prevention) Waste management (municipal recycling) Waste management (procurement of infrastructure)	March/May 2018
Early intervention and public behaviour change <sup>3</sup>	March/April 2018
GP out-of-hours services – national summary report	April/May 2018
Rural Development Programme 2014-2020	April/May 2018
Business finance	May 2018

<sup>2</sup> An initial data rich report presenting a 'picture of primary care' in advance of further local audit work.

<sup>3</sup> Following on from some good practice work, we are planning to produce a short summary paper to highlight some of the issues raised and evidence gathered through that work, supported by a series of podcasts.

Topic	Anticipated publication (as at 11 January 2018)
NHS agency staffing costs <sup>4</sup>	Summer 2018
EU Structural Funds programmes 2014-2020	Summer 2018
Improving the wellbeing of young people	Autumn 2018
Radiology services – national summary	To be confirmed
Integrated Care Fund	To be confirmed
Care experienced by children and young people <sup>5</sup>	To be confirmed

<sup>4</sup> Work has recently commenced on gathering data from across the health services of the UK to support a paper on the various approaches being taken to address the increasing costs of employing agency medical and nursing staff within the NHS. The precise format for this output is still to be determined.

<sup>5</sup> The PAC has now set out its initial plans for some ongoing inquiry work on this topic. I will be supporting this work, although the precise nature of, and timescale for, any additional audit-related outputs is still to be determined.



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WALES AUDIT OFFICE  
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Archwilydd Cyffredinol Cymru  
Auditor General for Wales

## 2018 Audit Plan – Clwyd Pension Fund

Audit year: 2017-18

Date issued: March 2018

Document reference: 441A2018-19

This document has been prepared for the internal use of Clwyd Pension Fund as part of work performed/to be performed in accordance with statutory functions.

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

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# 2018 Audit Plan

## Summary

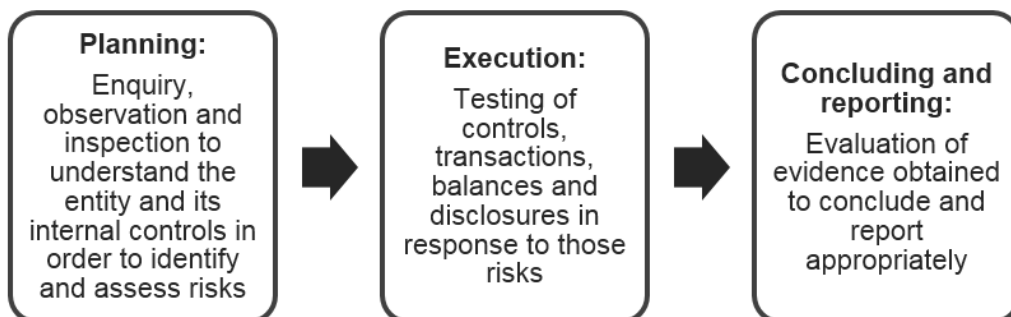
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether Clwyd Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Audit of Pension Fund accounts

- 4 It is my responsibility to issue a report on the accounting statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.

[Appendix 1](#) sets out my responsibilities in full.
- 5 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

### Exhibit 1: my audit approach



- 6 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them.



Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases;</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business</li> </ul>
<p>Risks relating to financial systems:</p> <ul style="list-style-type: none"> <li>• There is a risk that the Pension Fund’s proposals for bringing forward its accounts preparation deadline to early June 2018 will give rise to material misstatement as their preparation will involve increased use of estimates</li> <li>• Risk that the Pension Fund’s high-level financial controls that are relevant to my audit are not designed or operating effectively to prevent and detect material misstatements in the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• We will ensure that appropriate accounting and disclosure requirements are included within the financial statements. We will also review: <ul style="list-style-type: none"> <li>– the Pension Fund’s revised closedown procedures;</li> <li>– the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; and</li> <li>– documentation to support estimates derived and judgements made, and refer to papers provided in support of them.</li> </ul> </li> <li>• We will review the design and operation of the high-level financial controls relevant to my audit.</li> </ul>
<p>Risks related to preparation of the accounts, in particular the risk of material misstatement in the financial statements arising from:</p> <ul style="list-style-type: none"> <li>• error or omission of transactions, balances and disclosures; and</li> <li>• A significant change to the closedown process with the outsourcing of the compilation of the accounts.</li> </ul>	<p>We will undertake a programme of audit testing to address risks identified as part of our planning work, maintaining regular dialogue with the consultant appointed for preparing the accounts.</p>
<p>Risks related to the financial statements:</p> <ul style="list-style-type: none"> <li>• As part of its portfolio, the Pension Fund has substantial holdings in unquoted investments. They are accounted for at fair value determined</li> </ul>	<ul style="list-style-type: none"> <li>• We will assess whether the information provided by fund managers and their auditors support the year-end valuation.</li> </ul>

Financial audit risk	Proposed audit response
<p>by valuations provided by fund managers.</p> <ul style="list-style-type: none"> <li>• External investment managers are appointed to manage the investment portfolio. Their own systems and records will generate account entries made to the Pension Fund account and net assets statement.</li> <li>• Changes to the Accounts and Audit (Wales) Regulation 2018 taking the Pension Fund accounts out of the administering body's accounts and will be produced as a standalone document. Change may also arise with public inspection rights and the timetable for producing the annual report.</li> </ul>	<ul style="list-style-type: none"> <li>• We will obtain direct confirmation from the fund managers of year-end investment balances and consider whether investment managers' internal control reports indicate specific risks to these balances.</li> <li>• We will liaise closely with the Pension Fund and the consultant appointed for compiling the accounts to ensure compliance with the amended regulation.</li> </ul>

- 7 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee and to those charged with governance for Flintshire County Council (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
- 8 For reporting purposes, I will treat any misstatements below a trivial level (set at 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 9 My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me;
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

## Statutory audit functions

- 10 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 11 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 12 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Fee, audit team and timetable

### Fee

- 13 Your estimated fee for 2018 is set out in [Exhibit 3](#). As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than one per cent) which we have offset by a reduction in skill mix.

#### Exhibit 3: audit fee

Audit area	Proposed fee for 2018 (£)	Actual fee for 2017 (£)
Audit of pension fund accounts <sup>1</sup>	39,281	39,463

<sup>1</sup> The fees shown in this document are exclusive of VAT, which is no longer charged to you.

- 14 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Pension Fund.
- 15 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

## Audit team

- 16 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

### Exhibit 4: my team

Name	Role	Contact number	E-mail address
Richard Harries	Engagement Lead – Financial Audit	02920 320640	<a href="mailto:richard.harries@audit.wales">richard.harries@audit.wales</a>
Matthew Edwards	Financial Audit Manager	07837 385420	<a href="mailto:matthew.edwards@audit.wales">matthew.edwards@audit.wales</a>
Mike Whiteley	Financial Audit Team Leader	07970 488911	<a href="mailto:mike.whiteley@audit.wales">mike.whiteley@audit.wales</a>

- 17 I can confirm that, except as set out in [paragraph 18](#), there are no known threats to the independence of the Appointed Auditor or other audit staff and I have complied with the Wales Audit Office rotation policy.
- 18 The only known threats that we need to bring to your attention relate to an audit team member who's close family are members of the Clwyd Pension Fund. As a result, the team member will not undertake any audit work on pension payments or payroll.

## Timetable

- 19 I will provide reports, or other outputs as agreed, to the Audit Committee, Pension Committees and the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 5](#).

### Exhibit 5: timetable

Planned output	Work undertaken	Report finalised
<b>2018 Audit Plan</b>	January to February 2018	March 2018
<b>Financial accounts work:</b> <ul style="list-style-type: none"><li>• Audit of Financial Statements Report</li><li>• Opinion on Financial Statements</li></ul>	June to September 2018	September 2018
<b>2019 Audit Plan</b>	January to February 2019	March 2019

## Future developments

### Pooled investment vehicle

- 20 The eight Pension Funds in Wales have created an 'all-Wales' pooled investment vehicle which will be overseen and reported on by a joint governance committee. An inter-authority agreement has been signed by the Welsh Pension Funds and the joint committee will be producing financial statements for the 2017-18 financial year for the first time. However no investments will be transferred to this new management arrangement until after 1 April 2018.
- 21 The 2017-18 joint committee financial statements will only include administration costs of setting up the joint committee. Whilst these are unlikely to be significant for individual Pension Funds, the Clwyd Pension Fund will need to recognise a share of the 2017-18 joint committee accounts in their financial statements.
- 22 My audit team will review progress on this arrangement over the coming year and consider if there is an impact on the 2017-18 financial statements and what additional disclosures may be required.

# Appendix 1

## Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.



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## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 21 March 2018
<b>Report Subject</b>	Certification of grants and returns 2016/17
<b>Cabinet Member</b>	Leader of the Council and Cabinet Member for Finance
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The purpose of the report is to inform Members of the grant claim certification for the year ended 31st March 2017.

The Council's external auditors, the Wales Audit Office (WAO) are required to report annually on the certification of grant claims and returns and the annual report for 2016/17 is appended to this report.

The Finance Management Team and the services concerned have considered the report in detail and have addressed the specific findings contained in the report as required.

There have been improvements in some areas and it is pleasing to note an improvement in the number of grants submitted by the deadline however there are some areas where there is still scope for improvement.

A number of recommendations have been made and action is already in place within services to address these issues.

It is important that the Council further builds on this progress to enhance the systems in place for the 2017/18 audit and works closely with WAO to ensure that the processes in place are adequate.

## RECOMMENDATIONS

1	Members are requested to note the content of the Grant Claim Certification for 2016/17.
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## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE GRANT CERTIFICATION REPORT 2016/17</b>
1.01	The Council's external auditors, the Wales Audit Office (WAO) are required to report annually on the certification of grant claims and returns and the annual report for 2016/17 is appended to this report.
1.02	The Finance Management Team and the services concerned have considered the report in detail and has addressed the specific findings contained in the report as required.
1.03	In relation to the overall grants total of £137m, the net adjustment to claims of £3,120 is a relatively small proportion and did not result in a financial loss to the council as the adjusted claims reflected the actual amounts due to the Council.
1.04	There was one significant adjustment of £250,000 that was made on the Local Transport Fund grant which was due to a timing issue relating to the receipt of additional funding from Welsh Government that had been agreed to be carried forward into 2017/18. This did not impact on the amounts payable to or from Welsh Government over the 2 financial years.
1.05	As with previous years Officers will continue to work alongside WAO to further improve the quality of the claims and address specific issues as they arise. In addition, regular feedback is provided by Wales Audit Office as to the quality of grant claims which has proved particularly useful.
1.06	Recommendations made by WAO have been considered by Officers and actions are already in place to address these in advance of the submission of 2017/18 grant claims. All staff involved in the grant management process will be reminded of their specific responsibilities and the agreed actions monitored closely throughout the year.

## **2.00 RESOURCE IMPLICATIONS**

2.01	As set out in the Audit report.
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## **3.00 CONSULTATIONS REQUIRED / CARRIED OUT**

3.01	The report has been shared with staff with responsibility for dealing with grants.
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<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	As set out in the report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Certification of Grants and Returns 2016-17, Wales Audit Office report

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<b>Contact Officer:</b> Gary Ferguson (Corporate Finance Manager) <b>Telephone:</b> (01352) 702271 <b>E-mail:</b> gary.ferguson@flintshire.gov.uk

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Wales Audit Office:</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p><b>Grant:</b> a financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity.</p> <p><b>Certification:</b> a statement, signed by an applicant or grantee as a prerequisite for receiving funds, that it (1) meets or will adhere to certain conditions and/or (2) will undertake or not undertake certain actions.</p> <p><b>Grant Completion Checklist:</b> a template produced to determine the evidence and information required to be prepared to support a grant claim submission.</p> <p><b>Financial Year:</b> the period of 12 months commencing on 1 April.</p> <p><b>Revenue:</b> a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p><b>Budget:</b> a statement expressing the Council’s policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p>

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Certification of Grants and Returns 2016-17– **Flintshire County Council**

Audit year: 2016/17

Date issued: March 2018

Document reference: 432A2018-19

This document has been prepared as part of work performed in accordance with statutory functions.

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

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

The team who delivered the work comprised John Herniman, Matthew Edwards, Mike Whiteley, Simon Monkhouse, Mary Owen, Garmon Williams and other members of the WAO audit team.

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## Summary report

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# Summary

- 1 Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
- 2 We undertook our work with the aim of certifying individual claims and to answer the question:  
'Does Flintshire County Council have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
- 3 We have completed the audit and conclude that while the Authority had generally adequate arrangements in place for the production and submission of its 2016-17 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2017-18. Our conclusion for 2016-17 is based on the following overall findings:
- the Authority worked closely with us to ensure that an accurate and up-to-date schedule of 2016-17 grants was in place throughout the year; and
  - there is scope to improve the Authority's arrangements for submitting its grant claims for audit.
- 4 For 2016-17 we certified 12 grant claims with a total value of £137 million (2015-16: 13 grant claims totalling £156 million). There was one less grant claim in 2016-17 as the two Communities First claims in 2015-16 have been amalgamated.
- 5 The Authority submitted 92% (11 out of 12) of its 2016-17 grant claims to us on time. We can confirm that we have certified all of the claims, at a total audit cost of some £63,731. Overall, the audits resulted in an additional £3,120 being claimable by the Authority in respect of 2016-17
- 6 1 in 3 of the claims were qualified; this is above the Welsh average of 1 in 4 for 2015-16.
- 7 We would like to acknowledge the assistance and co-operation received from officers during the audit.



# Headlines

<p><b>Introduction and background</b></p>	<p><b>This report summarises the results of work on the certification of the Authority's 2016-17 grant claims and returns</b></p> <ul style="list-style-type: none"> <li>• As auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.</li> <li>• For 2016-17, we certified 12 grants with a total value of £137 million.</li> <li>• We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.</li> </ul>
<p><b>Timely receipt of claims</b></p>	<ul style="list-style-type: none"> <li>• Our analysis shows that 11 of the 12 grants received during the year were received by the Authority's deadline. The late submission of the remaining claim did not affect our audit work.</li> <li>• In future, the grant co-ordinator should ensure that all grant claims are submitted by the required deadlines.</li> </ul>
<p><b>Certification results</b></p>	<p><b>We issued unqualified certificates for eight grants, which is consistent with 2015-16. Qualifications were necessary in four cases (2015-16: 5)</b></p> <ul style="list-style-type: none"> <li>• The reasons for qualifying the grants can be grouped into ongoing issues which have been reported in previous financial years and issues which have come to our attention (for the first time) during our grant work carried out in 2016-17:  <b>Qualification issues reported in previous financial years</b> <ul style="list-style-type: none"> <li>– Lack of supporting evidence for claims;</li> <li>– Insufficient monitoring of third party expenditure;</li> <li>– Lack of supporting evidence to demonstrate compliance with the Authority's standing orders for contracts;</li> <li>– Administration fees were included in claim expenditure with no evidence for its eligibility;</li> <li>– Earned income assessments for housing benefit claims were incorrect; and</li> <li>– Underspends were not refunded to the grant despite being recorded in the year-end returns.</li> </ul> </li> </ul>

	<p><b>Qualification issues reported for the first time in 2016-17</b></p> <ul style="list-style-type: none"> <li>– Non-compliance with Welsh Government terms and conditions for virements.</li> </ul>
<b>Audit adjustments</b>	<p><b>Adjustments were necessary to six of the Authority's grants and returns as a result of our auditor certification work this year</b></p> <ul style="list-style-type: none"> <li>• There was one significant adjustment (ie, over £10,000). An adjustment of £250,000 was made on the Local Transport Fund grant. This was in respect of additional funding allocated by Welsh Government for the 2016-17 claim year which had not been received by the Authority at the time of the certification of the claim by the Authority's Chief Finance Officer. This was a timing issue and does not impact on the amounts payable to, or receivable from, Welsh Government.</li> <li>• The net adjustment of the six grants is an increase of £3,120 in funds payable to the Authority.</li> </ul>
<b>The Authority's arrangements</b>	<p><b>The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in some areas</b></p> <ul style="list-style-type: none"> <li>• We have made five recommendations which are detailed on page 11 of this report which, if implemented, will help the Authority enhance its arrangements in readiness for the 2017-18 grant claim certification audit.</li> </ul>
<b>Fees</b>	<p><b>Our overall fee for certification of grants and returns for 2016-17 is £63,731 (2015-16: £58,514).</b></p> <ul style="list-style-type: none"> <li>• In our Audit Plan reported to the Audit Committee in March 2017, we estimated a fee of between £50,000 and £60,000. The final fee for the year exceeds our initial estimate. Further details are included within the fees section on page 16.</li> </ul>

# Summary of certification work outcomes

- 8 Detailed on the following page is a summary of the key outcomes from our certification work on the Authority's 2016-17 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
- 9 A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

## Key information for 2016-17

### Overall, we certified 12 grants and returns:

- 5 were unqualified with no amendment
- 3 were unqualified but required some amendment to the final figures
- 1 required a qualification to our audit certificate
- 3 were qualified and required some amendment to the final figures

Ref	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1 - BEN01	Housing Benefit Subsidy	30/04	03/05	No*	Yes	No	(£235)	No
2 - LA01	NDR Non Domestic Rates Return	26/05	23/05	No	No	No	No	Yes
3 - EYC01	Flying Start Revenue Support Grant	08/09	08/09	No	No	No	No	Yes
4 - EYC14	Families First	08/09	19/09	Yes	No	No	No	Yes
5 - EDU18	21 <sup>st</sup> Century Schools	20/12	22/09	No	No	No	No	Yes
6 - SOC07	Social Care Workforce Development Programme	30/09	28/09	No	No	No	No	Yes
7 - EYC02	Flying Start Capital Grant	30/09	28/09	No	No	No	No	Yes
8 - TRA15	Local Transport Fund	30/09	29/09	No	No	£250,000 ***	No	Yes
9 - TRA23	Free Concessionary Travel	23/10	29/09	No	No	No	£3,357	Yes
10 - TRA27	Bus Services Support Grant	23/10	29/09	No	Yes	No	No	No
11 - RG03	Communities First	31/07	11/10	No **	Yes	No	No	No
12 - PEN05	Teachers Pensions	31/05	19/05	No	Yes	No	£2	No
	Total				4	£250,000	£3,120	8

\* deadline to extension granted by the Department for Work and Pensions, therefore claim not considered late.

\*\* the physical signed claim was submitted by the Authority to Welsh Government by the required deadline, however this was not sent to the auditor at the same time. The claim was subsequently received by the auditor directly from Welsh Government, therefore not considered late.

\*\*\* As noted in the headlines above, this was a timing issue and does not impact on the amounts payable to, or receivable from, Welsh Government

10 This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 7 and 8.

Ref	Summary observations	Amendment
1	<p><b>Housing Benefit Subsidy</b></p> <ul style="list-style-type: none"> <li>The total rent rebates granted per the housing benefit system (Civica) was £3,153 higher than the total rebates credited to housing revenue account tenants' rent accounts.</li> <li>Incorrect assessment of earned income – our testing identified 18 cases where the income earned by the claimant had been incorrectly calculated and applied. Of these 14 resulted in overpayments, one resulted in an underpayment and three had no impact on the benefit awarded.</li> <li>Incorrect end date – our testing identified four cases where the incorrect end date had been used for the claim. Of these, three resulted in overpayments and one had no impact on the benefit awarded.</li> <li>Student bursary income – our testing identified four cases where the claimant's student bursary income has been incorrectly calculated and applied. Of these, three resulted in overpayments and one resulted in an underpayment.</li> <li>Overpayment classification – our testing identified three cases where the Authority has misclassified the overpayment in the subsidy claim.</li> </ul> <p>The claim was amended for the following reason:</p> <ul style="list-style-type: none"> <li>Our audit identified errors that affected a number of cells within the claim. The total of the amendments made to individual cells in the claim resulted in a reduction in the amount claimable by the Authority of £235.</li> </ul>	<p>Our qualification letter to the Department for Work and Pensions (DWP) reported extrapolated errors totalling £89,041. In response to our letter the DWP subsequently determined that an error identified in our original testing was not representative of the wider population, which reduced the extrapolated error to £44,300.</p> <p>£(235)</p>

Ref	Summary observations	Amendment
8	<p><b>Local Transport Fund</b></p> <ul style="list-style-type: none"> <li>£250,000 amendment made. This was in respect of additional funding allocated by Welsh Government for the 2016-17 claim year which had not been received by the Authority at the time of the certification of the claim by the Authority's Chief Finance Officer. This was a timing issue and does not impact on the amounts payable to, or receivable from, Welsh Government.</li> </ul>	£250,000
9	<p><b>Free Concessionary Travel</b></p> <ul style="list-style-type: none"> <li>Claim amended to include 2 figures which had been included in the quarterly returns to Welsh Government, but omitted from the final claim form in error.</li> </ul>	£3,357
10	<p><b>Bus Services Support Grant</b></p> <ul style="list-style-type: none"> <li>The Authority was not able to demonstrate there is sufficient monitoring of third party expenditure (Community Operators &amp; Local Authority) within the claim.</li> <li>Administrative expenses of £35,000 are included in claim expenditure for 2016-17. The Authority was not able to provide evidence that this eligible expenditure.</li> <li>Local Authority underspends of £182,600 had not been accounted for. £128,120 in respect of Gwynedd County Council and £54,480 in respect of Anglesey County Council had not been refunded to the grant despite being recorded in their respective year-end returns.</li> <li>The Authority was unable to provide sufficient evidence that the emergency contracts awarded following the collapse of GHA Coaches in July 2016 were awarded in compliance with contract procedure rules.</li> </ul>	N/a
11	<p><b>Communities First</b></p> <ul style="list-style-type: none"> <li>The Authority was unable to demonstrate it had fully complied with Welsh Government terms and conditions for virements as it was unable to provide a completed CF7 Virement Request Form for a virement of £40,209 made in the year.</li> </ul>	N/a

Ref	Summary observations	Amendment
12	<b>Teachers' Pensions</b> <ul style="list-style-type: none"> <li>• Employees' pension contributions not being deducted at the correct rate.</li> <li>• Employees and employers pension contributions on prior years back pay not calculated at the appropriate rate.</li> <li>• Underpayment of £2 incorrectly reflected on the year end claim form.</li> </ul>	(£2)
	<b>Total effect of amendments to the Authority</b>	<b>£253,120</b>

# Recommendations

- 11 We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority 1	Priority 2	Priority 3
<p>Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>



Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Ineligible expenditure included in claim	Grant may be reclaimed by Welsh Government	R1 Only eligible expenditure should be included within the claim. Welsh Government advice should be sought prior to claim completion if in any doubt of the eligibility of expenditure and evidence retained for audit purposes.	1		

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Lack of effective monitoring of third party expenditure to ensure grant has been used for the intended purpose.	The Authority has not complied with the terms and conditions of grant	R2 The Authority must have adequate procedures in place to satisfy itself, its auditor and the grant-paying body that only eligible expenditure incurred by third parties is included in the claim.	2		
Contracts not awarded in accordance with procurement procedures	The Authority has not complied with the terms and conditions of grant	R3 The Authority should ensure that evidence is retained to demonstrate contract procedure rules have been complied with and that this evidence is available for audit.	1		

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Welsh Government approval not sought for virements	The Authority has not complied with the terms and conditions of grant	R4 Approval should be sought in a timely manner from the grant-paying body for all virements, and that evidence of the approval is retained.	2		
Earned income being incorrectly assessed for housing benefit claims	Claims may be qualified	R5 The Authority should assess whether there is a training need for its housing benefits assessors and also review the effectiveness of quality assurance arrangements in place for checking earned income claims.	2		

# Fees

- 12 Our overall fee for the certification of grants and returns of £63,371 exceeded the original estimate of £50,000 to £60,000 within the regulatory plan. This is largely due to difficulties encountered in completing the certification of the Bus Services Support Grant and additional work required by the Department for Works and Pensions on the Housing Benefit Subsidy claim. We will work with officers on the Bus Services Support Grant for 2017-18 to help minimise any difficulties for the claim certification work next year.



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## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday 21 March 2018
<b>Report Subject</b>	Risk Management Strategy
<b>Portfolio Holder</b>	The Leader
<b>Report Author</b>	Chief Executive

### EXECUTIVE SUMMARY

The Council's Risk Management Policy and Strategy was endorsed by Audit Committee in January 2016. The intent and guidance have been embedded and operational for all strategic risks, especially those connected to the Council Plan.

Following the recent Internal Audit of Risk Management of operational risks (November 2017), it was decided that the Risk Management Strategy needed to be reviewed to strengthen the working practices.

This refresh of the Strategy strengthens the processes to be followed for risk escalation and de-escalation and better describes the management of operational risk. The risk matrix which helps identify the significance of the risk has also been reviewed.

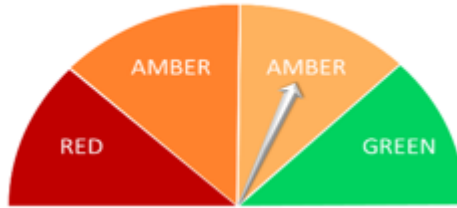
### RECOMMENDATIONS

1	To endorse the refresh of the Risk Management Policy and Strategy for 2018.
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### REPORT DETAILS

<b>1.00</b>	<b>RISK MANAGEMENT POLICY AND STRATEGY</b>
1.01	The most recent review of the Council's risk management processes and procedures by Internal Audit (November 2017) focused on the identification, management and reporting of operational risk. The assurance level was set at 'reasonable'.

### Audit Opinion



The full report is available at Appendix 1.

A 'reasonable' level of assurance indicates that most processes and procedures are followed with the following areas for further improvement identified:

- Limited reference to operational risk (which has the potential to impact service delivery) in Service Plans.
- Inconsistent approach to the identification, evaluation, management and reporting of operational risk.
- Inconsistency in the processes, roles and responsibilities for the escalation and de-escalation of strategic risk.
- Risk Management Policy & Strategy to be updated to reflect current and planned practice.

The activity to address each of these improvement areas is described below.

- 1.02
- Limited reference to operational risk (which has the potential to impact service delivery) in Service Plans.

Work is underway to ensure that Service Plans and Strategy documents for 2018/19 are to include operational and emerging risks with more immediate and visible reporting of risks; clarity of roles around risk escalation and appropriate responsibility for agreed risk mitigations.

Reassurance around the content of Service Plans and other strategy documents is being undertaken in readiness for the new financial year. Risk roles and responsibilities has been included in a new Risk Escalation procedure (see 1.04).

- 1.03
- Inconsistent approach to the identification, evaluation, management and reporting of operational risk.

The revised Risk Management Policy and Strategy refreshes the approach to identification, evaluation, management and reporting of operational risk, in particular with more focus on portfolio team discussion and escalation. Chief Officers are raising the profile of operational risks and reviewing portfolio practices for the identification, evaluation and management of operational risk.

Chief Officers will also be sharing and addressing cross portfolio operational risks.



1.04	<ul style="list-style-type: none"> <li>• Inconsistency in the processes, roles and responsibilities for the escalation and de-escalation of strategic risk.</li> </ul> <p>The process for both escalation (increasing the risk significance for attention and action) and de-escalation of risk (reducing the risk significance and it's 'closure') has been more clearly described in the refresh of the Risk Management Policy and Strategy, including roles and responsibilities of Portfolio Performance Leads.</p>
1.05	<ul style="list-style-type: none"> <li>• Risk Management Policy &amp; Strategy to be updated to reflect current and planned practice.</li> </ul> <p>The refreshed Risk Management Policy and Strategy has been strengthened in all areas detailed above. The revised draft is attached as Appendix 2.</p> <p>The refresh has also included a review of the risk management matrix to: i) better reflect a focus on significant risk priorities and ii) to allow for more movement in status colour as risk increases or decreases in significance. The revised matrix is included in the Risk Management Strategy and also as a separate Appendix 3 which shows the changes made.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	There are no direct resource implications related to this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Consultations with Chief Officers, senior managers and Internal Audit, have been undertaken whilst addressing various aspects of this report.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	<p>The Council's strategic Council priority risks are being effectively managed through the adopted risk management approach.</p> <p>Improvements to the identification and management of operational risks are addressed through the refresh of the Risk Management Policy and Strategy.</p>

<b>5.00</b>	<b>APPENDICES</b>
5.01	<p>Appendix 1: Internal Audit – Risk Management report (November 2017)</p> <p>Appendix 2: Risk Management Policy and Strategy 2018</p> <p>Appendix 3: Risk Matrix refresh</p>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Contact Officer:</b> Karen Armstrong, Corporate Business and Communications Executive Officer</p> <p><b>Telephone:</b> 01352 702740</p> <p><b>E-mail:</b> <a href="mailto:Karen.armstrong@flintshire.gov.uk">Karen.armstrong@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p>(1) <b>Council Plan:</b> the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Council Objectives and publish a Council Plan.</p> <p>(3) <b>Risk Management</b> - the process of <b>identifying</b> risks, <b>evaluating</b> their potential consequences (<u>impact</u>) and <b>managing</b> them. The aim is to reduce the frequency (<u>likelihood</u>) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (<u>impact</u>) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p>

# Flintshire Internal Audit

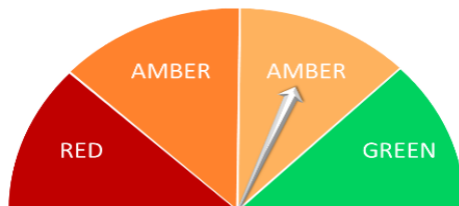
## Audit Report

**Title:** Risk Management (2016/17)  
**Portfolio:** Corporate  
**Issued Dated:** NOVEMBER 2017  
**Report No:** 50-2016/17  
**Report Status:** FINAL

Internal Audit engagements are conducted in conformance with the Public Sector Internal Audit Standards.

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### Audit Opinion



# 1. Executive Summary:

## Introduction and Scope:

An audit review of Risk Management was included in the Internal Audit Annual Plan for 2016/17.

Previous audits of Risk Management have focused on the robustness of the processes in place for the management and reporting of Strategic Risk, the alignment of Strategic Risk to the Improvement Plan, and the implementation of the CAMMS system (enterprise performance management and business intelligence suite) to provide consistency across the identification, monitoring and reporting of risk.

PA Risk Management Policy and Strategy was developed in January 2016 to provide a best practice framework for the identification, assessment and control of key strategic, operational and project risk through the;

- Adoption of an effective and transparent corporate approach to proactive risk management by the Council and the work of key external partners;
- Integration of risk management into the operational and management practices and procedures of the Council to promote a culture of risk awareness; and
- Provision of information to support the Council's Annual Governance Statement (AGS), relating to the effectiveness of the arrangements for risk management and internal control mechanisms in place.

As previous audits of this area have focused on the management of Strategic Risk it was agreed this audit would focus on the identification, management and reporting of Operational Risk, with focus on;

- The robustness of the risk management processes following the implementation of the new risk management operating model, the implementation of the Risk Management Policy and Strategy (January 2016) and the continued roll out of CAMMS, with focus on the management of operational and project risks.

## Audit Opinion:

In each report we provide management with an overall assurance opinion on how effectively risks are being managed within the area reviewed. Appendix A of the report details our assurance levels:

Assurance:	Explanation
Amber Green - Reasonable	Reasonable Assurance – Key Controls in place but some fine tuning required; <ul style="list-style-type: none"> <li>Some refinement or addition of controls would enhance the control environment</li> <li>Key objective could be better achieved with some relatively minor adjustments</li> </ul> Conclusion: key controls generally operating effectively.

The table below highlights the number and priority of agreed actions to be implemented.

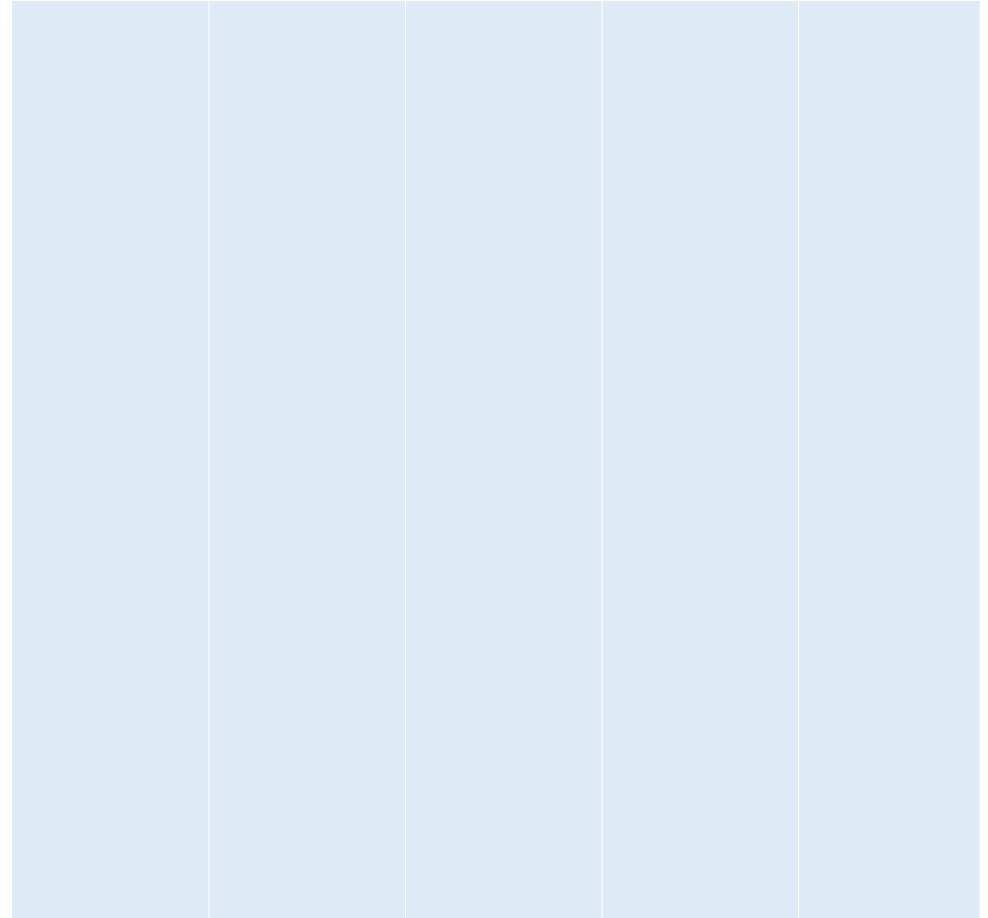
Priority	High (Red)	Medium (Amber)	Low (Green)	Total
No.	0	3	1	4

- An assessment of the extent to which operational risks are identified through Portfolio and Operational Plans.
- Processes for recording and escalating risks which are outside the control of operational managers.
- Assessing compliance with established procedures and good practice.
- A review of the actions taken and progress made to implement previous Internal Audit recommendations and WAO recommendations (where applicable).

Whilst the 2015/16 Internal Audit Report focused on strategic risk, some work was also carried out around 'Business Efficiencies', also referred to in the previous internal audit report as 'Operational Risks'. In the current audit report the term 'Operational Risk' is used to refer to the *'risks to service delivery caused by inadequate or failed internal processes, people and systems, or from any event that disrupts business processes'*. Business Efficiencies have not been reviewed as part of this current piece of work.

Page 101 It was agreed with the Chief Executive that this would be a high level review to determine the adequacy of the risk management framework in place, and would not review in detail the specific content of the risk registers or performance management reports.

Discussion with Chief Officers and review of relevant documentation confirmed that whilst operational risk is managed within portfolios as part of 'business as usual' processes there is inconsistency in the way in which it is identified, evaluated and managed across the Authority as a whole.



## 2. Summary Findings:

Areas Managed Well	Areas for Further improvement
<ul style="list-style-type: none"> <li>• Robust processes in place for the management of risk within strategic projects and change programmes.</li> <li>• Development of Portfolio Business Plans and Service Plans.</li> <li>• Close working links between Chief Officers allowing emerging risks to be shared / considered more widely.</li> <li>• Management of operational risk on a 'business as usual' basis.</li> <li>• Chief Officer visibility of risk through monthly one to one meetings with Service Managers.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited reference to operational risk (which has the potential to impact service delivery) in Service Plans.</li> <li>• Inconsistent approach to the identification, evaluation, management and reporting of operational risk.</li> <li>• Inconsistency in the processes, roles and responsibilities for the escalation and de-escalation of strategic risk.</li> <li>• Risk Management Policy &amp; Strategy to be updated to reflect current and planned practice.</li> </ul>

### 3. Action Plan:

Priority	Description
High (Red)	Action is imperative to ensure that the objectives of the area under review are met.
Medium (Amber)	Requires action to avoid exposure to significant risks in achieving the objectives of the area.
Low (Green)	Action encouraged to enhance control or improve operational efficiency.

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No.	Findings and Implications	Agreed Action	Who	When
1 (A)	<p>Chief Officers are currently revisiting Portfolio Business Plans for the new Council term, outlining the strategic direction of the services within their portfolio, areas for service reform, and 'fit' with Council Priorities.</p> <p>Service Plans are currently in the final stages of development, and will sit beneath the Portfolio Business Plans, but there is inconsistency in the content of these Service Plans, and the references to areas of operational risk which have the potential to significantly impact service delivery (with references generally limited to risk around the achievement of 'efficiencies' and 'resilience' around change programmes).</p> <p>Risks highlighted in Service Plans are not routinely being evaluated using the Risk Matrix defined in the Risk Management Strategy.</p>	<p>Service Plans should include operational risks / emerging risks in accordance with the guidance in the Council's Risk Management Policy &amp; Strategy.</p> <p>This needs to include:</p> <ul style="list-style-type: none"> <li>• More immediate and visible reporting of risk;</li> <li>• Clarity of roles around the escalation of risk;</li> <li>• Appropriate responsibility for agreed risk mitigations.</li> </ul> <p>URN 02004</p>	Colin Everett	31.03.18 <sup>1</sup>
2 (A)	<p>Chief Officers and Service Managers confirmed operational issues (and associated operational risks) are managed as part of 'business as usual' with issues generally identified and informally evaluated during one to one meetings and, to a lesser extent, Team Meetings. As such Chief Officers are 'generally satisfied' as to the visibility of operational risk within their portfolios, and 'confident' that adequate processes are in place for the escalation of operational risk.</p>	<p>Chief Officers to raise the profile of operational risks by reviewing portfolio processes and practices for the identification, evaluation and management of operational risks.</p> <p>Chief Officers as a collective to share and address cross portfolio operational risks.</p> <p>URN 02006</p>	Colin Everett	31.12.17

<sup>1</sup> This is currently a live piece of work and will be completed alongside the production of the 2018/19 Council Plan and Business Plans.

No.	Findings and Implications	Agreed Action	Who	When
	<p>The informal identification and evaluation of operational risk has resulted in inconsistency in the way operational risk is managed across portfolios, and a lack of audit trails, in particular absence of data around risk ownership, risk trend and agreed mitigations, including mitigations which involve the sharing of emerging risk with other services or portfolios.</p>			
3 (A)	<p>Discussion with Chief Officers suggested that whilst they are generally satisfied as to the visibility of risk in their portfolios, and the processes in place for the escalation of risk, the processes for the de-escalation of risk are not as clear.</p> <p>The quarterly update of strategic risks on CAMMS is driven by the Portfolio Performance Leads. Whilst a small number of Performance Leads are Service Managers (with a robust understanding of the risks being tracked) the role of a number of the Portfolio Leads is more administrative, as such there may be a less robust challenge of risks as part of the quarterly refresh process.</p>	<p>Clearer processes to be put in place for the de-escalation of risk as part of review of the Risk Management Policy and Strategy, including more 'live' tracking in CAMMS.</p> <p>Roles and responsibilities of Portfolio Performance Leads to be made clearer.</p> <p>URN 02007</p>	Karen Armstrong	31.12.17
4 (G)	<p>The Risk Management Policy and Strategy (updated January 2016) makes reference to 'a commitment to embedding risk management into the Council's culture and organisational processes at all levels including corporate/strategic, programme/project, and operational' and assumes the use of CAMMS for the capture, review and reporting of all risks, including programme, project and operational risk.</p> <p>In practice CAMMS is only used for strategic risk, business efficiencies and some project risks. Whilst it is recognised there is need for more robust and consistent processes around the identification and management of</p>	<p>Risk Management Policy &amp; Strategy to be updated to reflect current and planned practice.</p> <p>URN 02001</p>	Karen Armstrong	31.12.17



No.	Findings and Implications	Agreed Action	Who	When
	<p>operational risk, there is no appetite for the roll out of the CAMMS system for all operational and project risks as it is considered this would add an additional administrative layer which would add limited value to the risk management process.</p> <p>As such the Risk Management Policy and Strategy document does not reflect current or planned practice and doesn't provide clarity to users.</p>			

## 4. Distribution List:

Name	Title
<b>Colin Everett</b>	<b>Accountable Officer for the Implementation of Agreed Actions</b>
Colin Everett	Chief Executive
Gareth Owens	Chief Officer - Governance
Claire Homard	Interim Chief Officer - Education and Youth
Neil J Ayling	Chief Officer - Social Services
Clare Budden	Chief Officer - Community & Enterprise
Steve Jones	Chief Officer - Streetscene & Transportation
Andy Farrow	Chief Officer - Environment & Planning
Neal Cockerton	Chief Officer - Organisational Change 2
Ian Bancroft	Chief Officer - Organisational Change 1
Karen Armstrong	Corporate Business & Communications – Executive Officer

## Appendix A - Audit Opinion:

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
<b>Green - Substantial</b>	<p><b>Strong controls in place (all or most of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist and are applied consistently and effectively</li> <li>• Objectives achieved in a pragmatic and cost effective manner</li> <li>• Compliance with relevant regulations and procedures</li> <li>• Assets safeguarded</li> <li>• Information reliable</li> </ul> <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p>
<b>Amber Green - Reasonable</b>	<p><b>Key Controls in place but some fine tuning required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact</li> <li>• Some refinement or addition of controls would enhance the control environment</li> <li>• Key objectives could be better achieved with some relatively minor adjustments</li> </ul> <p>Conclusion: key controls generally operating effectively.</p>
<b>Amber Red - Some</b>	<p><b>Significant improvement in control environment required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively</li> <li>• Evidence of (or the potential for) financial / other loss</li> <li>• Key management information exists but is unreliable</li> <li>• System / process objectives are not being met, or are being met at an unnecessary cost or use of resources.</li> </ul> <p>Conclusion: key controls are generally inadequate or ineffective.</p>
<b>Red - Limited</b>	<p><b>Urgent system revision required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls are absent or rarely applied</li> <li>• Evidence of (or the potential for) significant financial / other losses</li> <li>• Key management information does not exist</li> <li>• System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources.</li> </ul> <p>Conclusion: a lack of adequate or effective controls.</p>

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# **FLINTSHIRE COUNTY COUNCIL**

## **RISK MANAGEMENT POLICY & STRATEGY**

**VERSION 5**

LATEST REVISION: MARCH 2018

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Policy and Strategy owner for review	Chief Executive
Date implemented	1 February 2016
Date approved – Audit Committee	27 January 2016
Date last reviewed	March 2018
Date of last amendment	13 March 2018
Details of last amendment	Review of escalation procedures, operational risk and risk matrix.
Date of next review	March 2020

## Flintshire County Council Risk Management Policy Statement

The Authority's Council Plan supported by its other key strategies sets out the Council's vision, values and strategic priorities. The Council recognises its duties to its stakeholders including having high standards of governance. As a key component of the Council's Council Plan the Council seeks to manage risks effectively so that it can positively contribute to the achievement of its priorities and maximise the opportunities toward achieving its vision, whilst obtaining assurances about the management of those risks.

Effective risk management is essential for both an organisation and its partners to achieve strategic objectives and improve outcomes for local people. The Council promotes the principles of effective risk management throughout the organisation and with its partner organisations. It is committed to the proactive management of key external and internal risks. Effective partnership risk management allows the Council to demonstrate a positive risk culture and improved outcomes, whilst improving its ability to deliver innovative and challenging projects.

The Council's Risk Management Strategy and framework seeks to apply best practice to the identification, assessment and control of key risks, through:

- Adoption of an effective and transparent corporate approach to proactive Risk Management by the Council and the work of key external partners;
- Integration of risk management into the operational and management practices and procedures of the Council to promote a culture of risk awareness; and
- Provision of information to support the Council's Annual Governance Statement (AGS), relating to the effectiveness of the arrangements for risk management and internal control mechanisms in place.

This is achieved by implementing the Risk Management Strategy and supporting framework. The policy statement and strategy will be reviewed periodically as required, to ensure their continued relevance and as part of the Council's ongoing governance programme. This improves and strengthens both governance and public facing services throughout the Council.

The Council undertakes to promote and ensure that:

- The management of risk supports (i) the achievement of its strategic and service priorities and (ii) improvement in service delivery and performance.
- There is a commitment to embedding risk management into the Council's culture and organisational processes at all levels including corporate/strategic, programme/project, and operational.
- The Chief Officer Team and Members own, lead and support risk management and that ownership and accountability are clearly assigned for the management of risks at all levels throughout the Council.
- All Members and officers recognise the importance of and adopt risk management as a process, by which key risks and opportunities are identified, evaluated, managed and

contribute towards good governance. This is reinforced through the delivery of on-going training programmes.

- Effective and transparent monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities. The effectiveness of these mechanisms are continually reviewed, updated and improved where opportunities arise.
- Good practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards and targets.
- Accountability to stakeholders is demonstrated through periodic progress reports, internal and external inspections and the Annual Governance Statement.
- The Risk Management Strategy is reviewed and updated in line with the Council's developing needs and requirements.



## 1.0 **INTRODUCTION**

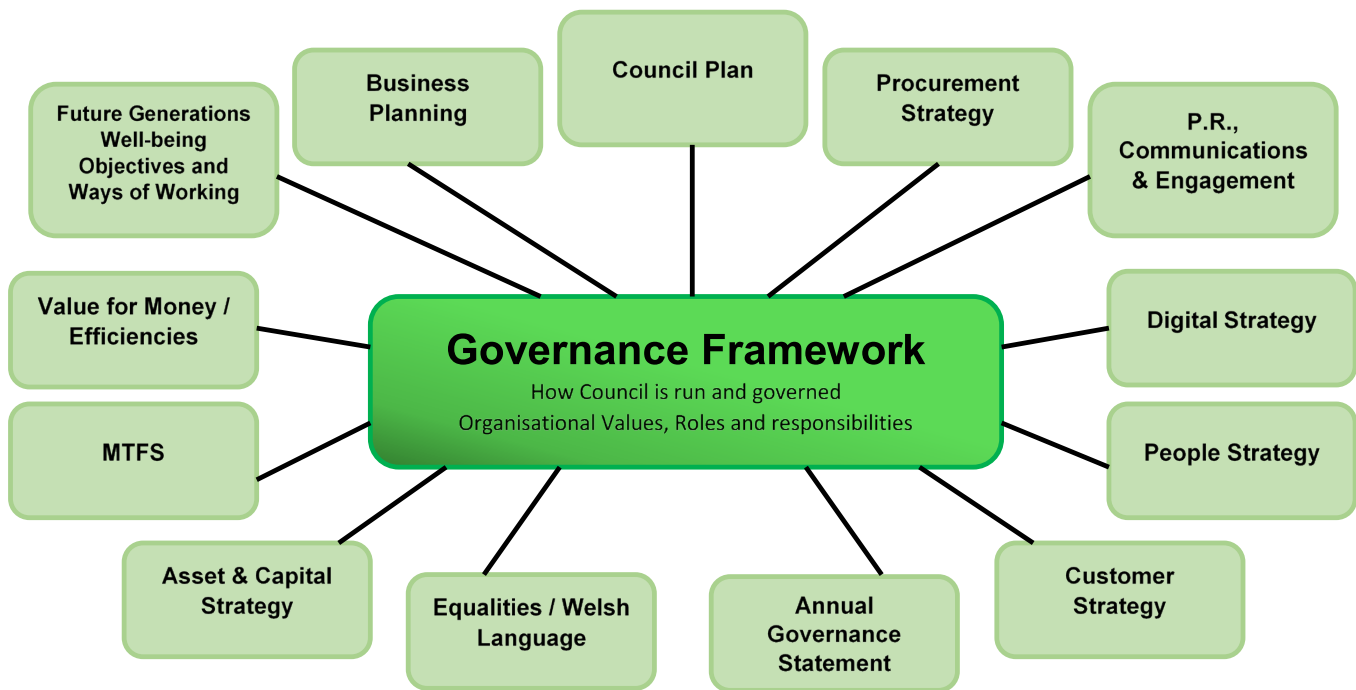
- 1.1 Flintshire County Council recognises the importance of effective identification, evaluation and management of all key corporate/strategic, programme/project, and operational risks. This is endorsed by the increased focus on the importance of Corporate Governance to public sector bodies.
- 1.2 This document (and the related Policy Statement) should be used as a basis to permanently establish and embed risk management as part of the management toolkit, which supports the delivery of quality customer focused services within a robust and transparent framework of corporate governance. All elected Members and each employee of the Council has both a responsibility for and a contribution to make in terms of risk management.
- 1.3 This document also provides guidance to all employees on the management of risk and aims to:
- set out the respective responsibilities for risk management throughout the organisation; and
  - describes the framework to be followed in identifying, assessing and managing risks.
- 1.4 **What is Risk?** It can be a threat (negative) or an opportunity (positive). A threat is an event or action that will adversely affect an organisation's ability to achieve its stated objectives and to successfully deliver approved strategies. An opportunity is an event or action that will enhance the organisation's ability to achieve its objectives and deliver approved strategies, whether these be short term or long term. This will include both external and internal risks and opportunities.
- 1.5 **Risk Management** is the process of **identifying** risks, **evaluating** their potential consequences (impact) and **managing** them. The aim is to reduce the frequency (likelihood) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (impact) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.
- 1.6 Risk management covers the whole spectrum of risks and not just those associated with finance, health & safety, business continuity and insurance. It also includes risks associated with: service provision, effectiveness and continuity; public image (reputation); compliance with legislation; and environment.
- 1.7 Not all risk can be eliminated but it is vital that risks are recognised and recorded and that their potential to cause loss is fully understood. Based on this information, action can be taken to direct appropriate levels of resource at controlling the risk or minimising the effect of potential loss.

1.8 Risk management is not about being 'risk averse', it is about being 'risk aware'. Many people see risk management as an inherently negative process. Risk management should be seen as a process that allows us to take risk but in a calculated and controlled manner; it is about being in a better position to avoid threats and making the most of opportunities to achieve objectives.

**2.0 RISK AS PART OF THE GOVERNANCE FRAMEWORK**

2.1 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the principles of openness and inclusiveness, integrity and accountability together with the overarching concept of leadership. It is an interrelated system that brings together the underlying set of legislative requirements, governance principles and management processes.

2.2 Risk Management is an integral part of the Council's governance framework and is evident within its key strategies and plans. It aids informed and transparent decision making by ensuring that risk management is embedded into the culture of the Council, with Members and officers at all levels recognising that risk management is integral to service delivery and good governance. Managing risks effectively makes a positive contribution towards enabling the achievement of the Council's priorities and maximising the opportunities to achieve its objectives.



2.3 Risk management is part of the Council's system of internal control assisting in the management and achievement of its priorities.

### **3.0 WHY MANAGE RISKS – THE BENEFITS**

3.1 Effective Risk Management delivers a number of benefits to individual services and to the Council as a whole. These can vary in their nature and extent from service to service. However, they are important to the Council's reputation and to its ability to remain resilient in the achievement of its priorities and objectives.

3.2 Benefits of managing risk effectively are both tangible and intangible and include:

- Improved strategic, operational and financial management
- Improved business planning
- Prioritisation of resources
- Increased support and justification for the decision making process
- Effective performance and achievement of priorities
- Improved corporate governance and control systems
- Improved customer service
- Enhanced reputation and public confidence

3.3 The Risk Management Strategy assists in linking risk management, service planning (including business continuity planning), performance management, prioritisation and resource allocation.

### **4.0 HOW RISK FITS – AS PART OF BUSINESS PLANNING**

4.1 The Council's Council Plan identifies the in-year priorities for focus and delivery. These priorities are referenced within relevant strategies (e.g. Medium Term Financial Strategy, School Improvement and Modernisation Strategy) and plans e.g. (e.g. Business Plans<sup>1</sup>, Portfolio/Service Plans) which are reviewed and refreshed periodically and to inform on-going budget planning.

4.2 The priorities within the Council Plan are clearly described as are the strategic risks associated with each priority. The detail relating to each risk is held within the performance management system (CAMMS). See example at Appendix A. The CAMMS system is also used to record mitigating actions and progress made against them as well as periodic re-assessment to determine the current level of risk and establish if the mitigation is working as expected.

4.3 Predominately the focus is what needs to be achieved in-year, however plans increasingly have longer term considerations such as financial impacts, sustainability of services, and longer term commitments and projects.

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<sup>1</sup> See Glossary of Terms at Appendix F for more detail

4.4 The core components of business planning are:

- **Customers** – Who are they and what are their expectations?
- **Priorities & Planning** – What are the priorities for the service and how will they be delivered?
- **Risk** – What are the risks organisation / service and how will these be mitigated?
- **Performance** – How has the organisation / service performed in the last year? Where should improvements be concentrated?
- **Resources and Efficiencies** – What resources are available to the organisation / service and how are these best deployed to deliver the priorities? What efficiencies can the organisation / service deploy?
- **Regulatory Findings** – What have regulators / inspections revealed about the organisation / service and how are improvement recommendations to be remedied?
- **Business Continuity** – Which elements of the service are critical and must be continued in the event of an emergency?

## 5.0 TYPES OF RISK

5.1 There are various types of risk but it is important to recognise that, for all categories, the direct financial losses may have less impact than the indirect costs consequences such as the impact on the Council's ability to deliver its priorities, the disruption of normal working and adverse staff morale.

The main risk types are identified as:

- Strategic / Corporate Risk
- Operational Risk
- Programme / Project Risk
- Business Continuity Risk (predominantly operational risks)
- Partnership Risk (for partnership risks all the aforementioned types of risk are applicable).

5.2 **Strategic / Corporate Risk** - are those that have the potential to impact the ambitions and priorities of the Council. The Council has identified and evaluated its strategic risks and these are evident within the Council's Council Plan.

5.3 As part of the Council Plan monitoring arrangements all risks are reviewed in accordance with the escalation and review matrix (Appendix D) to reflect changing circumstances and progress with mitigation, taking into account:

- Progress made towards mitigation of the risk
- RAG Status (initial and current assessments)
- Risk Status (remaining open or closed)

- Emerging / new risks
  - External threats and opportunities
  - Changing circumstances / environment
- 5.4 An example of a strategic risk from the Council Plan is attached at Appendix A.
- 5.5 **Operational Risk** - are risks that affect the successful delivery of individual service objectives. They are in effect 'business as usual' priorities and can include for example; malfunctioning equipment, hazards to service users, the general public or employees, damage to property etc. Operational risk also includes insurance claims and higher insurance premiums.
- 5.6 Operational risks are to be identified in relevant plans, especially Service Plans and monitored in accordance with the escalation process (Appendix D). Operational risks may also be recorded in CAMMS recording the same detail as in the example strategic risk at Appendix A.
- 5.7 **Business Continuity** - The Civil Contingencies Act requires Category 1 responders, to maintain plans to ensure that they can continue to perform their functions in the event of an emergency. Flintshire County Council is a category 1 responder.
- 5.8 Business Continuity Management (BCM) is a planned process aimed at managing the many varied operational risks inherent in the day to day activities involved in the delivery of service.
- 5.9 It should be noted that some risk is unavoidable and it is not within the ability of the organisation to completely mitigate it – for example a risk arising from the actions of other agencies or weather events. In such cases the organisation needs to make contingency plans for business continuity.
- 5.10 The Council has in place Portfolio Business Continuity plans to ensure critical services can still be delivered in the event of an emergency. They have been developed to complement the overall risk arrangements, help maintain critical services during and after any major emergency and promote recovery.
- 5.11 Corporate Business Continuity Plans (such as for assets and ICT) provide an overall framework within which the Business Continuity Plans operate. Overall strategic responsibility for ensuring that services are maintained is the responsibility of the Council's Chief Officer Team.
- 5.12 Continuity risks that are identified in risk assessments are incorporated into relevant Business Continuity Plans and managed within the business continuity process.
- 5.13 The Business Continuity programme includes periodic testing and revision of the Corporate Business Continuity Plans and/or the Portfolio Business Continuity Plans on a periodic basis.

When any of the plans are invoked; for example during severe weather, debriefs to determine lessons learned and plan revisions are held as good practice.

- 5.14 **Programme / Project Risk** - Some amount of risk taking is inevitable if a programme / project is to achieve its objectives. The aim is to manage that exposure by taking action to keep exposure to an acceptable level in a cost effective way, whilst maximising any opportunities presented.
- 5.15 All programmes / projects are subject to constant change within the Council and wider environment. The priorities of programmes / projects can shift and change and as they do the relative importance of risks will also change. Assumptions about risk are to be regularly revisited and reconsidered. See the Escalation process at Appendix D.
- 5.16 The Council has adopted a standard project management approach. This approach incorporates the identification and monitoring of risk. The Project Manager is responsible for ensuring that risks are identified, recorded and regularly reviewed and should modify plans to include agreed actions to avoid or reduce the impact of risk. Risk is reported to the Project Board who in turn present this information to the Chief Officer Team, Programme Board (by exception) or Cabinet as appropriate.
- 5.17 **Partnership Risk** - The Council has many different types of partnership arrangements to which risk management needs to be applied but the main two types are strategic partnerships and collaborative partnerships.
- 5.18 Our **strategic partnerships** relate to the Public Services Board<sup>2</sup>. As a partnership organisation it is responsible for the risks within its Well-being Plan which is managed by the priority lead groups. A Governance Framework for Strategic Partnerships has been developed which incorporates a risk and governance review undertaken by each priority lead group bi-annually and reported to the Public Services Board.
- 5.19 Partnership boards ensure that effective risk assessment is undertaken in all key decision making processes, and where necessary, the partnership implements risk management plans to alleviate these identified risks, setting clear deadlines and allocating responsible individuals for particular tasks.
- 5.20 Other partnerships result from **collaborative activity**. Flintshire is committed to working in collaboration on a number of projects and service areas not only with local authorities but across public sector organisations. There are a number of significant collaboration projects underway in the region e.g. North Wales Residual Waste Treatment and all those led by Flintshire County Council have risk management processes in place as part of their governance arrangements.

## **6.0 THE RISK PROCESS & PROCEDURE**

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<sup>2</sup> Public Services Boards became statutory on 1 April 2016 as a requirement of the 'Future Generations Act (Wales) 2015.

- 6.1 **Identification** – Risks can be identified in a number of ways ranging from undertaking business and project planning activities through to identification during day to day operational activities.
- 6.2 A checklist for identification of possible risks is included with examples at Appendix B, it should however be noted that this list is not exhaustive and should be used to promote discussion and to aid risk identification.
- 6.3 Identified risks are captured through service and strategic planning and may be entered onto the CAMMS system as a strategic, operational or project risk (see screenshots at Appendix A), including:
  - Risk Title – the area of uncertainty in terms of the threat or opportunity i.e. “As a result of .... *trigger...*, there is a threat/opportunity of ....*event/area of uncertainty...* which could lead to..... *effect/impact...*”
  - Risk Trigger – the event or situation that will give rise to the risk but in a little more detail than in the title to give context
  - Potential Effects – the impact the risk will have should it materialise, again this should be in a little more detail than in the title to give context
  - Management Controls – the management controls already in place that will help to mitigate / control the risk
  - Risk Category – any of the following, selecting one as ‘primary’ and if applicable any others as ‘secondary’:

Risk Category	Primary	Secondary
Collaboration	<input type="radio"/>	<input type="checkbox"/>
Community Support	<input type="radio"/>	<input type="checkbox"/>
Democratic Governance	<input type="radio"/>	<input type="checkbox"/>
Legislative Policy Change	<input type="radio"/>	<input type="checkbox"/>
Organisational Resilience	<input type="radio"/>	<input type="checkbox"/>
Resources	<input type="radio"/>	<input type="checkbox"/>
Service Demands	<input type="radio"/>	<input type="checkbox"/>
Technology	<input type="radio"/>	<input type="checkbox"/>

6.4 Having identified the risk the next phase is to evaluate it. **Evaluation** is measured using ‘**Likelihood**’ and ‘**Impact**’ to identify the ‘level’ of risk (initial assessment). A 4 x 6 matrix is used to plot the impact score against the likelihood score to provide a ‘level’ of risk (see matrix overleaf). Use of the matrix will determine the level of risk within one of five bandings, ranging from severe (black), major (red), moderate (amber), minor (yellow) and insignificant (green). Criteria for assessing likelihood and impact are included at Appendix C to help promote consistent risk evaluation across the Council.

Risk Likelihood and Impact Matrix							
Impact Severity	Catastrophic	Y	A	R	R	B	B
	Critical	Y	A	A	R	R	R
	Marginal	G	G	Y	A	A	R
	Negligible	G	G	G	Y	Y	A
		Unlikely (5%)	Very Low (15%)	Low (30%)	Significant (50%)	Very High (65%)	Extremely High (80%)
Likelihood & percentage of risk happening							

- 6.5 Where impact and likelihood cross determines the risk level. For example, a risk assessed with critical impact and a significant likelihood equates to a major (red) risk. A risk assessed with marginal impact and a low likelihood equates to a minor (yellow) risk etc.
- 6.6 Using the risk "RAG" rating, risks and issues can be ranked so that the most severe are addressed first. Decisions can then be made as to what mitigating action can be taken to alleviate the risk.
- 6.7 The following details are also recorded:
- Type – Strength, Weakness, Opportunity or Treat (predominantly it will be 'opportunity' or 'threat').
  - Date the risk was identified
  - Risk identifier
- 6.8 **Managing** - Most risks cannot be eliminated altogether and risk management involves making judgements about what level of risk is acceptable. In addition, not all risks can be mitigated to an insignificant (green) level and may be tolerated at a moderate (amber) or minor (yellow) level. At this point the risk may be 'closed'.
- 6.9 Actions determined to mitigate the risk to at least a tolerable level are determined and recorded (in the CAMMS system where appropriate), assigning responsibility and planned start and end dates.



- 6.10 **Risk Escalation and De-escalation** – Progress of the actions and risk level is periodically monitored in accordance with the Risk Escalation process (Appendix D). The frequency of review of risks and level at which they are reviewed depends on the type and level of the risk.
- 6.11 As part of the regular review the risk owner/updater will undertake a new assessment of the risk level considering the 'Likelihood' and 'Impact' given progress made with mitigating actions and changes in the internal or external environments (e.g. legislative changes). As part of the review the owner/updater provides commentary to give context to the current assessment and state whether the risk is still 'open' or if its been 'closed' (no longer a risk). Where the risk is still open the 'trend' will also be identified:
- **Risk Level is Increasing** - mitigating actions have not been completed to timescale and/or the predictive amber/green RAG status has not been achieved by the notified date, or is an increased risk as a result of a change in risk circumstance.
  - **Risk Level remains the same** – mitigating actions are being progressed but no change has been effected to the overall risk.
  - **Risk Level is Decreasing** - mitigating actions have been completed in advance or to timescale and/or the predictive amber/green RAG status has been achieved, or a decreased risk as a result of a change in risk circumstance.
- 6.12 **Risk Registers** are used to capture and maintain information on all identified risks (threats and opportunities). They provide an ongoing log, capture emerging risks and record the closure or escalation of risks. Within the CAMMS system the four risk registers are:
- **Strategic** – used to capture strategic risks (example at Appendix E)
  - **Operational** – used to capture operations and most business continuity risks
  - **Project** – captures both programme and project risks
  - **Corporate** – captures whole organisation, mainly governance risks.

## **7.0 ACCOUNTABILITY FOR RISK**

7.1 The basic requirements of the Risk Management structure are:

- Chief Officer Team leading the process.
- Ownership at every level and by every employee.
- Defined allocation of responsibilities and strong reporting lines.
- Risk identification evaluation and assessment.
- Mechanism for prioritisation.
- Active involvement by elected members.

- A monitoring role.

7.2 **Chief Officer Team** is responsible for:

- Setting strategic risk management initiatives/projects
- Discussing the appropriate level of risk for the Council
- Challenging the outcomes of risk management
- Monitoring and reviewing the Council Plan
- Assurance of Business Continuity Planning
- Assessing significant levels of Project risks

7.3 **Role of Elected Members**

- **Audit Committee** is responsible for reviewing the effectiveness of the Council's Risk Management processes and systems.
- **Scrutiny Committees** are responsible for challenging the detail of individual risks related to priorities or service/functions.

7.4 **Role of Officers**

It is the responsibility of Chief Officers and Performance Leads to ensure that Risk Management is implemented effectively in their areas.

Specific responsibilities are:

- Implementation of Risk Management Strategy and related policies.
- Ensuring that continuous risk identification, evaluation and escalation takes place and that action plans are developed, implemented and subjected to regular monitoring and review.
- Ensuring that all risks are updated in line with the Council's business planning and risk management arrangements.

7.5 **Service Managers** are responsible for:

- Informing Chief Officers and completing relevant risk assessments.
- Sharing relevant information with colleagues in other service areas.
- Providing feedback on their experience of strategy implementation and perceptions of strategy effectiveness to the senior management team.

7.6 **All employees** have a responsibility to:

- Maintain an awareness of risk factors in their workplace.
- Comply with Council policies and procedures.

- Notify their line manager of identified risk and suggested solutions.
- Report all incidents to their manager/supervisor.

## **8.0 INTERNAL AUDIT**

8.1 It is the responsibility of Internal Audit to:

- Develop an annual risk based plan.
- Assess the effectiveness of Risk Management/Business Continuity within the Council with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice.

Strategic Risk Register Example - Initial Assessment

Strategic Risk

Initial Risk Assessment | Current Risk Assessment | Risk Review | Documents | Links

Risk Reference: IP6.1.1R2 **Apply Template**  Active

Risk Title: Debt levels will rise if tenants are unable to afford to pay their rent

Responsibility Centre: **Select**

Lead Officer: Clare Budden - Chief Officer - Community and Enterprise

Supporting Officers

Katie Clubb

Paul Neave

-- Please Select --

Risk Trigger: There may be diminished capability to manage FCC rent arrears levels downwards if FCC tenants needing advice exceeds the caseload capacity (225 cases pa) of the Neighbourhood Housing Service income maximisation caseworker.

Potential Effects: Rent arrears levels amongst FCC tenants will increase if they are not able to implement strategies to manage the impact generated by the reduction in their Housing Benefit award. Any reduction in income to the Housing Revenue Account negatively affects the Housing Service Business model.

Management Controls: Continue the proactive response to FCC tenants impacted by the spare room subsidy ensuring they are supported to remain in, or move from their property, lessening the negative impact on the Housing Revenue Account and the risk of homelessness.

Legislation: Housing (Wales) Act 2014

Initial Assessment

Criteria	Selection
* Likelihood L	Significant
* Impact C	Marginal   Community Support

Type: Threat

Risk Rating: **Amber**  
Moderate (3)

Risk Category	Primary	Secondary
Collaboration	<input type="radio"/>	<input type="checkbox"/>
Community Support	<input checked="" type="radio"/>	<input type="checkbox"/>
Democratic Governance	<input type="radio"/>	<input type="checkbox"/>
Legislative Policy Change	<input type="radio"/>	<input type="checkbox"/>
Organisational Resilience	<input type="radio"/>	<input checked="" type="checkbox"/>
Resources	<input type="radio"/>	<input checked="" type="checkbox"/>
Service Demands	<input type="radio"/>	<input checked="" type="checkbox"/>
Technology	<input type="radio"/>	<input type="checkbox"/>

# Strategic Risk Register Example - Current Assessment

Strategic Risk

- Initial Risk Assessment
- Current Risk Assessment
- Risk Review
- Documents
- Links

Risk Title: Debt levels will rise if tenants are unable to afford to pay their rent

**Potential Effects:** Rent arrears levels amongst FCC tenants will increase if they are not able to implement strategies to manage the impact generated by the reduction in their Housing Benefit award. Any reduction in income to the Housing Revenue Account negatively affects the Housing Service Business model.  
Increase in court action for possession being taken against social housing tenants, particularly those with existing rent arrears which are worsened by the spare room subsidy. This will create additional financial pressures upon the fulfilment of FCC statutory

**Management Controls:** Continue the proactive response to FCC tenants impacted by the spare room subsidy ensuring they are supported to remain in, or move from their property, lessening the negative impact on the Housing Revenue Account and the risk of homelessness. FCC funding a personal budgeting support service (delivered by the CAB) for Universal Credit claimants who experience problems managing their single monthly UC payment, including their housing costs. FCC continuing to provide advice and support services helping Flintshire households maximise their income through accessing social security benefits & better managing their financial commitments.

Current Assessment

Criteria	Selection
* Likelihood L	Significant
* Impact C	Marginal Community Support
* Risk Status RS	Open
* Risk Trend RT	Risk Level remains the same

Risk Rating:  
**Amber**  
Moderate (3)

Actions	Lead Officer	Service	Start Date	End Date	Reporting Frequency	Action Status	% Completed
	-- Please Select --	-- Please Select --			-- Please Select --	-- Please Select --	%

Links to Strategic/Business Plans
<a href="#">6 Poverty</a>
<a href="#">6.1 Protecting people from poverty</a>
<a href="#">6.1.1 Maximising Income</a>



**Appendix B**  
**Checklist for Risk Identification**

<b>Examples</b>		
<b>P</b>	<b>Political</b>	<ul style="list-style-type: none"> <li>- Member support</li> <li>- Local/General election changes</li> <li>- Community Leadership</li> <li>- Democratic Governance/Management</li> <li>- National Policy change</li> </ul>
<b>E</b>	<b>Environmental</b>	<ul style="list-style-type: none"> <li>- Recycling / Green issues</li> <li>- Energy efficiency, Pollution, Carbon emissions</li> <li>- Climate Change; flooding and adaptation</li> <li>- Land use</li> <li>- Waste Strategy</li> </ul>
<b>R</b>	<b>Regulatory / Legislative</b>	<ul style="list-style-type: none"> <li>- Non-compliance with legislation</li> <li>- Data Protection/Freedom of Information Acts/ Human rights,</li> <li>- TUPE regulations</li> <li>- Health &amp; Safety</li> <li>- Legal challenges</li> <li>- Corporate Governance</li> </ul>
<b>F</b>	<b>Financial</b>	<ul style="list-style-type: none"> <li>- Financial performance and management</li> <li>- Efficiencies</li> <li>- Financial procedural rules</li> <li>- Ability to meet financial commitments, including internal budgetary pressures</li> <li>- Insurance cover/claims</li> <li>- Procurement</li> <li>- Contract standing orders</li> </ul>
<b>O</b>	<b>Objectives</b>	<ul style="list-style-type: none"> <li>- Council priorities for change and improvement</li> </ul>
<b>R</b>	<b>Reputational</b>	<ul style="list-style-type: none"> <li>- Negative publicity</li> <li>- Legal challenges</li> <li>- Project failure</li> <li>- External regulatory reports</li> </ul>
<b>M</b>	<b>Management</b>	<ul style="list-style-type: none"> <li>- Strategic – Corporate and resource management</li> <li>- Operational – Management skills to include Performance, Risk, Finance HR etc</li> <li>- Collaborative working/partnerships</li> <li>- Emergency Planning</li> </ul>
<b>A</b>	<b>Assets</b>	<ul style="list-style-type: none"> <li>- Land, property, equipment, technology, information, employees</li> </ul>
<b>N</b>	<b>Not covered elsewhere</b>	<ul style="list-style-type: none"> <li>- Risks that do not fit into any other defined category</li> </ul>

<b>C</b>	<b>Customer and Communities</b>	<ul style="list-style-type: none"> <li>- Impact on customer</li> <li>- Consultation/engagement/communication</li> <li>- Customer Feedback</li> <li>- Current and changing needs and expectations of customers and citizens</li> <li>- Demographics; Migration and immigration</li> <li>- Community cohesion</li> <li>- Community Strategy</li> <li>- Business Continuity Management (including disaster recovery arrangements)</li> </ul>
<b>E</b>	<b>Equalities</b>	<ul style="list-style-type: none"> <li>- Welsh Language</li> <li>- Social Justice</li> <li>- Disability Discrimination Act</li> <li>- Race Relations</li> <li>- Age and Gender</li> <li>- Equality Impact assessments</li> </ul>
<b>S</b>	<b>Sustainability</b>	<ul style="list-style-type: none"> <li>- Maintaining and improving Flintshire as a place to live, work and visit now and in the future.</li> </ul>



## RISK CRITERIA

## Criteria for assessing likelihood

Unlikely (5%)	Very Low (15%)	Low (30%)	Significant (50%)	Very High (65%)	Extremely High (80%)
<b>Likelihood &amp; Percentage of risk happening</b>					

## Criteria for assessing Impact

Description	Examples
<b>Catastrophic</b>	<ul style="list-style-type: none"> <li>No confidence in Senior Management / Leadership</li> <li>Formal WG intervention/exercise of their powers</li> <li>Multiple fatalities</li> <li>Complete/critical service failure</li> <li>Exceedingly negative <i>national</i> publicity</li> <li>Serious impact on workforce across more than one Portfolio</li> <li>Legal action almost certain, unable to defend</li> <li>Serious financial impact to budget, not manageable within existing funds and may impact on reserves</li> <li>Non-compliance with law resulting in imprisonment</li> </ul>
<b>Critical</b>	<ul style="list-style-type: none"> <li>Limited confidence in Senior Management/Leadership</li> <li>Significant service failure</li> <li>Negative <i>national</i> publicity</li> <li>Impact on workforce across more than one Portfolio</li> <li>Legal action almost certain and difficult to defend</li> <li>Serious financial impact to budget, manageable across the authority</li> <li>Negative external regulatory reports impacting on Corporate Governance</li> <li>Single fatality</li> </ul>
<b>Marginal</b>	<ul style="list-style-type: none"> <li>Significant service under-performance</li> <li>Negative <i>local</i> publicity</li> <li>Expected impact on workforce, but manageable within Portfolio contingency arrangements</li> <li>Legal action expected</li> <li>Expected financial impact to budget, manageable within Portfolio</li> <li>Non-compliance with law resulting in fines</li> <li>Negative external regulatory reports</li> </ul>

**Negligible**

- Some risk to normal service delivery but manageable within contingency arrangements
- Legal action possible but unlikely and defensible
- Possible financial impact to budget, manageable within service
- Non-compliance with regulations / standards or local procedures resulting in disciplinary action
- Previous risk mitigated by completed action plan

## **Risk Escalation and de-escalation process for Operational Risks**

### **Identifying and recording operational risks**

- Services have the appetite and openness for risk identification (financial, HR, legal, performance or reputational)
- Service plans to include risk monitoring and mitigation
- Record operational risks – can use CAMMS
- Within the portfolio – take action to mitigate
- Share with colleagues – there may be a solution

### **However, when does a risk need to be escalated/ de-escalated?**

- When it can't be resolved within the portfolio and especially if:
  - it affects a council priority
  - it indicates significant downturn in performance or inability to meet target
  - it affects the Council's financial, legal or reputational position
  - it affects significant capacity issues for delivery
  - there may be a compound affect across the Council
- There's any doubt as to its mitigation
- De-escalation occurs when the risk has been mitigated to its fullest extent i.e. closed

### **What is the process for dealing with escalation?**

- Initially – as a standing item on all DMT agendas
- 1:1s Chief Officers/line reports with Chief Executive
- Chief Executive to determine if aggregate risk needs to be referred to COT

### **How will this protocol be maintained?**

- Within the revised Risk Management Policy and Strategy (March 2018)
- Annual review
- Periodic snapshots of portfolio operational risks

Screenshot from the Strategic Risk Register

Integrated Risk Manager   A CAMMS SOLUTION										
WORKSPACE   FRAMEWORK   RISK MANAGEMENT   AUDIT MANAGEMENT   QUICK SEARCH   REPORTS   AI										
CYNGOR Sir y Fflint Flintshire COUNTY COUNCIL			My Quick Update		Risk Register		Executive Intelligence		Welcome Vicki Roberts Performance Team Leader	
			Risk Analysis		Audit		My Settings			
Strategic Risk Register			Operational Risk Register		Project Risk Register					
Drag a column header and drop it here to group by that column										
Risk Reference	Risk Title	Lead Officer	Responsibility Centre	Reporting Period	Next Review Date	Initial Risk		Current Risk		Status
IP1.1.1R1	<u>Homelessness will remain a growing area of demand due to the current economic climate</u>	Clare Budden - Chief Officer - Community and Enterprise	N/A	Quarter	26/02/2016	Amber	Moderate (3)	Amber	Moderate (3)	Active
IP1.1.1R2	<u>Demand and aspirations for independent living will not be met</u>	Craig Macleod - Development & Resources Manager	[SS] Development and Resources	Quarter	1/03/2016	Amber	Moderate (3)	Amber	Moderate (3)	Active
IP1.1.1R3	<u>The supply of affordable housing will continue to be insufficient to meet community need</u>	Melville Evans - Strategic Housing and Regeneration Programme (SHARP) Programme Manager	[CE] Housing Services	Quarter	1/03/2016	Red	Major (4)	Red	Major (4)	Active
IP1.1.2R1	<u>The increased work programme to deliver the WHQS will not be met due to the scale of the programme</u>	Clare Budden - Chief Officer - Community and Enterprise	N/A	Quarter	13/04/2016	Yellow	Minor (2)	Amber	Moderate (3)	Active
IP1.1.2R2	<u>Council funding for adaptations and home loans will not be sufficient to meet demand</u>	Clare Budden - Chief Officer - Community and Enterprise	N/A	Half Year	30/04/2016	Yellow	Minor (2)	Yellow	Minor (2)	Active
IP1.1.2R3	<u>Financial assistance available to repair residents' homes is not taken up by residents</u>	Clare Budden - Chief Officer - Community and Enterprise	N/A	Quarter	31/12/2015	Amber	Moderate (3)	Amber	Moderate (3)	Active
IP1.1.2R4	<u>Customer expectations for the timeliness of adaptations undertaken through disabled facilities grants will not be met due to competing demands on resources</u>	Gavin Griffith - Housing Regeneration & Strategy Manager	N/A	Quarter	31/12/2015	Amber	Moderate (3)	Amber	Moderate (3)	Active
IP2.1.1R1	<u>Service users and carers do not take advantage of community and universal opportunities that would encourage greater independence.</u>	Neil Ayling - Chief Officer - Social Services	N/A	Half Year	1/04/2016	Amber	Moderate (3)	Yellow	Minor (2)	Active
IP2.1.1R2	<u>The quality of care home services will not meet required standards.</u>	Neil Ayling - Chief Officer - Social Services	N/A	Quarter	12/04/2016	Amber	Moderate (3)	Amber	Moderate (3)	Active
IP2.1.1R3	<u>Children and vulnerable families are not fully supported where multi-agency services and partners do not move toward an early intervention and prevention approach</u>	Neil Ayling - Chief Officer - Social Services	N/A	Annual	31/03/2016	Green	Insignificant (1)	Green	Insignificant (1)	Active

### Glossary of Terms

**Stakeholders** - residents, employees, Members and partners etc..

**Corporate Governance** – “The system by which organisations are directed and controlled”. Definition from the UK Code of Corporate Governance.

**Governance Framework** – Brings together the systems and processes, employees, other resources, culture and values by which the Council is managed and controlled and the activities through which it account to, engages with and leads the community. The framework enables the Council to monitor achievement against strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

**Annual Governance Statement** - a statutory document which explains the processes and procedures in place to enable the council to carry out its functions effectively.

**Business Plans** – Three year business efficiency plans have been developed as part of the Council’s Planning Framework. They are one of the three elements within the Council’s Medium Term Financial Strategy contributing towards reducing the funding gap up to 2017/18. The business plans are reviewed through a common governance structure of Programme Boards with officer and member involvement, including efficiency trackers and risk logs.

**Risk** - Can be a threat (negative) or an opportunity (positive). A threat is an event or action that will adversely affect an organisations ability to achieve its stated objectives and to successfully deliver approved strategies. An opportunity is an event or action that will enhance the organisations ability to achieve its objectives and deliver approved strategies, whether these be short term, long term or indeed planned. This will include both external and internal risks and opportunities.

**Risk Management** - the process of **identifying** risks, **evaluating** their potential consequences (impact) and **managing** them. The aim is to reduce the frequency (likelihood) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (impact) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.

**Risk Register** – Used to capture and maintain information on all identified threats and opportunities relating to a specific organisational activity.

**Business Continuity Management (BCM)** - a planned process aimed at managing the many varied operational risks inherent in the day to day activities involved in the delivery of service.

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**Risk Matrix**

**Current (2016)**

<b>Impact Severity</b>	Catastrophic	Y	A	R	R	B	B
	Critical	Y	A	A	R	R	R
	Marginal	G	Y	A	A	A	R
	Negligible	G	G	Y	Y	A	A
		Unlikely (5%)	Very Low (15%)	Low (30%)	Significant (50%)	Very High (65%)	Extremely High (80%)
<b>Likelihood &amp; percentage of risk happening</b>							

**Proposed (2018)**

<b>Impact Severity</b>	Catastrophic	Y	A	R	R	B	B
	Critical	Y	A	A	R	R	R
	Marginal	G	G	Y	A	A	R
	Negligible	G	G	G	Y	Y	A
		Unlikely (5%)	Very Low (15%)	Low (30%)	Significant (50%)	Very High (65%)	Extremely High (80%)
<b>Likelihood &amp; percentage of risk happening</b>							

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## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 21 March 2018
<b>Report Subject</b>	Internal Audit Strategic Plan
<b>Cabinet Member</b>	Not Applicable
<b>Report Author</b>	Internal Audit Manager
<b>Type of Report</b>	Assurance

### EXECUTIVE SUMMARY

All principal Local Authorities subject to the Accounts and Audit (Wales) Regulations must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. It must make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note issued alongside it.

In line with the Standards, internal audit must produce a risk based plan taking into account the need to produce an annual audit opinion and linked to the organisation's objectives and priorities.

The three year Flintshire Internal Audit Strategic Plan is attached, Appendix A. The first year of the plan is completed in greater detail highlighting high priority audits and annual reviews to be completed during the financial year 2018/19. Medium priority audits will be scheduled to audit subsequently, unless higher priority work is identified through the quarterly monitoring of the plan.

### RECOMMENDATIONS

1	<p>The Committee is requested to consider the Flintshire Internal Audit Strategic Plan and to make comments on its content. In doing so the committee is asked to consider:</p> <ul style="list-style-type: none"> <li>• Does the three year plan for Internal Audit as set out in Appendix A reflect the areas that the Committee believe should be covered?</li> <li>• Does the first year of the plan reflect the areas that should be prioritised?</li> <li>• Is the level of audit resources accepted by the Committee and agreed as appropriate, given the level of assurance required?</li> </ul>
2	<p>The Committee is required to approve the Flintshire Internal Audit Strategic Plan for 2018-2021.</p>

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT</b>
1.01	Each year Flintshire Internal Audit prepare a three year audit plan, with the first year completed in more detail. This plan is designed to meet the professional standards required of us in order to review and evaluate the risk management, control, and governance arrangements within the Authority.
1.02	The Council's Plan and the strategic risks within CAMMs (Risk & Performance Management system) are aligned to the Council's objectives and priorities. The Flintshire Internal Audit plan which is attached takes into account these objectives and risks in addition to materiality of spend, reputational risk, and discussions with management.
1.03	The final plan was produced after consultation with Portfolio Management Teams, the Chief Executive and Wales Audit Office. The plan covers various types of work including, but not limited, to risk based, system based, advice & consultancy, and value for money projects as well as our involvement in development projects.
1.04	The plan for 2018/19 has been formulated for the current level of resources, 1441 productive days. Days per audit have not been recorded within the plan set out in Appendix A, as days will be allocated to each audit following the opening meeting to ensure appropriate resources are allocated. All high priority audits and annual reviews detailed within the plan will be undertaken within 2018/19. Those medium priority audits will be kept under constant review during quarterly meetings with Chief Officers and their Management Teams, WAO and bimonthly meetings with the Chief Executive. Any work required to respond to emerging issues or risks may take precedence over the medium priority reviews.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None from this report. The resources needed for the plan use the resources available.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Consultation carried out with Portfolio Management Teams, Chief Officers, the Chief Executive and Wales Audit Office.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Flintshire Internal Audit is part of the governance framework and provide

	assurance on governance, risk management and internal control. The plan needs to provide the basis for that assurance over the coming years.
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<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Draft Flintshire Internal Audit Strategic Plan – 2018/2021

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>None.</p> <p><b>Contact Officer:</b> Lisa Brownbill, Internal Audit Manager  <b>Telephone:</b> 01352 702231  <b>E-mail:</b> Lisa.brownbill@flintshire.gov.uk</p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Improvement Plan:</b> the document which sets out the priorities of the Council. It is a requirement of the Local Governance (Wales) Measure 2009 to set Improvement Objective and publish and Improvement Plan.</p> <p><b>Wales Audit Office:</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p><b>Corporate Governance:</b> the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p><b>Wales Chief Auditors Group:</b> An informal meeting group of Chief Auditors to discuss items of mutual interest.</p> <p><b>Operational Plan:</b> the annual plan of work for the Internal Audit team.</p> <p><b>Alternative Delivery Models:</b> operating models which are different from currently or traditional methods of service delivery and which are responding to changed situations to sustain important services.</p> <p><b>CAMMS:</b> an integrated planning, risk management and programme/project management and reporting system.</p> <p><b>Risk Management:</b> the process of identifying risk, evaluating their potential consequence and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they occur. Threats are managed by process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p>

**P2P:** Purchase to Pay. An electronic system used within the Authority to manage purchasing.

**IDEA:** Audit sampling software that enables us to compare large amounts of data to identify matches or duplicates.

**Root Cause Analysis:** a method of problem solving used for identifying the root causes of faults or problems.

# Flintshire Internal Audit

Strategic Plan



2018/19 –  
2020/21

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Presented to Audit Committee, 21 March 2018

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## Section One: Introduction

- 1.1 This document summaries the work undertaken to develop the Internal Audit Strategic Plan for 2018-2021. It covers:
- Role, Responsibilities and Scope of Internal Audit
  - Available Resources
  - Reporting Arrangements
  - Proposed detailed programme of work for 2018/19 and summary of work for 2019/20 – 2020/21

- 1.2 As required the strategic plan has been prepared in accordance with the mandatory best practice requirements set out in the Public Sector Internal Audit Standards (PSIAS).

- 1.3 The Council has adopted the PSIAS definition of Internal Auditing:

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

- 1.4 In accordance with PSIAS, the mission of Internal Audit is to 'enhance and protect organisational value by providing risk based and object assurance, advice and insight'.

- 1.5 In line with these requirements, we perform our internal audit work with a view to reviewing and evaluating risk management, control and governance arrangements that the organisation has in place, and to support the Council in achieving its aims, objectives and priorities set out in the Council Plan.

- 1.6 The work is designed to enable the Internal Audit Manager to arrive at her year-end annual audit opinion on the adequacy and effectiveness of governance, risk management and the control environment. The Annual Audit Report provides evidence to support the Annual Governance Statement.

- 1.7 As required by the PSIAS, the Internal Audit Service is delivered and developed in accordance with the Internal Audit Charter. The Charter defines the role, scope, independence, authority, and responsibility of the Internal Audit Service. The Council has formally agreed these provisions and sets out the Internal Audit Charter in Section 29.1 of the Council's Constitution.

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## Section Two: Role, Responsibilities and Scope

### 2.1 Role and Responsibilities of Internal Audit

- Review and develop the Council's governance processes.
- Assist in the development of an effective internal control environment.
- Provide advice, consultancy and insight on all operations within the Council and provide added corporate value.
- Evaluate the effectiveness of the Council's internal control, risk management and governance arrangements by providing independent and objective assurance to management and Audit Committee.

### 2.2 Scope of Internal Audit

- Covers the entire control environment within the Council including both financial and non-financial systems.
- Review controls that protect the interests of the Council when dealing with strategic partnerships that the Council has an involvement with.
- Provide an internal audit service to 3<sup>rd</sup> parties via Service Level Agreements.

### 2.3 Responsibilities of Management

- To establish and maintain adequate systems of controls and to implement those actions identified by internal audit to improve systems of controls and improve risks. The implementation of agreed action cannot eliminate risk entirely.

### 2.4 Responsibilities of Audit Committee

- Approve the internal audit Charter
- Approve, but not direct, Internal Audit Strategic Plan. In approving the plan, consideration has been given to:
  - Does the three year Strategic Plan for Internal Audit (as set out Section Six) reflect the areas that the Audit Committee believe should be covered?
  - Does the first year of the plan reflect the areas that should be prioritised?
  - Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?
- Receive quarterly reports summarising internal audit's work to seek assurance and take action where necessary.
- Make appropriate enquiries of management and the Internal Audit Manager to determine where there are inappropriate scope or resource limitations.
- Receive and consider the Annual Internal Audit Report.

### 2.5 Responsibilities for Fraud and Corruption

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



- Refer to the police suspected criminal activity, in accordance with the Anti-Fraud and Corruption Policy and the Fraud Response Plan.
- Maintain the Council's Anti-Fraud and Corruption Policy, Fraud Response Plan and the Whistleblowing Policy.
- Administer CIPFA's National Fraud Initiative.

## Section Three: Resources

### 3.1 Delivery of the Internal Audit Service

The audit plan will be delivered by experienced and suitably qualified in-house team comprising of 8.3 FTE auditors giving 1440 productive days. The level of resources is considered sufficient to deliver the annual assurance opinion, however it may be necessary to use external resource to deliver more technical ICT audits should the need arise.

Where opportunities arise collaborative working is undertaken with internal audit colleagues from neighbouring authorities to deliver particular audit assignments.

### 3.2 Resource Requirements

The level of resource requirements has been assessed to ensure the delivery of an effective and efficient internal audit service to the Council. This has been based on the need to provide assurance over:

- Key financial systems
- Risk management, performance management and governance arrangements
- Front line and support services, including schools
- Procurement
- Information Governance
- Provision of advice and consultancy
- Anti-Fraud and Corruption arrangements

## Section Four: Reporting Arrangements

### 4.1 Audit Reports

Following each audit, a draft report is issued to the manager responsible for the area for consideration. The final report issued contains managements' agreed actions to address the audit findings together with a proposed date of implementation. A copy of the report is distributed to the relevant:

- Service Manager
- Chief Officer accountable for the implementation of agreed actions

It is the responsibility of management to ensure all agreed actions are implemented.

### 4.2 Assurance Opinion

Following each audit, an assurance opinion is provided based on the information and evidence obtained during the course of the review. The purpose of the assurance opinion is to provide an assessment of the effectiveness of the risk management, control and governance arrangements in place within the area audited.

The assurance opinions used by internal audit are:

Levels of Assurance	Explanation
Green / Substantial	Strong controls in place
Amber Green / Adequate	Key controls in place but some fine tuning required
Amber Red / Some	Significant improvement in control environment required
Red / Limited	Urgent system revision required

### 4.3 Reporting to Audit Committee

On a regular basis audit committee receive internal audit progress reports for consideration. These reports identify:

- Those audits completed during the period together with the assurance opinion given.
- Progress by management on the implementation of agreed actions.
- Measurement of internal audits performance against internal performance target and progress against the audit plan.
- An update on any investigations internal audit is involved with.

Where a Red / limited assurance opinion has been given, the relevant Chief Officer and Service is asked to attend Audit committee to provide further update on progress to address the findings.

### 4.4 Annual Audit Opinion

An annual report is presented to audit committee for consideration. This report includes the Internal Audit Manager overall opinion on the effectiveness of the Council's risk management, control and governance arrangements. This opinion forms only one of the sources of assurance to support the Annual Governance Statement.

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## Section Five: Development of the Strategic Plan

### 5.1 Requirements of Internal Audit

In accordance with the PSIAS, it is a requirement of the Internal Audit Manager to establish a risk-based audit plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.

### 5.2 Development and Prioritisation of Audit Coverage

When developing the plan consideration has been given to:

- Results of previous audit work (last audit opinion and time since last audit)
- Any changes to the Council's systems, processes, controls or service delivery
- New and emerging risks affecting the Council
- Priorities within the Council Plan
- Materiality of budget
- The Council's risk management processes
- Senior management's views of risks and priorities within their area of responsibility
- Other sources of assurance
- The requirement to ensure there is sufficient coverage to support an annual audit opinion
- Audit work deferred from 2017/18

Each area has been assessed and all audits identified as high priority within the plan will be undertaken within the financial year 2018/19 together with those annual audits. Audits rated as medium priority will be kept under constant review through formal quarterly meetings with Chief Officers and their management team, Chief Executive and Wales Audit Office. Any new priorities or emerging risks may take precedence over those medium priority audits.

The outline scope for each audit and type of audits undertaken is detailed within the plan.

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

### 5.3 Alignment of the Audit Plan to the Council's Plan and Strategic Risks

The audit plan has been developed to align audit work to support the priorities within the Council's Plan and strategic risks. Links to both of these are detailed within the plan within Section Six.

### 5.4 Budgeted Time

To ensure the appropriate resources are allocated for each review, the audit days will be assigned following the scoping meeting.

### 5.5 Significant Changes to Planned Work

The audit plan will be kept under continuous review through formal quarterly meetings with Chief Officers and their management team, Chief Executive and Wales Audit Office. All will be reported to Audit Committee within the internal audit progress report.

## Section Six: Strategic Plan for Internal Audit 2018/19 – 2020/21

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
<b>Corporate</b>							
Budget Planning Challenge	Confident Council ST163/197	To provide advice and consultancy on the review of the budget planning challenge and application process.	H	Advisory Note	■		
Business Planning, Risk and Performance Management		To review consistency of Portfolio and Service plans, identification, escalation and mitigation of operational risk and the effectiveness of performance management arrangements.	H	Audit Report	■		
North Wales Residual Waste Project (FCC)		As to provide assurance over the contract management arrangements in place of the project between Flintshire and Wheelabrator Technologies Incorporated (WTI).	H	Audit Report	■		
North Wales Residual Waste Project (Lead)		As Lead Authority provide assurance to the NWRW Committee over the effectiveness of the contract management arrangements in place.	H	Audit Report	■		
Declaration of Interests		To review the effectiveness of the Council's Code of Conduct in relation to declaration of interests and the robustness of the processes in place to support such declaration of interests.	H	TBC	■		
Collaborative / Partnerships Arrangements (CC - Social Services)		Examine the partnership arrangements for the Adoption Service to ensure the Council is achieving value for money and to assess the effectiveness of the Flintshire's processes.	M	Audit Report	■		
Integrated Impact Assessments		Review the effectiveness and application of the IIA.	M	Audit Report	■		
National Grant Funded Schemes	Green Council	The audit will examine the arrangements that the Council has in place to secure value for money from national grant funded schemes.	M	Audit Report	■		
Use of Consultants		Advisory work on the use of Consultants.	Annual	Advisory Note	■	■	■
Voluntary Sector Grants (VSG) - Revised Funding Arrangements		Review the processes in place to ensure VSG are awarded to added value' and 'fit' with the Council priorities.	-	-		■	
Business Continuity		Review the effectiveness of the implementation plans for the Council's business continuity arrangements.	-	-		■	
Welsh Language Standards (WLS)	Confident Council	Assess compliance with WLS.	-	-		■	

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
<b>Community &amp; Enterprise</b>							
Welsh Housing Quality Standards (WHQS) Investment Plan	Supportive Council	The review to focus on progress made in achieving the standard and to consider work carried out by the external auditors in this area.	H	Audit Report	■		
Deferred Charges on Properties (CC - Governance & Social Services)		Cross cutting review to obtain assurance that charges are placed on properties when required.	H	Audit Report	■		
Right to Buy (buyback) / Home Loans		Examine the controls in place around the right to buy (buyback) initiative and the home loan scheme.	M	Audit Report	■		
Empty Property (Void) Mgt	Supportive Council	The review will focus on the management of voids and the processes followed to turn the void into available housing stock.	M	Audit Report	■		
Travellers	Supportive Council	To review compliance with legislative requirements.	M	Audit Report	■		
New Homes - Contract Management	Supportive Council	To review contract compliance and the operational controls within the company.	M	Audit Report	■		
Homelessness	Supportive Council	The audit will follow up on the audit carried out in 2016/17 and to also consider any new and emerging issues.	Follow Up	Audit Report	■		
SARTH	Supportive Council	To follow up the previous year's audit.	Follow Up	Audit Report	■		
Disabled Facility Grants (DFGs)	ST157	To follow up the previous year's audit.	Follow Up	Audit Report	■		
Supporting People		The audit to provide assurance on the grant claim preparation and authorisation process.	Annual	Audit Report	■	■	■
Council Tax and NNDR		High level analytical review to assess the effectiveness of internal controls within the Council financial systems. More detailed review work may be carried out depending on the results of the assessment.	Annual	Audit Report	■	■	■
Housing Benefits	ST161	Annual review to assess the effectiveness of internal controls within the Council financial systems. More detailed review work may be carried out depending on the results of the control risk self-assessment. The review will also focus on universal credit and early intervention	Annual	Audit Report	■	■	■
Main Accounting - Accounts Receivable, including Corporate Debt Management		Annual review to assess the effectiveness of internal controls within the Council financial systems. More detailed review work	Annual	Audit Report	■	■	■

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
(CC - People & Finance)		may be carried out depending on the results of the control risk self-assessment					
Communities4work (New)		The controls around the introduction of this new initiative will be considered.	-	-		■	
Housing Bailiffs		Consider the controls around the use of the in-house service.	-	-		■	
Housing Maintenance		The audit will focus on the value for money of the managed stores operation and the allocation of labour time charged to jobs.	-	-		■	
SHARP Project	ST152/157	To follow up review carried out in 2017/18.	-	-		■	
Customer Services and Contact Centre		Consider the controls in place following the merging of contact centres.	-	-		■	
<b>Education &amp; Youth</b>							
Risk Based Thematic Reviews	Learning Council	Through the use of a control and risk self-assessment, this annual review focuses on risk areas identified in schools and includes compliance with the performance management policy for schools.	H	Audit Report	■		
School Funds		To review compliance with school fund regulations and consider any potential impact on the school budget and accumulation of funds.	H	Audit Report	■		
School Funding Formula (CC - People & Resources)		The review will verify the calculation used in the distribution of school funding.	M	Audit Report	■		
Pupil Stats - Cross Cutting		The review will focus on the procedures followed for the completion of annual pupil funding numbers. The review will also include the recording of attendance data and any potential safeguarding issues through the manipulation of data.	M	Audit Report	■		
Early Entitlement		To consider the controls around entitlement to early years (up to 3 years old).	M	Audit Report	■		
Education Grants - Including Education Improvement Grant (EIG) & Pupil Development Grant (PDG)	Learning Council	The audit will provide assurance on the grant claim preparation and authorisation process.	Annual	Advisory Note	■		
Social Media & Internet Safety		Include internet and media safety requirements through incorporation in the annual CRSA exercise.	-	-		■	

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
Schools Admissions Policy and Practice		Review compliance to policy and taking into consideration the potential safeguarding issues if pupil numbers are manipulated.	-	-		■	
Early Help Hub / Families First Programme (CC - Social Services)	ST165	Incorporate with Families First joint initiative with Social services (Craig Macleod). Support for families multi agency including NW Police (safeguarding).	-	-		■	
Young Peoples Council Delivery Plan	Learning Council	To review progress made in implementing the plan.	-	-		■	
<b>Governance</b>							
Digital Strategy	Connected Council	The review will determine whether all digital customers are identified.	H	Audit Report	■		
Cloud Computing		Establish cloud usage in the Authority and controls in place to protect our data.	H	Audit Report	■		
Procurement - Contract Monitoring (Joint Working - Denbighshire)		Review the effectiveness of the contract monitoring arrangements in place.	H	Audit Report	■		
Deferred Charges on Properties (CC - Social Services & Community & Enterprise)		Cross cutting review to obtain assurance that charges are placed on properties when required.	H	Audit Report	■		
Online Transactions (Digital Strategy) (CC - Org Change 1)	Connected / Confident Council	To provide advice and support on the development towards online transactions. The review will focus on ensuring all services with potential digital delivery are captured and provide assurance on the payment processing procedures.	H	Audit Report	■		
Members Allowances		Review the payment of member's allowances in accordance with policy.	M	Audit Report	■		
Procurement of Hardware & Software		Review procurement arrangements across all portfolios.	M	Audit Report	■		
GDPR		Review compliance following the introduction of the new GDPR regulation.	Annual	Audit Report	■		
Community Benefits	Connected Council	Ensure community benefits is embedded in all service provision.	-	-		■	

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Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
<b>Organisational Change 1</b>							
ADM - New	Connected Council	To review the controls over the final transfer and initial operation of Aura, NEWydd and HFT.	H		■		
Clwyd Theatre Cymru (CTC)	Connected Council	CTC is unique in that it is one of the few theatres which is looked after by the authority and as such needs to remain accessible to all. The review will consider whether the Theatre has maximised its income, taking into account the quality of service delivery, pricing (ticket prices) and remaining accessible to all. Controls over the incorporation of the music service will be considered together with funding received through the arts and education network (approx. £200k).	H	Audit Report	■		
Online Transactions (Digital Strategy) (CC - Governance)	Connected / Confident Council	To provide advice and support on the development towards online transactions. The review will focus on ensuring all services with potential digital delivery are captured and provide assurance on the payment processing procedures.	H	Audit Report	■		
Bailey Hill		The review to consider the arrangements in place to ensure Flintshire's assets are protected through appropriate agreements and ongoing monitoring.	M	Audit Report	■		
<b>Organisational Change 2</b>							
CAT - New	Connected Council	For any new CATs, review process in place to transfer assets to the community.	H	Advisory Note	■	■	■
Property Valuations		Review the adequacy of the Council's arrangements for property valuations, taking into account updated guidance from CIPFA (IFRS 13).	H	Audit Report	■		
Property Maintenance	ST180	To review a sample of contracts to ensure compliance with the contract procedure rules. Review to include schools repairs and maintenance.	M	Audit Report	■		
Technology Forge (TF)		Review TF and the interface with P2P and consider the business continuity arrangements of TF following the proposed move to a cloud based solution.	M	Audit Report	■		
Community Asset Transfer - Contract Management		Review the contract management arrangements in place for Community Asset Transfers to ensure service deliverability.	-	-		■	
CCTV		Review the effectiveness of the Council's arrangements in	-	-		■	

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
		place for CCTV.					
<b>People &amp; Resources</b>							
Financial Model, incorporating Collaborative Planning	Confident Council	The review to consider the capacity / performance of Service Managers in using CP in order to support the reduction in staff. It will also consider the rationale behind efficiency savings and whether savings are achievable.	H	Advisory Note	■		
P2P – Transfer of Process		To assess the effectiveness of the process and procedures in place following the handover of P2P from Procurement to Finance.	H	Advisory Note	■		
School Funding Formula (C - Education & Youth)	Confident Council	The review will verify the calculation used in the distribution of school funding.	M	Audit Report	■		
Corporate Grants		To review compliance with the Council's FPRs and follow up on previous audit actions.	M	Audit Report	■		
Main Accounting - Accounts Payable (AP) and P2P		Annual review to assess the effectiveness of internal controls within the Council financial systems. More detailed review work may be carried out depending on the results of the control risk self-assessment	Annual	Audit Report	■	■	■
Main Accounting - Accounts Receivable (AR), include Debt Management (Cross cutting with Community & Enterprise)		Annual review to assess the effectiveness of internal controls within the Council financial systems. More detailed review work may be carried out depending on the results of the control risk self-assessment	Annual	Audit Report	■	■	■
Main Accounting - General Ledger (GL)		Annual review to assess the effectiveness of internal controls within the Council financial systems.	Annual	Audit Report	■	■	■
Taxation		Examine the Council's approach to tax (VAT / PAYE).	-	-		■	
Insurance		Review compliance with the insurance strategy and assess the adequacy of controls in place.	-	-		■	
Appraisals		The review will examine the level of compliance with the Appraisal Policy, including both Competency Based and Light Touch Appraisals.	H	Audit Report	■		
Pay Deal 2019/20		Support and challenge calculations for 19/20 pay deal.	H	Advisory Note	■		
Notification of Start, Leavers and Changes		Review the effectiveness of the notification process for	M	Audit Report	■		

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
to Clwyd Pension Fund		starters, leavers and changes to the Clwyd Pension Fund to ensure the accuracy of CPF data.					
Annual Leave		Review compliance with the annual leave policy, incorporating the use of Etarmis. This review will consider the impact of British Gas V Dudley and the calculation of overtime against statutory 20 days leave).	M	Audit Report	■		
Occupational Health Unit		Examine effectiveness of the OHU service.	M	Audit Report	■		
Payroll		Annual review to assess the effectiveness of internal controls within the Council financial systems.	Annual	Audit Report	■	■	■
People Strategy - Service Reform, Succession and Workforce Planning		Review the Council's approach to Service Reform, Succession and Workforce Planning.	-	-		■	
Supply Teachers (previously E-Teach)	Learning Council	Review the effectiveness and value for money of the current arrangements in place.	-	-		■	
<b>Planning &amp; Environment</b>							
Minerals and Waste		The service currently has an informal SLA in place with other Local Authorities. This review will ensure fees and charges are appropriate to cover the cost of the service. Flintshire is the Lead Authority	H	Audit Report	■		
Corporate Health & Safety – Near Misses, including Plant, Machinery and Work Equipment (CC - Social Services & Streetscene & Transportation)		Review the Council's arrangements for ensuring the safe use of work equipment. (The provision and use of Work Equipment Regulations (PUWER) 1998)	H	Audit Report	■		
Community Safety Partnership	Connected Council	Review of the partnership arrangements (FCC Lead Authority).	M	Audit Report	■		
Planning & Enforcement		Follow up on the recent planning and enforcement review to determine progress made in implementing the agreed actions.	Follow Up		■		
Climate Change / Carbon Reduction	Green Council	Following the restructure, assess the effectiveness of procedures in place to monitor climate change and manage the risk of flooding within the Authority.	-	-		■	
Countryside Management (including Rights of Way)		Following the service review, examine the partnership arrangements in place, and the prioritisation of work and procurement of process.	-	-		■	

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
Flood Alleviation Scheme	Green Council ST183	To review the Council's approach to Flood Alleviation	-	-		■	
<b>Social Services</b>							
Children out of County Care & Education		As part of the Corporate Project reviewing Children out of County Care and Education, Internal Audit will provide advice regarding the Governance and decision making arrangements.	H	Advisory Note	■		
Collaborative / Partnerships Arrangements (CC - Corporate)		Examine the partnership arrangements for the Adoption Service to ensure the Council is achieving value for money and to assess the effectiveness of the Flintshire's processes.	H	Audit Report	■		
Deferred Charges on Properties (CC - Governance & Community & Enterprise)		Cross cutting review to obtain assurance that charges are placed on properties when required.	H	Audit Report	■		
Corporate Health & Safety – Near Misses, including Plant, Machinery and Work Equipment (CC - Planning & Environment & Streetscene & Transportation)		Review the Council's arrangements for ensuring the safe use of work equipment. (The provision and use of Work Equipment Regulations (PUWER) 1998)	H	Audit Report	■		
Direct Payments		Review the use of direct payments to in conjunction with pre-paid cards.	M	Audit Report	■		
Flying Start - WG Funding		To assess whether Flying Start is being delivered in accordance with the grant specification and to examine processes in place to support the scheme.	M	Audit Report	■		
Safeguarding - Children's	Connected Council ST169	Review to examine the effectiveness of the Council's initial referral process including reporting and timetables.	M	Audit Report	■		
Social Services Financial Processes		Review the new financial processes in place and to include children out of county placements.	Follow Up	Audit Report	■		
SS Complaints, Comments, Compliments		Review compliance with the Social Services Complaints, Comments and Compliments process.	-	-		■	
Foster Care (Payments to Carers)		Review the effectiveness of processes in place following the move to using Proactis.	-	-		■	
Care Setting (Day & Residential)		Examine the adherence to process in relation to client's finances within Marfield Residential and Day Care setting.	-	-		■	

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
Extra Care Facility : Llys Eleanor		An establishment review of the policies, procedures and staffing arrangements in place at the home and to ensure a cost effective service is being delivered	-	-		■	
Financial Assessment & Charging		A complete review of the process from Assessment to Cost determined. This will also include Top up Fees.	-	-		■	
Client Finance, (Deputyship) Receivership & including Community Living		Examine the processes in place for the payments to clients.	-	-		■	
Early Help Hub / Families First Programme (CC - Education & Youth)	ST165	Incorporate with Families First joint initiative with Social services (Craig Macleod) support for families' multi agency including NW Police (safeguarding).	-	-		■	
Extra Care Facility (New Build)		Once built, undertake an establishment review of the policies, procedures and staffing arrangements in place at the home to ensure a cost effective service is being delivered.	-	-			■
<b>Streetscene &amp; Transportation</b>							
Highways - Cost Recovery		The audit will review: <ul style="list-style-type: none"> <li>Recovering costs following damage to road furniture</li> <li>Timeliness of process ensuring full cost recovery</li> <li>Impact 3rd party claims has had on the authority</li> <li>Robustness of Policy</li> </ul>	H	Audit Report	■		
Service Efficiency and Income Targets		Examine Streetscene's process to achieving its income and efficiency targets. The review will cover: <ul style="list-style-type: none"> <li>Car Parking</li> <li>Garden Waste</li> <li>Recycling Income</li> </ul>	H	Audit Report	■		
Corporate Health & Safety – Near Misses, including Plant, Machinery and Work Equipment (CC - Planning & Environment & Social Services)		Review the Council's arrangements for ensuring the safe use of work equipment. (The provision and use of Work Equipment Regulations (PUWER) 1998)	H	Audit Report	■		
Regional Transport	Ambitious Council	VFM review of the service considering the impact service delivery has on Flintshire, management of the grant subsidy claim and cost analysis of service delivery against income generation.	M	Audit Report	■		
Alltami Stores		Follow up to review the implementation of the action.	Follow Up	Audit Report	■		

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Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
Street lighting - Managed outside of S&T		Where Street lighting exists outside the responsibility of Streetscene, review the management and inspection arrangements in place are appropriate to mitigate risk to the Council.	-	-		■	
Management Public Realm		Review the Council's approach to managing the Public Realm, including Cleansing & Maintenance.	-	-		■	
Winter Maintenance		Following on from our earlier work, examine whether robust arrangements are in place to effectively and efficiently manage winter maintenance.	-	-		■	
Transport Strategy		Following the launch of Flintshire's Community Transport pilot in February 2017, the review will examine how effective the pilot has been prior to further roll out.	-	-		■	
<b>Advisory / Project Groups</b>							
Corporate Governance Working Group		As part of the group, undertake a self-assessment against CIPFA / SOLACE 'Delivering Good Governance, Wales'.	Ongoing	Advice	■	■	■
Accounts Governance Group		Continuing participation in the Account Governance Group.	Ongoing	Advice	■	■	■
Annual Governance Statement		Internal Audit input to the Corporate Governance Working Group which develops the Annual Governance Statement.	Ongoing	Advice	■	■	■
Council's Constitution		Internal Audits' contribution to the revision of policies and procedures within the Council's Constitution.	Ongoing	Advice	■	■	■
North Wales Residual Waste Project		Ongoing advisory work as lead authority.	Ongoing	Advice	■	■	■
E Procurement Working Group		Continuing participation at the E Procurement Working Group.	Ongoing	Advice	■	■	■
GDPR Working Group		Continuing participation at the GDPR Working Group.	Ongoing	Advice	■	■	■
County Hall Campus / Relocation/ Working Group		Continuing participation to the relocation to Unity House and decommissioning of County Hall Campus working group.	Ongoing	Advice	■		
Programme Coordinating Group		Continuing participation in the Programme Coordinating Group.	Ongoing	Advice	■		
Financial System		Provide Internal Audit advice and support over the options appraisal of a new financial system.	Ongoing	Advice	■		

Audit	Council Plan & Strategic Risks	Outline Scope	Priority	Expected Output	2018 /19	2019 /20	2020 /21
<b>Anti-Fraud and Corruption</b>							
National Fraud Initiative (NFI)							
Review and Update the Counter Fraud Policies and Plans							
Develop On-line Fraud Reporting Solution							
Annual CIPFA Fraud & Corruption Survey							
Fraud Risk Awareness							
Investigations							
<b>Audit Developments</b>							
Continue to develop the use of Computer Assisted Audit Tools and Techniques							
Continue to develop and refine the use of Control Risk Self-Assessments							
Develop the use of Root Cause Analysis							
Assurance Mapping Exercise							

Where possible, audits within the plan have been linked to the themes within the Council's draft Improvement Plan for 2017/22. During the year consideration will be given as to how the auditable areas reviewed are working towards and meeting the requirements of the Future Generations Wellbeing Act 2016 and the Generation Data Protection Rules, May 2018 (GDPR).

6.2 Types Audit Coverage

The following types of audit work will be completed to support the audit coverage above:

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Type of Audit	Explanation of Audit
Risk Based Audit:	This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls around those risks.
System Based Audit:	Predominantly of key financial systems to give assurance that they are operating effectively. Key control reviews will be carried out of all core financial systems with continuing close liaison with our external auditors to maximise audit efficiency.
Follow Up Audit:	Specific follow up audits have been planned where there have been a number of recommendations made in previous reviews.
Advisory Work:	Audit time to take part in specific projects or developments, as already requested/agreed with management.
Value For Money:	Value for money is considered as part of each audit review. In addition, there are a few specific reviews in the plan where that is the focus of the audit.
Schools:	We will continue to use Control and Risk Self-Assessment for all schools. This is designed to increase the level of assurance we can provide about the standards in schools, whilst at the same time minimising audit time in the schools by eliminating the need for traditional school audit visits. A We will continue to complete school based reviews on risks identified from the self-assessment sample of schools will be visited to assess the identified risks.
Grant Claims:	As in previous years, time has been assigned to carry out reviews of grant claims.
Counter Fraud:	We will continue to conduct investigations in fraud and irregularity during the year. In addition we will continue to participate in the National Fraud Initiative. This matches data across organisations and systems to help identify potentially fraudulent or erroneous claims and transactions. The amount of time allocated, 200 days, is based on experience in previous years, but there is no guarantee that it is accurate. If further resource is needed it may impact on the plan. Conversely, if this amount is not required then it will be allocated to other specific audit tasks.





## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 21 March 2018
<b>Report Subject</b>	Public Sector Internal Audit Standards
<b>Cabinet Member</b>	Not Applicable
<b>Report Author</b>	Internal Audit Manager
<b>Type of Report</b>	Assurance

### EXECUTIVE SUMMARY

Internal Audit must conform to the Public Sector Internal Audit Standards (PSIAS). There must be an assessment every year which must be reported to Audit Committee. These assessments are normally carried out internally as self-assessments, but there must be an external assessment every five years.

Internal assessment has been carried out every year since the Standards were introduced. The external assessment was undertaken in March 2017. In order to minimise costs, within the Wales Chief Auditors Group the Chief Auditors for 18 Councils in Wales have agreed to undertake a peer review, each one reviewing the other Council. The Chief Internal Auditor from Ceredigion reviewed Flintshire.

This report shows the results of the current internal self-assessment and the actions from the external assessment, the progress against actions arising from last years' assessment, and further actions being undertaken on an ongoing basis to maintain compliance with the components of the standards. This is reflected in Appendices A to C.

### RECOMMENDATIONS

1	The Committee is requested to note the report.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT</b>
1.01	In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new Public Sector Internal Audit Standards (PSIAS) for internal

	audit across the public sector. The Standards apply to Central Government departments including Scotland, Wales and Northern Ireland, Local Authorities across the UK, the NHS, Police and Fire Authorities, and National Parks. These Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government published in 2006. The standards are based on the CIIA standards and came into force on 1 <sup>st</sup> April 2013 and updated in 2016 and 2017.
1.02	Internal Audit departments must report their level of conformance with the PSIAS to the Audit Committee. It should then be reported in the Internal Audit Annual Report and stated in every audit report.
1.03	PSIAS includes the Definition of Internal Audit, a Code of Ethics, four Attribute Standards and seven Performance Standards, leading to the overall level of conformance. Internal Audit departments should achieve General Conformance (definition given in Appendix A) overall with the PSIAS.
1.04	There is a requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Internal Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS. External assessments should be carried out at least once every five years, with annual internal assessment. Flintshire's external assessment was undertaken in March 2017.
1.05	Internal assessments must include: <ul style="list-style-type: none"> <li>• Ongoing monitoring of the performance of the internal audit activity; and</li> <li>• Periodic self-assessment, or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.</li> </ul>
1.06	Results of the assessments and progress against the identified actions must be reported to the Audit Committee.
1.07	Based on the outcome of both the internal self-assessment for 2017/18 and the external assessment in 2016/17, overall Flintshire Internal Audit Service generally conforms to the PSIAS. The external assessor stated that 'Flintshire County Council complies with the standards in all significant areas and operates independently and objectively'.
1.08	Whilst overall Flintshire Internal Audit generally conforms to the PSIAS the assessment identified there are some elements with partial conformance and one non-conformance. This non-conformance relates to the need to undertake an assurance mapping exercise. Any areas for improvement identified during the self-assessment or external assessment have been included within the QAIP, Appendix B, with progress to date noted.
1.09	It is acknowledged that a delay has occurred in undertaking the assurance mapping exercise, however this was due to the limited resources available due to vacancy of the Principal Auditors post throughout 2017/18. Now the appointment has been made, the assurance mapping exercise will be undertaken during 2018/19.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	Internal Audit is part of the governance framework for the Council. It is important that it meets the required operational standards to give assurance to the Council that it is functioning properly. This paper shows the results of the assessment of the department against those Standards.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Checklist for compliance with PSIAS Appendix B – QAIP Actions Appendix C – QAIP Components

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None.  <b>Contact Officer:</b> Lisa Brownbill, Internal Audit Manager <b>Telephone:</b> 01352 702231 <b>E-mail:</b> <a href="mailto:Lisa.brownbill@flintshire.gov.uk">Lisa.brownbill@flintshire.gov.uk</a>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	None.

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

Glossary	
<b>GC</b>	<b>Generally Conforms with PSIAS</b> - The relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section / category. General conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.
<b>PC</b>	<b>Partially Conforms with PSIAS</b> - The activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and / or achieving their objectives.
<b>DNC</b>	<b>Does Not Conform with PSIAS</b> - The activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many / all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board.
<b>N/A</b>	<b>Not Applicable</b> - The sections marked N/A do not apply to this assessment, i.e. there has not yet been an external assessment, the use of 'conforms with International Standards' or disclosure of non-conformance can only be used after this assessment, there are no external providers of audit services.
<b>CAE</b>	<b>Chief Audit Executive</b> - A generic title used to describe the person responsible for managing the internal audit activity. In Flintshire, it is the Internal Audit Manager

	SUMMARY OF RESULTS	GC	PC	DNC
	Definition of Internal Auditing	✓		
	Code of Ethics	✓		
	Attribute Standards	✓		
<b>Ref</b>				
1000	Purpose, Authority and Responsibility	✓		
1010	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter	✓		
1100	Independence and Objectivity (The sum of <i>Standards</i> 1100-1130)	✓		
1110	Organisational Independence	✓		
1111	Direct Interaction with the Board	✓		
1120	Individual Objectivity	✓		
1130	Impairments to Independence or Objectivity	✓		
1200	Proficiency and Due Professional Care (The sum of <i>Standards</i> 1210-1230)	✓		
1210	Proficiency	✓		
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		
1300	Quality Assurance and Improvement Programme (The sum of <i>Standards</i> 1310-1320)	✓		
1310	Requirements of the Quality Assurance and Improvement Programme	✓		
1311	Internal Assessments	✓		
1312	External Assessments	✓		
1320	Reporting on the Quality Assurance and Improvement Programme	✓		
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing	✓		

	SUMMARY OF RESULTS	GC	PC	DNC
1322	Disclosure of Non-conformance	✓		
2000	Managing the Internal Audit Activity (Sum total of <i>Standards</i> 2010 – 2060)	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		
2030	Resource Management	✓		
2040	Policies and Procedures	✓		
2050	Coordination		✓	
2060	Reporting to Senior Management and the Board	✓		
2070	External service Provider and Organisational Responsibility for Internal Audit	N/A	N/A	N/A
2100	Nature of Work (Sum of <i>Standards</i> 2110 – 2130)	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		
2200	Engagement Planning (Sum of <i>Standards</i> 2201-2240)	✓		
2201	Planning Considerations	✓		
2210	Engagement Objectives	✓		
2220	Engagement Scope	✓		
2230	Engagement Resource Allocation	✓		
2240	Engagement Work Programme	✓		
2300	Performing the Engagement (The sum of <i>Standards</i> 2300-2340)	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		

	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
2240	Engagement Work Programme	✓		
2300	Performing the Engagement (The sum of <i>Standards</i> 2300-2340)	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		
2330	Documenting Information	✓		
2340	Engagement Supervision	✓		
2400	Communicating Results (Sum of <i>Standards</i> 2410-2440)	✓		
2410	Criteria for Communicating	✓		
2420	Quality of Communications	✓		
2421	Errors and Omissions	✓		
2430	Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'.	✓		
2431	Engagement Disclosure of Non-conformance	N/A	N/A	N/A
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		
2500	Monitoring Progress	✓		
2600	Resolution of Senior Management s Acceptance of Risks	✓		
	<b>OVERALL CONCLUSION – CONFORMANCE WITH PSIAS</b>	✓		



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
<b>1</b>	<b>Definition of Internal Auditing</b>				
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity: a) Independent? b) Objective?	✓ ✓			See questions below Charter updated during 2016 to reflect the new PSIAS, including the definition of Internal Audit.
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			See questions below Prioritisation of work through risk based approach and new action tracking.
	<b>Definition of Internal Audit Conclusion</b>	✓			
<b>2</b>	<b>Code of Ethics</b>				
	<b>Integrity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors: a) Perform their work with honesty, diligence and responsibility? b) Observe the law and make disclosures expected by the law and the profession? c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation? d) Respect and contribute to the legitimate and ethical objectives of the organisation?	✓ ✓ ✓ ✓			See questions below.  As professional officers, each internal auditor is expected to perform their duties in accordance with the CIA's code of ethics, as well as Flintshire County Council code of conduct.
	<b>Objectivity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not: a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?	✓			See questions below  Completion of annual declaration of interest (Independence Certificate) (last updated February 2018) compliance with Flintshire

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	b) Accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	✓ ✓			County Council's Code of Conduct.
	<b>Confidentiality</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by: a) Acting prudently when using information acquired in the course of their duties and protecting that information? b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?	✓ ✓			See questions below.  All work is undertaken in a confidential manner. All documentation is held securely with retention policies in place. All sensitive data is exported using GCSX email accounts. Laptops all encrypted. The IA door has a secure key pad.  As professional officers, each internal auditor is expected to perform their duties in accordance with the CIIA's code of ethics
	<b>Competency</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by: a) Only carrying out services for which they have the necessary knowledge, skills and experience? b) Performing services in accordance with the PSIAS? c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?	✓ ✓ ✓			See questions below.  Regular training in services to be audited. Expertise developed over time in complex areas and assigned to those areas.  Training plans based on appraisals, now competency based. Development Plan compiled from latest appraisals.
	Do internal auditors have regard to the Standards in Public Life's – The Seven Principles of Public Life?	✓			See questions below
	<b>Code of Ethics Conclusion</b>	✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Standards				
<b>3</b>	<b>Attribute Standards</b>				
<b>3.1</b>	<b>1000 Purpose, Authority and Responsibility</b>				
	Does the internal audit charter include a formal definition of: a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	✓ ✓ ✓			The Internal Audit Charter includes the responsibilities, independence, role and rights of access. It is part of the Constitution. These are also included in the Council's Financial Regulations.
<b>LGAN</b>	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.		✓		Sets out each of the functions of the board and where it lies. <a href="#">The term senior manager needs to be explained within the Charter (included within the QAIP)</a>
<b>LGAN</b>	Does the internal audit charter also: a) Set out the internal audit activity's position within the organisation? b) Establish the CAE's functional reporting relationship with the board? c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?	✓ ✓ ✓			a/b) The Charter includes sections on the Role and Scope of IA, Independence and Authority, Audit Responsibility, Resources, Training, Reporting and Performance Reporting.
<b>LGAN</b>	d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?	✓			It includes the reporting relationships of the Internal Audit Manager to statutory officers and the Audit Committee.
	e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	✓			Unrestricted access to all activities, functions, records and property.
<b>LGAN</b>	f) Define the scope of internal audit activities?	✓			The right to require information from officers.
<b>LGAN</b>	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	✓			
<b>LGAN</b>	h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (England)	✓			The contribution is in place through all audit work and the Internal Manager's being a member of the Corporate Governance Working

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
LGAN	Regulations 2011?				Group.
	i) Establish the organisational independence of internal audit?	✓			Responsible for investigating potential fraud and irregularity.
	j) Cover the arrangements for appropriate resourcing?	✓			
	k) Define the role of internal audit in any fraud-related work?	✓			
	l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	✓			
	m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?	✓			The Audit Charter need to be updated to include the new work with Aura / NEWydd
	n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?		✓		
	o) Define the nature of consulting services?	✓			
p) Recognise the mandatory nature of the PSIAS?	✓			PSIAS recognised within the scope.	
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	✓			Last updated in 2016 and approved by Audit Committee and Council (as part of the Constitution) in September 2016.
	Does the CAE attend audit committee meetings?	✓			Attendance at all meetings.
	Does the CAE contribute to audit committee agendas?	✓			Produces the Forward Work Programme and Actions Carried Forward. Both of which form the basis of the agenda.
	<b>1000 Conclusion</b>	✓			
<b>3.2</b>	<b>1100 Independence and Objectivity</b>				
	Does the CAE have direct and unrestricted access to senior management and the board?	✓			The Internal Audit Manager reports functionally to the Audit Committee and Administratively to the Chief Officer Governance. Bi monthly meeting are held with the Chief Executive and quarterly with Chief Officers.  She can contact the s151 Officer, any Chief

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
					Officer or the Chief Officer Team as a whole at any time, and also can contact the Audit Committee at any time.
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	✓			The Internal Audit Manager can contact Chief Executive and Chair of Audit at any time.
	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓ ✓ ✓ ✓			Auditors identify any conflict and report them to audit management.  All other levels included in the Charter and Constitution.
	<b>1100 Conclusion</b>	✓			
	<i>1110 organisational Independence</i>				
	Does the CAE report to an organisational level equal or higher than the corporate management team?	✓			See above – Internal Audit Manager reports to the Chief Officer Governance.
<b>LGAN</b>	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			See above - Internal Audit Manager reports to the Chief Officer Governance.
<b>LGAN</b>	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority.	✓			See above - Internal Audit Manager reports to the Chief Officer Governance and the Audit Committee and can contact the Chief Executive at any time.
<b>LGAN</b>	Does the CAE's position in the management structure: a) Reflect the influence he or she has on the control environment? b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓ ✓ ✓			Internal Audit Manager is a member of the Governance Management Team. Audit plans are agreed with COT and Audit Committee. Audit Reports, including action plans, are issued to the relevant Chief Officer.
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?				

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity: The board: a) approves the internal audit charter  b) approves the risk-based audit plan  c) approves the internal audit budget and resource plan d) receives communications from the CAE on the activity's performance (in relation to the plan, for example) e) approves decisions relating to the appointment and removal of the CAE f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓ ✓ ✓ ✓ ✓ ✓			Within the Annual Report. Also in annual meeting with the AC. Audit Committee  Chief Officer Team and Audit Committee.  Chief Officer Governance Audit Committee  Chief Officer Governance / Chief Executive / Chair of Audit Committee Audit Committee
	Does the chief executive or equivalent undertake, Countersign, contribute feedback to or review the performance appraisal of the CAE?		✓		Annually by the Chief Officer Governance. Next due April 2018.
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?		✓		Whilst there is a direct line of communication in place and these current arrangements were deemed appropriate feedback will be sought for future appraisals.
	<b>1110 Conclusion</b>	✓			
	<i>1111 Direct Interaction with the Board</i>				
	Does the CAE communicate and interact directly with the board?	✓			Reports to each Audit Committee meeting. Private meeting takes place annually. If necessary, Internal Audit Manager can meet with the committee or chair at any time.
	<b>1111 Conclusion</b>	✓			
	<i>1120 Individual Objectivity</i>				

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Do internal auditors have an impartial, unbiased attitude?	✓			
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			Auditors complete annual declaration (Auditor Independence Certificate February 2018) of interests. Auditors report any potential conflict to audit management. Also considered during the allocation of work to auditors. No members of the team have recently worked in other areas of the Authority.
	<b>1120 Conclusion</b>	✓			
	<i>1130 Impairment to Independence or Objectivity</i>				
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?	N/A	N/A	N/A	N/A. None has arisen.
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?	✓			No members of the team have recently worked in other areas of the Authority.
	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	N/A	N/A	N/A	N/A. Internal Audit Manager does not have any other operational responsibility.
<b>LGAN</b>	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	✓			The team is large enough to allow this. However this would limit specialist development and increase audit time.
<b>LGAN</b>	Have internal auditors declared interests in accordance with organisational requirements?	✓			Auditors sign declarations of interest forms annually (February 2018)
<b>LGAN</b>	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	N/A	N/A	N/A	N/A. None accepted. If this happened, they would be reported to the Chief Officer for Governance.
<b>LGAN</b>	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?	✓			No. This has not happened.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
<b>LGAN</b>	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓			Auditors sign declaration of interest forms annually and report any conflicts of interest if they arise.
<b>LGAN</b>	Have internal auditors complied with the Bribery Act 2010?	✓			See above.
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	N/A	N/A	N/A	N/A. None has arisen.
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	N/A	N/A	N/A	N/A. Plan allows time for consulting work.
	<b>1130 Conclusion</b>	✓			
<b>3.3</b>	<b>1200 Proficiency and Due Professional Care</b>				
	<i>1210 Proficiency</i>				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			CMIIA
	Is the CAE suitably experienced?	✓			Internal Audit Manager has worked within Internal Audit since 1992, Management positions since 2012 with Flintshire County Council. Interim Internal Audit Manager since October 2016 and Internal Audit Manager since July 2017.
<b>LGAN</b>	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			Internal Audit Manager fully responsible for recruitment.
<b>LGAN</b>	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓			Job descriptions and person specifications redefined as part of Finance Function Review, 2012.
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its	✓			Auditor competencies assessed. Annual competency based appraisals carried out. Next



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	responsibilities?				due April/May 2018.
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	✓			If necessary can buy in expertise, e.g. IT audit
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			Internal Audit Manager, Principal Auditors and some Senior Auditors keep up to date on fraud requirements and attend training days.
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓			Principal Auditors and some Senior Auditors specialise in IT work. A Principal is a qualified IT Auditor.
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	✓			Members of the team keep up to date on Computer Assisted Audit Techniques. IDEA is used for most regulatory reviews.
	<b>1210 Conclusion</b>	✓			
	<i>1220 Due Professional Care</i>				
	Do internal auditors exercise due professional care by considering the: a) Extent of work needed to achieve the engagement’s objectives? b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? c) Adequacy and effectiveness of governance, risk management and control processes? d) Probability of significant errors, fraud, or non-compliance? e) Cost of assurance in relation to potential benefits?	✓ ✓ ✓ ✓ ✓			a) Overall consideration for the organisation takes place as part of the annual planning cycle. b) Analysis of these factors takes place in the planning stage of every assignment. Now use Pre-Audit Questionnaire and scoping meeting to gain information. c) CAATs used where appropriate. d) A Fraud Work programme is used for each review to determine the extent of fraud awareness. e) Yes.
	Do internal auditors exercise due professional care during a consulting engagement by considering the: a) Needs and expectations of clients, including the nature, timing and	✓			Yes. Considered during the planning of any consultancy work by Senior Auditors and Principal Auditors.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement's objectives? c) Cost of the consulting engagement in relation to potential benefits?	✓			
	<b>1220 Conclusion</b>	✓			
	<i>1230 Continuing Professional Development</i>				
<b>LGAN</b>	Has the CAE defined the skills and competencies for each level of auditor?	✓			Defined in the person specification for each position.
<b>LGAN</b>	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			Annual competency based appraisal process.
	Do internal auditors undertake a programme of continuing professional development?	✓			Each auditor is responsible for identifying their own CPD to meet the requirements of their professional body.
	Do internal auditors maintain a record of their professional development and training activities?	✓			Training log maintained by the department.
	<b>1230 Conclusion</b>	✓			
<b>3.4</b>	<b>1300 Quality Assurance and Improvement Programme</b>				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	✓			QAIP in place based on overall requirements and results of last year's internal assessment.
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓			Yes.
	Does the CAE maintain the QAIP?	✓			Yes.
<b>LGAN</b>	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?	✓			Now also a requirement in Wales. This review meets the requirement.
	<b>1300 Conclusion</b>	✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<i>1310 Requirements of the Quality Assurance and Improvement Programme</i>				
	Does the QAIP include both internal and external assessments?	✓			Internal assessments completed each year, external assessment completed in March 2017.
	<b>1310 Conclusion</b>	✓			
	<i>1311 Internal Assessments</i>				
<b>LGAN</b>	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			Part of the planning process annually and for individual assignments. Personal development and consider rotation.
	Do internal assessments include ongoing monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	✓ ✓			All work is subject to quality review by peers and Principal Auditors. Annual internal assessments
<b>LGAN</b>	Does ongoing performance monitoring include comprehensive performance targets?	✓			There are performance targets for the department and each staff member.
<b>LGAN</b>	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			Departmental targets agreed with Audit Committee. Detailed within the Strategic Plan. Individual targets agreed during annual appraisals. Benchmarking of the service is carried out with the Welsh Chief Auditors Group
<b>LGAN</b>	Does the CAE measure, monitor and report on progress against these targets?	✓			Progress against departmental targets reported to Audit Committee quarterly and as part of the appraisal process.
<b>LGAN</b>	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓			Feedback questionnaires issued on completion of every assignment. Results are positive. Client questionnaires now form part of the audit management system
	Are the periodic self-assessments or assessments carried out by people	✓			Self Assessments have been carried out against

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.				these Standards by the Internal Audit Manager and Principal Auditor.
<b>LGAN</b>	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓			Yes
	<b>1311 Conclusion</b>	✓			
	<i>1312 External Assessments</i>				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			External assessment undertaken March 2017.
<b>LGAN</b>	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	✓			Yes. Self-assessment plus independent validation completed. Organised via the Wales Chief Auditors Group and carried out by the Head of Internal Audit Ceredigion.
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?	✓			See above.
<b>LGAN</b>	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CEO or the chief executive?	✓			As determined by the Standard.
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	✓			As determined by the Standard.
	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process? Competence can be determined in the following ways: a) experience gained in organisations of similar size b) complexity	✓			As determined by the Standard.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	c) sector (i.e. the public sector) d) industry (i.e. local government), and e) technical experience. Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.				
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?	✓			Head of Internal Audit - Ceredigion.
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.	✓			No. Peer review to be completed by the Head of Internal Audit for Ceredigion.
	<b>1312 Conclusion</b>	✓			N/A
	<i>1320 Reporting on the Quality Assurance and Improvement Programme</i>				
	Has the CAE reported the results of the QAIP to senior management and the board? Note that: a) the results of both external and periodic internal assessment must be communicated upon completion b) the results of ongoing monitoring must be communicated at least annually c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.	✓			Annually. This report for 2017/18. Progress against action plan also reported.
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			Included in the report to this meeting and Annual Report.
	<b>1320 Conclusion</b>	✓			
	<i>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</i>				

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓			Stated in each audit report (Front cover)
	<b>1321 Conclusion</b>	✓			
	<i>1322 Disclosure of Non-conformance</i>				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			N/A. This report shows conformance.
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			Would do if relevant.
	<b>1322 Conclusion</b>	✓			
<b>4</b>	<b>Performance Standards</b>				
<b>4.1</b>	<b>2000 Managing the Internal Audit Activity</b>				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	✓			Through the audit plan, as reported in the annual report.
	Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i>	✓			Yes. Through the Charter and the audit manual.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ?	✓			Yes. Through the audit manual. All work subject to review. All Auditors complete an Annual Independence Certificate to declare any Interests.
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance? b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓ ✓			Audit plan is based on the Council's priorities. Audit reports contain actions for improving effectiveness and efficiency. Additional advisory work and presence on project groups requested by management.
	<b>2000 Conclusion</b>	✓			
	<i>2010 Planning</i>				
	Has the CAE determined the priorities of the internal audit activity in a	✓			RBIA in place. Strategic and operational plan

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	risk-based plan and are these priorities consistent with the organisation's goals?				based on the organisations objectives and risks, from the Improvement Plan.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			Strategic and operational plan designed to provide evidence needed for annual opinion.
	Does the risk-based plan take into account the organisation's assurance framework?	✓			Sources of assurance considered during planning and the use of the CAMMS system (Risk & Performance Management System).
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓ ✓ ✓			a & c - Part of the Strategic Plan.
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			Strategic Plan includes how the plan was developed, including links to risk management.
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓			Risk management framework assessed by internal audit. Audit Universe given audit risk/priority ratings.
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?	N/A	N/A	N/A	N/A
<b>LGAN</b>	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓ ✓ ✓			All included in the plan for 17/18
<b>LGAN</b>	Does the risk-based plan differentiate between audit and other types of work?	✓			All work is included within the plan.
<b>LGAN</b>	Is the risk-based plan sufficiently flexible to reflect the changing risks	✓			The plan is renewed quarterly and updated to

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	and priorities of the organisation?				reflect emerging issues.
	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	✓			The plan is subject to review throughout the year, with amendments reported to the Audit Committee.
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓			The Council's strategic and operational risks are assessed and used in audit planning.
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			The Council's strategic and operational risks are assessed at least annually.
<b>LGAN</b>	In developing the risk-based plan, has the CAE also considered the following: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use specialists, e.g. IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓ ✓ ✓ ✓			Considered in strategic and assignment planning. Considered in strategic and assignment planning. Included in the plan.  Included in the plan.
	Is the input of senior management and the board considered in the risk assessment process?	✓			Consultation takes place with senior management whilst producing the audit plan. Audit Committee views also taken into account.
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			During audit planning.
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	✓			All proposed consulting work is considered before it is accepted.



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Are consulting engagements that have been accepted included in the risk-based plan?	✓			Added to the plan and reported to the Audit Committee.
	<b>2010 Conclusion</b>	✓			
	<i>2020 Communication and Approval</i>				
	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	✓			Reported to Chief Officer Team and Audit Committee. Resource level supported by senior management and Audit Committee. This is evidenced in committee meeting minutes.
	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓			Would do if applicable.
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			Reported to the Audit Committee and COT. Annual plan included possible deferrals.
	<b>2020 Conclusion</b>	✓			
	<i>2030 Resource Management</i>				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓			Yes.
<b>LGAN</b>	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	✓			Discussed in planning meetings and planned throughout the year
<b>LGAN</b>	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.	✓			Audit plan uses the resources available, sufficient to provide the audit opinion. May need to bring in specialised external resource for IT reviews. Budget allocation based on historic allocation however if additional resources are required the Audit Committee will give consideration.
	<b>2030 Conclusion</b>	✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<i>2040 Policies and Procedures</i>				
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓			Policies and procedures in place. Audit manual updated in 2016 after the introduction of integrated audit software. MKI checklist also produced and continually updated.
<b>LGAN</b>	Has the CAE established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	✓			Policies and procedures in place. Audit manual updated in 2016 after the introduction of integrated audit software. MKI checklist also produced and continually updated.
<b>LGAN</b>	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓			See above – updated during 2016.
	<b>2040 Conclusion</b>	✓			
	<i>2050 Coordination</i>				
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	✓			Reliance placed on external auditors and regulators. In Plan for 18/19.
<b>LGAN</b>	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			✓	Assurance mapping was due to be completed in 2016. This has yet to be done due to staffing issues. Due to be completed by March 2019.
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			Regular meetings with external auditors and Denbighshire County Council for joint audits.
<b>LGAN</b>	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	✓			Regular meetings with external auditors. Protocol in place with WAO.
	<b>2050 Conclusion</b>		✓		
	<i>2060 Reporting to Senior Management and the Board</i>				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and	✓			Quarterly performance reports to Audit Committee.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	performance relative to its plan?				
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓			Major findings reported. In addition, reports provided as requested by the Audit Committee.
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	✓			Standard quarterly reporting. However, additional reporting would take place if there was sufficient importance and urgency. Major reports dealt with in full and management called to attend AC meetings.
	<b>2060 Conclusion</b>	✓			
	<i>2070 External Service Provider and Organisational Responsibility for Internal Auditing</i>				
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	N/A	N/A	N/A	N/A
	<b>2070 Conclusion</b>	N/A	N/A	N/A	N/A
<b>4.2</b>	<b>2100 Nature of Work</b>				
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	✓			Overall aim of the department. Internal Audit Manager attends the Corporate Governance Working Group.
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	✓			Through the completion of the audit plan.
	<b>2100 Conclusion</b>	✓			
	<i>2110 Governance</i>				
	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation? b) Ensure effective organisational performance management and	✓ ✓			Through the completion of the audit plan and communication of findings to management.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	accountability? c) Communicate risk and control information to appropriate areas of the organisation? d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	✓			
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	✓			Through individual assignments and by the input of the manager to the Corporate Governance Working Group.
	Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	✓			Audit work is based on the Council's objectives and priorities and covers some of the areas in the Code of Corporate Governance such as organisational performance management and communication of risk and control information. The Future Generations Wellbeing act will be incorporated into future audits. Whilst ethics does form part of audits a separate audit on ethic related objectives will be the undertaken.
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	✓			Information technology governance included in the 18/19 audit plan.
<b>LGAN</b>	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?		✓		All competing priorities are considered when finalising the plan. To be included as part of assurance mapping.
	<b>2110 Conclusion</b>	✓			
	<i>2120 Risk Management</i>				
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that: a) Organisational objectives support and align with the organisation's mission?	✓			Risk management included in the audit plan every year.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite? d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?	✓ ✓ ✓			Risks now aligned within the Improvement Plan and managed within the CAMMS system.  Reported to O&S in Performance Reports.
	Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓ ✓ ✓ ✓ ✓			As part of audit planning and the completion of individual audit assignments. Evaluated and reported to O&S in Performance Reports and within specific audits.  Within specific audits. Within specific audits. Within specific audits. Within specific audits.
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	✓			As part of audit planning, question in PAQ asks management to consider the risk of fraud in their area. The department is responsible for the maintenance of the Anti Fraud Strategy, Fraud Response Plan and Whistleblowing procedure. All updated during 2014/15. Fraud risks considered for each review (specific work programme used).
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			Yes.
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			Any other risks are reported to audit management.
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk	✓			Auditors do not take on management responsibility or risk management roles.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	management processes?				
	<b>2120 Conclusion</b>	✓			
	<i>2130 Control</i>				
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓ ✓ ✓ ✓ ✓			As part of audit planning and the completion of individual risk based audit assignments.
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			All relevant knowledge is used.
	<b>2130 Conclusion</b>	✓			
<b>4.3</b>	<b>2200 Engagement Planning</b>				
	Do internal auditors develop and document a plan for each engagement?	✓			Scope Planning Document completed for each audit.
	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	✓ ✓ ✓ ✓			Standard format that includes all these.
	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance?	✓ ✓			Pre Audit Questionnaire used to gain information. Documented in the Planning Document where

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	c) The significant risks to the activity being audited? d) The activity's resources? e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	✓ ✓ ✓ ✓ ✓ ✓			relevant. Not all are relevant to each audit. All considered where relevant.
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?	✓			NWRWTP – objectives and scope of the audits agreed. Responsibility of IA included in Inter-Authority Agreement. Aura/Newydd SLA in place.
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope? c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓ ✓ ✓			Agreed with management at the start of the work.
	For significant consulting engagements, has this understanding been documented?	N/A	N/A	N/A	N/A
	<b>2200 Conclusion</b>	✓			
	<i>2210 Engagement Objectives</i>				
	Have objectives been agreed for each engagement?	✓			Part of the Planning Document.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓			Where applicable. Strategic and operational risks considered. Carried out using the Pre Audit Questionnaire and Scoping Meeting
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓			Where applicable.
	Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	✓ ✓ ✓ ✓			When developing the Planning Document.
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	✓			PI's included within the audits.
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			Part of overall evaluation.
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	N/A	N/A	N/A	
<b>LGAN</b>	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered; including money, people and assets?	✓			Where referred to. Increased focus on value for money assignments during the year.
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓			Yes would be. Objectives agreed with the client.
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓			Yes would be. Objectives agreed with the client.
	<b>2210 Conclusion</b>	✓			
	<i>2220 Engagement Scope</i>				



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	✓			Recorded in Planning Document
	Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises?	✓			All include consideration of systems. Others considered when appropriate,
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate: a) Systems? b) Records? c) Personnel? d) Premises?	N/A	N/A	N/A	N/A
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	N/A	N/A	N/A	N/A
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?	N/A	N/A	N/A	N/A
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	✓			Scope agreed at the start of the audit.
	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?	✓			Would do - never happened.
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓			As normal procedure.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	During consulting engagements, were internal auditors alert to any significant control issues?	✓			As normal procedure.
	<b>2220 Conclusion</b>	✓			
	<i>2230 Engagement Resource Allocation</i>				
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	✓ ✓ ✓			Planned at start of the year, then amended with detailed planning.
	<b>2230 Conclusion</b>	✓			
	<i>2240 Engagement Work Programme</i>				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			Work programmes developed by auditors and reviewed by PAs for each engagement.
	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓			Information, including analysis and evaluation, recorded in the engagement file, held within MK.
	Were work programmes approved prior to implementation for each engagement?	✓			Yes. Reviewed by Principal Auditors.
	Were any adjustments required to work programmes approved promptly?	✓			If applicable. By Principal Auditors.
	<b>2240 Conclusion</b>	✓			
<b>4.4</b>	<b>2300 Performing the Engagement</b>				
	Have internal auditors carried out the following in order to achieve each				Standard methodology, trained and experienced

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	engagement's objectives: a) Identify sufficient information? b) Analyse sufficient information? c) Evaluate sufficient information? d) Document sufficient information?	✓			staff, files reviewed by Principal Auditors and retained. Audit software and electronic files used. A checklist is included within the automated audit software. Evidenced based finding approach.
	<b>2300 Conclusion</b>	✓			
	<i>2310 Identifying Information</i>				
	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information? c) Relevant information? d) Useful information?	✓			Information requested prior to the audit. All working papers and evidence contained within the IA Audit Management Software. Standard methodology, trained and experienced staff, files reviewed by Peers and Principal Auditors and retained. CAATs used where applicable. Some data not extracted by IA directly.
	<b>2310 Conclusion</b>	✓			
	<i>2320 Analysis and Evaluation</i>				
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	✓			Requirements set out in audit manual. Electronic files contain test sheets and results. Files reviewed by Peer and Principal Auditors and retained. All findings based on evidence.
<b>LGAN</b>	Have internal auditors remained alert to the possibility of the following: a) intentional wrongdoing b) errors and omissions c) poor value for money d) failure to comply with management policy, and e) conflicts of interest when performing their individual audits, and has this been documented?	✓			Requirements set out in audit manual, standard methodology. Electronic files reviewed by Principal Auditors. Auditors are trained and experienced.
	<b>2320 Conclusion</b>	✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<i>2330 Documenting Information</i>				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Requirements set out in audit manual. Files reviewed by Peers and Principal Auditors
<b>LGAN</b>	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			Requirements set out in audit manual. Files contain test sheets and results, reviewed by Peers and Principal Auditors and retained electronically – checklist in place.
	Does the CAE control access to engagement records?	✓			Electronic files used. Security and backup arrangements for the new software approved by ICT before procurement. Each auditor has their own unique user ID, password and security settings.
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?				N/A. Only released to WAO.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			IA has developed its own Documents Retention document.
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			Retention in line with Flintshire County Council and Data Protection guidelines. As above.
	<b>2330 Conclusion</b>	✓			
	<i>2340 Engagement Supervision</i>				
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			Supervised by Principal Auditors – scope agreed, work reviewed.
	Is appropriate evidence of supervision documented and retained for each engagement?	✓			Recorded in the files.
	<b>2340 Conclusion</b>	✓			
<b>4.5</b>	<b>2400 Communicating Results</b>				
	Do internal auditors communicate the results of engagements?	✓			During the audit and at debrief meeting, draft

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
					and final reports. There should be no surprises at the debrief meeting.
	<b>2400 Conclusion</b>	✓			
	<i>2410 Criteria for Communicating</i>				
	Do the communications of engagement results include the following: a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	✓			Opening meeting held, and included in scoping document. Debrief meeting held to discuss all findings. Included in all reports.
<b>LGAN</b>	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓			Standard practice to have a closing meeting.
<b>LGAN</b>	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓			Actions prioritised as Red (high), amber (medium), green (low)
<b>LGAN</b>	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			Included in final report.
<b>LGAN</b>	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	N/A	N/A	N/A	N/A. Disagreements are resolved.
<b>LGAN</b>	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	✓			All material known facts disclosed.
<b>LGAN</b>	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	✓			Included in the final report.
	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			Prior communication via the debrief meeting and draft report. Views considered, but the opinion remains the auditors.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			Reports supported by evidence in the file.
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓			Included in report.
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	✓			WAO only. Status of reports included in communications.
<b>LGAN</b>	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?	✓			Reports to NWRWTP.
	<b>2410 Conclusion</b>	✓			
	<i>2420 Quality of Communications</i>				
	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	✓			Aim for all of these, through specified report format, audit manual requirements, training and experience, review of files and reports.
	<b>2420 Conclusion</b>	✓			
	<i>2421 Errors and Omissions</i>				
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓			One report re-issued with updated information.
	<b>2421 Conclusion</b>	✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<i>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'</i>				
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	✓			Included in all reports (Front Page).
	<b>2430 Conclusion</b>	✓			
	<i>2431 Engagement Disclosure of Non conformance</i>				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?	N/A	N/A	N/A	N/A. Not happened.
	<b>2431 Conclusion</b>	N/A	N/A	N/A	N/A
	<i>2440 Disseminating Results</i>				
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			Reports issued to Chief Officers, relevant managers.
	Has the CAE communicated engagement results to all appropriate parties?	✓			Through debrief meetings, draft and final reports.
	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓			WAO only for Flintshire Audit reports. NWRWTP – reports seen by senior management / legal before they are issued.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			Included in reports and issued to Chief Officers. Also reported to Audit Committee, in summary or in total.
	<b>2440 Conclusion</b>	✓			
	<i>2450 Overall Opinion</i>				
	Has the CAE delivered an annual internal audit opinion?	✓			Annual Report.
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓			Annual Report includes the opinions.
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓			Expectations taken into account, but it remains the audit opinion.
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	✓			Built up from all reports in the year.
	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓			All included in the Annual Report.
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	N/A	N/A	N/A	N/A. Not given. If this were the case, reasons would be included.
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			Used and quoted in the AGS.
<b>LGAN</b>	Does the annual report incorporate the following: a) The annual internal audit opinion? b) A summary of the work that supports the opinion?	✓ ✓			



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
LGAN	c) A disclosure of any qualifications to the opinion?	✓			N/A. No qualifications
LGAN	d) The reasons for any qualifications to the opinion?	✓			N/A. No qualifications
	e) A disclosure of any impairments or restriction in scope?	✓			
LGAN	f) A comparison or work actually carried out with the work planned?	✓			
LGAN	g) A statement on conformance with the PSIAS?				
	h) The results of the QAIP?	✓			
	i) Progress against any improvement plans resulting from the QAIP?	✓			
LGAN	j) A summary of the performance of the internal audit activity against its performance measures and targets?	✓			
LGAN	k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓			
		✓			
	<b>2450 Conclusion</b>	✓			
4.6	<b>2500 Monitoring Progress</b>				
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	✓			Action tracking in operation for all actions using audit software which gives direct access to managers to update and monitor progress. Monthly reports issued to management on outstanding reports. Also some follow up reviews. Managers called to Audit Committee if inadequate action. Action tracking report to Chief Officers monthly and to each Audit Committee.
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓			Issue new report after the follow up if necessary.
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	✓			Included in planning for the year.
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓			At a later time by a different auditor, to ensure independence is maintained.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2500 Conclusion</b>	✓			
<b>4.7</b>	<b>2600 Communicating the Acceptance of Risks</b>				
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓			
	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	✓			
	<b>2600 Conclusion</b>	✓			

**Quality Assurance and Improvement Plan (QAIP) - Actions – 2017/18**

**Appendix B**

Actions from External Assessment (EA) March 2017 and Self-Assessment (SA) February 2018 (questions not scored as conforming)

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Resp.	Timescale	Comment
1100 (EA)	The Service does not currently stipulate that “advice / recommendations are provided without prejudice to the right of Internal Audit to review and make further recommendations at a later date” after providing a consultation service in an area that may be later audited.	Suggestion	The Service could consider using the suggested statement in reports. This would clarify to clients that request a consultation service that the assurance provided is not absolute and it does not exempt them from a future audit in the same area of work. (1100)	LB	Implemented	This statement is now included in any consultancy report issued.
1310 (EA)	Does the QAIP include both internal and external assessment?	Partial	Continue internal assessments, external assessment to be completed by 2017/18. (1310)	LB	Implemented	External Assessment completed in March 2017. Internal assessment continues to be undertaken. The results from both assessment are included within the QAIP.
1320 (EA)	Quality Assurance and Improvement Programme- The annual internal self-assessment and resulting improvement plan are currently reported to the Audit Committee together, although the PSIAS state that the results of the QAIP and progress against any improvement plans must be	Suggestion	Although it is acknowledged that it may cause duplication of work, the Section should consider including the self-assessment improvement plan in its Annual Report along with the other performance targets and measures that are currently in place to	LB	Implemented	Whilst it is felt this is a duplication since the Quality Assurance Improvement Plan (QAIP) is reported to AC each year in March, reference was made to the QAIP in Internal Audit Annual Report in June 2017 and will continue each year.

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Ref	Conformance with the Standard	Compliance	Planned Actions	Person Resp.	Timescale	Comment
	reported in the "annual report".		monitor Internal Audit's activities to give a full picture of its QAIP. (1320)			
2120	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	Partial	Improve awareness of fraud. Collect data on fraud risk.(2120)	LB	<p>Implemented</p> <p>Implemented</p> <p>March 2019</p> <p>March 2019</p>	<p>Fraud risk analysis is undertaken as part of each audit review.</p> <p>Whistleblowing training has been delivered to Social Services.</p> <p>Anti-Fraud and Corruption Strategy and Fraud Response Plan is due for review during 2018/19. Once reviewed, this will be launched on Council's Infonet.</p> <p>Develop an online reporting solution which would support digital and customer strategies during 2018/19.</p>
2400 (EA)	Communicating Results-The Service cited a benefit of allowing one of the 'timing' performance indicators (PIs) to run over the set target.	Suggestion	The Service should consider reviewing the performance indicator to ensure it is meaningful.(2400)	LB	<p>Implemented</p> <p>Ongoing</p>	<p>The PI's were reviewed in September 2017 and two were amended to reflect ways of working.</p> <p>As part of the Welsh Chief Internal Auditors group a separate review is being undertaken to assess the effectiveness of all PIs. The committee will be updated once this review has been completed.</p>
2050 (SA & EA)	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other	Non Compliance	Assurance mapping to be completed in 2017.(2050)	LB	March 19	Not achieved. This was originally planned for March 2018; however, due to the change in Management and a vacancy for a Principal Auditor for last 16 months this will

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Resp.	Timescale	Comment
	sources of assurance?					be deferred until March 2019.
1000 (EA) (SA)	<p>The internal audit charter does not define the term 'senior management', for the purposes of the internal audit activity. (EA)</p> <p>The Audit Charter does not make reference to auditing a third party. (SA)</p>	Partial	<p>(EA) The Service could insert a definition in the Independence &amp; Authority (para 6, point 5) of the IA Charter, or revise the Charter by inserting a catch-all statement such as "For the purposes of Internal Audit activity, the Audit Committee is equivalent to the 'Board' and the Chief Officers' Team constitutes 'Senior Management'. (1000) LGAN</p> <p>(SA) Following the transfer out of Leisure &amp; Libraries and Cleaning &amp; Catering Services, the Charter needs to be updated to define the nature of the assurance provided to Aura and NEWydd. (1000.A1)</p>	LB	July 18	<p>The Charter will be reviewed to:</p> <ul style="list-style-type: none"> <li>• Define the term of the Senior Management. Deferred from March 2018 to July 2018.</li> <li>• Include reference to auditing a third party (Aura / NEWydd).</li> </ul>
1110 (EA)	The PSIAS specifically requires the Chief Executive to undertake, countersign, contribute feedback to or review the Audit Manager's performance appraisal (PSIAS 1110 – S/A point 6).	Partial	The issue has been discussed with the Interim Internal Audit Manager. It is acknowledged that due to the governance structure of the Authority, the current procedure has	LB	Ongoing	The current procedure has been deemed sufficient given the Chief Officer Governance and the Chief Executive attend each Audit Committee meeting. Direct contact is also in place between the Internal Audit Manager with the Chief

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Resp.	Timescale	Comment
	It is required that feedback is also sought upon the appraisal from the Chair of the Audit Committee (PSIAS 1110 – S/A point 7).		been deemed sufficient. However, this may be re-addressed to achieve full conformance with the PSIAS in future.(1110)			Officer, Governance, the Chief Executive and the Chair and Vice Chair of the Audit Committee. Any performance issues would be addressed immediately rather than wait for a formal appraisal. This point will be picked up for future appraisals (April 2018).  In relation to the appointment of the Internal Audit Manager, the Chair of the Audit Committee, Chief Executive, and Chief Officer, Governance were involved.
2110 (SA & EA)	Internal Audit reviews the activities in place that manage and monitor the effective implementation of the organisation's ethics and values.	Partial	(SA) Review as part of CGWG – review of Code of Corporate Governance.  (EA) The Service needs to undertake a review to evaluate the design, implementation and effectiveness of the Council's ethics related objectives, programs & activities. (2110.A1)	LB	Ongoing	Audit work is based on the Council's objectives and priorities and covers areas in the Code of Corporate Governance such as organisational, performance management, and communication of risk and control information.  Whilst ethics is considered as part of routine audits, a specific review on ethics and values has been included within the 2018/19 audit plan.
1120 (EA)	The regular rotation of work between officers has not been documented in the Service's Charter.	Suggestion	The Service could insert an additional statement under the 'Independence and Authority' section of the Charter confirming regular rotation of work is	LB	Ongoing	Whilst the Audit Charter will be updated to address this point (July 2018), it should be acknowledged that ensuring independence and objectivity is a priority within the team; however, in some instances a

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Resp.	Timescale	Comment
			usually adhered to in order to further enhance independence and objectivity. (1120)			conscious decision has been made to use the same auditor for key system reviews to develop expertise and specialism within the team as this adds value to the audit and reduces resources.
2110 (EA)	ICT projects are included in the audit plan, which, together with other ICT assurances, support the organisation's strategies and objectives. However, this is not currently noted in the Annual Report.	Suggestion	To support the annual opinion further, the Section could consider noting the assurance gained from the ICT audit work undertaken during the year in the 'Governance' section of the Annual Report. (2110.A2)	LB	June 18	Reference to external assurance will be made in the Annual Report for 2017/18.
2330 (EA)	The Service has its own documentation retention policy which is currently a stand-alone document.	Suggestion	The Section could consider inserting the audit retention policy in full in the Audit Manual which is the document that ensures all internal audit staff are adequately informed on the Service's methodology, policies and procedures. (2330.C1)	LB	July 18	The document retention policy is currently under review to ensure compliance with GDPR. The Audit Manual will be updated to include the retention policy as an appendix.

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**Quality Assurance Improvement Programme – Components (CIIA)**

**Appendix C**

Ref	Component	Actions following 2016/17 Assessment	Status of Actions following 2016/17 Assessment	Planned Actions following 2017/18 Assessment
1	Develop and maintain audit policies and procedures.	Ongoing review of policies and procedures to ensure most effective working arrangements are in place.	<b>Part Completed</b>  Policies and procedures updated on an ongoing basis, including MK.  Audit Charter needs to be updated to reflect the QAIP.	Ongoing review of policies and procedures to ensure most effective working arrangements are in place. Further update required to the Audit Charter.
2	Administer and maintain the Internal Audit Manual.	Review and reissue if amended in 2017.	<b>Ongoing</b>  Due to limited resources this financial year, the manual has not been reviewed.	Review and reissue, if amended, in 2018.
3	Ensure the financial and budget management of the department.	Financial budget maintained through monthly monitoring.	<b>Ongoing</b>  Financial budget maintained through monthly monitoring using Collaborative Planning (CP) Software.	Continue to maintain financial budget through monthly monitoring via CP Software.
4	Maintain the audit risk universe, gather and incorporate new information impacting the universe.	Update audit universe from audits and Council Plan and Risk Registers. Incorporated in strategic planning.  Introduce quarterly meetings with Chief Officers and their Portfolio Senior Management Team and bimonthly with the Chief Executive to ensure the audit	<b>Completed</b>  Audit Universe updated from audits and Council Plan and Risk Registers. Incorporated in strategic planning.  Quarterly meetings introduced with Chief Officers and their Portfolio Senior Management Team and	Continue to maintain an up to date audit universe which mirrors the Council's Priorities and Strategic Risks.  Continue to monitor plan on a quarterly basis with Chief Officers and their Portfolio Senior Management Team and bimonthly with the Chief Executive to ensure

Ref	Component	Actions following 2016/17 Assessment	Status of Actions following 2016/17 Assessment	Planned Actions following 2017/18 Assessment
		plan remains a live document.	bimonthly with the Chief Executive to ensure the audit plan remains a live document.	the audit plan can respond to emerging issues.
5	Evaluate audit risk and produce the strategic plan.	Strategic Plan produced using risks from Council Plan and own knowledge and through consultation with Management.	<b>Completed</b>  Strategic Plan produced using risks from Council Plan, strategic and reputational risk, own knowledge and consultation with Chief Officers, their Senior Management Team and Chief Executive.	Continue to produce the Strategic Plan using a risk based approach undertaken in 2017/18.
6	Agree and implement an annual plan.	Annual Plan is the first year of the Strategic Plan. It will be presented to Audit Committee on 15 March 2017 for approval.	<b>Completed</b>  Strategic Plan (including annual plan) approved by Audit Committee on 15 March 2017.	Strategic Plan (including annual plan) to be presented for approval by Audit Committee on 21 March 2018.
7	Operate audit tools and use up to date technology.	MKinsight to be used for all stages of the audit process.  Further develop the use of IDEA root cause analysis.	<b>Ongoing</b>  MK Insight used for all audit work undertaken. New Control Risk Self Assessments have been developed using MKinsight.  There has been an increase use in IDEA; however, due to available resources, root cause analysis has not been rolled out to date.	Continue to use MKinsight for all stages of the audit process.  Continue to develop the teams' skills and increase the use of IDEA.  Introduce root cause analysis.

Ref	Component	Actions following 2016/17 Assessment	Status of Actions following 2016/17 Assessment	Planned Actions following 2017/18 Assessment
8	Manage recruitment to meet staffing needs.	<p>Recruitment to the post of Senior Auditor and Internal Audit Manager.</p> <p>The Principal Auditor is acting up to Interim Internal Audit Manager; however, the Principal Auditor's post has not been backfilled.</p>	<p><b>Completed</b></p> <p>Appointments were made to both the Senior Auditor and Internal Audit Manager post. The post for Principal Auditor was not backfilled during the period October 2016 – January 2018.</p> <p>An appointment has now been made for new Principal Auditor who joins Flintshire on 19<sup>th</sup> March.</p>	No further recruitment needed.
9	Complete annual performance appraisals.	To bring appraisals in line with the Interim Internal Audit Managers, appraisals will be delayed from January to April.	<p><b>Completed</b></p> <p>Complete appraisals using new template and method in April / May.</p>	Continue to undertake annual appraisals, due April / May 2018.
10	Maintain training and development of staff.	Maintain training log and development plan following appraisals.	<p><b>Ongoing</b></p> <p>Training log and development plan is maintained.</p>	<p>Continue to maintain training and development plan following appraisals.</p> <p>Revisit the succession planning exercise undertaken to identify future workforce development requirements. This will consider the appointment of the new Principal Auditor in March 2018 and the retirement of a Principal Auditors post in March 2019.</p>
11	Evaluate post-audit questionnaires.	<p>Questionnaires now issued via MKI.</p> <p>Further scope for improvement as</p>	<p><b>Ongoing</b></p> <p>Questionnaire continue to be issued via MKI.</p>	<p>Continue to issue questionnaires via MKI.</p> <p>Explore scope for improvement in</p>

Ref	Component	Actions following 2016/17 Assessment	Status of Actions following 2016/17 Assessment	Planned Actions following 2017/18 Assessment
		there has been a decrease in the number of questionnaires being returned.	Further scope for improvement as there continues to be a decrease in the number of questionnaires being returned.	officers returning completed questionnaires.
12	Complete quarterly progress reports to audit committee.	Present progress reports to the AC every quarter.	<b>Ongoing</b>  Progress reports presented to the AC every quarter.	Continue to present progress reports AC every quarter.
13	Monitor the implementation of audit recommendations.	Actions now tracked through MKinsight.  A monthly report of all outstanding actions is issued to Chief Officers and presented to Audit Committee.	<b>Ongoing</b>  All actions tracked through MKinsight.  Monthly reports issued to all chief officers of all actions outstanding.	Continue to track actions due for implementation through MKinsight.  As it is the responsibility of management to ensure actions are implemented, a monthly report will continue to be issued of all outstanding actions to Chief Officers and presented to Audit Committee.  For information, a report will be issued to all Chief Officers where high priority actions have been implemented and closed.
14	Keep the audit team up to date with professional best practice.	Training courses, seminars, etc. are monitored. Manager, Principals and Senior Auditors attend where relevant.	<b>Ongoing</b>  Training courses, seminars, etc. are monitored. Manager, Principals and Senior Auditors attend where relevant.	Continue to invest in the professional development of the Internal Auditors through attendance on training courses, seminars, and webinars where budget allows.



## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 21 March 2018
<b>Report Subject</b>	Internal Audit Progress Report
<b>Cabinet Member</b>	Not Applicable
<b>Report Author</b>	Internal Audit Manager
<b>Type of Report</b>	Assurance

### EXECUTIVE SUMMARY

Internal Audit produces a progress report for the Audit Committee every quarter. This shows the position of the team against the plan, changes to the plan, final reports issued, action tracking, performance indicators and current investigations. This meets the requirements of the Public Sector Internal Audit Standards, and also enables the committee to fulfil the Terms of Reference with regards to Internal Audit.

The current report is attached.

### RECOMMENDATIONS

1	To consider and accept the report.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT</b>
1.01	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.
1.02	The level of audit assurance for standard audit reviews is detailed within Appendix A. All reports finalised since the last committee meeting are shown in Appendix B.  No reports have been issued since the last committee meeting in January with a red / limited assurance opinion. Copies of all final reports are available for members if they wish to see them.

1.03	At the request of the committee Appendix C provides an overview of those audits reports issued with an Amber Red assurance opinion.							
1.04	<p>The automatic tracking of actions continues using the integrated audit software. All actions are tracked automatically and the system allows Managers and Chief Officers to monitor their own teams' outstanding actions and confirm they are being implemented.</p> <p>E-mail alerts are generated by the system and sent to the responsible officer and their manager before the action is due. E-mails are also sent to them and copied to Chief Officers if actions are not completed on time. Monthly reports are also sent to Chief Officers informing them of outstanding actions for their teams.</p> <p>The system was rolled out from the 4<sup>th</sup> January 2016, including requiring all managers and Chief Officers to register. It included all actions from reports issued since April 2015, along with outstanding actions previously tracked.</p> <p>Appendix D shows the current situation. Of 706 actions entered into the system 597 have been cleared and 109 remain live. There are no actions currently overdue.</p> <p>Appendix E lists all actions with a revised due date of six months from the original due date and a note on how the risk is being managed. For each revised due date entered onto the system, the officer is required to provide a reason to support this change.</p>							
1.05	Appendix F shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.							
1.06	Appendix G shows the range of performance indicators for the department. Performance continues to meet the current targets set however there has been a reduction in the number of Client Questionnaires returned and this is reflected in the stats. This will continue to be monitored.							
1.07	Appendix H shows the current position with regards to the 2017/18 plan.							
1.08	<p>On a quarterly basis the 2017/18 plan has been reviewed and reprioritised to accommodate new requests for work or to respond to emerging issues. Since April 2017, 13 requests for additional work have been received.</p> <p>It was agreed that all high priority audits would be undertaken 2017/18 however where a review could not take place this would be reported back to committee. It is proposed to defer two high priority reviews until 2018/19.</p> <table border="1"> <thead> <tr> <th>Audit</th> <th>Reason</th> </tr> </thead> <tbody> <tr> <td>Welsh Quality Housing Standards</td> <td>WAO reviewed WQHS as part of a thematic review WQHS following the release of WAO's report.</td> </tr> <tr> <td>Contract Monitoring.</td> <td>Due to the timing of the last contract monitoring review it is proposed to defer this to 2018/19.</td> </tr> </tbody> </table>		Audit	Reason	Welsh Quality Housing Standards	WAO reviewed WQHS as part of a thematic review WQHS following the release of WAO's report.	Contract Monitoring.	Due to the timing of the last contract monitoring review it is proposed to defer this to 2018/19.
Audit	Reason							
Welsh Quality Housing Standards	WAO reviewed WQHS as part of a thematic review WQHS following the release of WAO's report.							
Contract Monitoring.	Due to the timing of the last contract monitoring review it is proposed to defer this to 2018/19.							

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None as a direct result of this report.
<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	None required.
<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	The work of Internal Audit provides assurance to the Council that adequate and effective controls are in place to mitigate risks.
<b>5.00</b>	<b>APPENDICES</b>
5.01	<p>Appendix A – Final Reports Issued</p> <p>Appendix B – Levels of Audit Assurance</p> <p>Appendix C – Final Reports issued with Amber Red Assurance Opinion</p> <p>Appendix D – Action Tracking – Portfolio Statistics</p> <p>Appendix E – Actions with Revised Due Date Six Months Beyond Original Due Date</p> <p>Appendix F – Investigation Update</p> <p>Appendix G – Performance Indicators</p> <p>Appendix H – Operational Plan 2017/18</p>
<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>None.</p> <p><b>Contact Officer:</b> Lisa Brownbill, Internal Audit Manager</p> <p><b>Telephone:</b> 01352 702231</p> <p><b>E-mail:</b> Lisa.brownbill@flintshire.gov.uk</p>
<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Wales Audit Office:</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.</p> <p><b>Corporate Governance:</b> the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p><b>Wales Chief Auditors Group:</b> An informal meeting group of Chief Auditors to discuss items of mutual interest.</p> <p><b>Operational Plan:</b> the annual plan of work for the Internal Audit team.</p>

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# Flintshire Internal Audit

Progress Report



March 2018

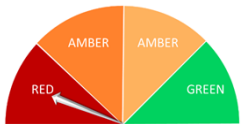
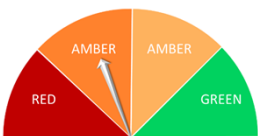
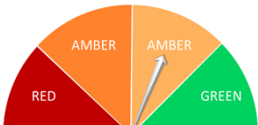
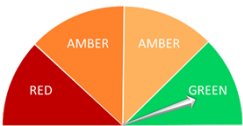
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Investigation Update.....	Appendix F
Internal Audit Performance Indicators.....	Appendix G
Internal Audit Operational Plan 2017/18.....	Appendix H

## Levels of Assurance – Standard Audit Reports

## Appendix A

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Red** assurance audits will be reported to the Audit Committee.

Level of Assurance	Explanation
<p><b>Red – Limited</b></p> 	<p><b>Urgent system revision required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls are absent or rarely applied</li> <li>• Evidence of (or the potential for) significant financial / other losses</li> <li>• Key management information does not exist</li> <li>• System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources.</li> </ul> <p>Conclusion: a lack of adequate or effective controls.</p> <p><b>Follow Up Audit</b> - &lt;30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.</p>
<p><b>Amber Red – Some</b></p> 	<p><b>Significant improvement in control environment required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively</li> <li>• Evidence of (or the potential for) financial / other loss</li> <li>• Key management information exists but is unreliable</li> <li>• System / process objectives are not being met, or are being met at an unnecessary cost or use of resources.</li> </ul> <p>Conclusion: key controls are generally inadequate or ineffective.</p> <p><b>Follow Up Audits</b> - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.</p>
<p><b>Amber Green – Reasonable</b></p> 	<p><b>Key Controls in place but some fine tuning required (one or more of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact</li> <li>• Some refinement or addition of controls would enhance the control environment</li> <li>• Key objectives could be better achieved with some relatively minor adjustments</li> </ul> <p>Conclusion: key controls generally operating effectively.</p> <p><b>Follow Up Audit:</b> 51-75% of actions have been implemented. All high priority actions have been implemented.</p>
<p><b>Green – Substantial</b></p> 	<p><b>Strong controls in place (all or most of the following)</b></p> <ul style="list-style-type: none"> <li>• Key controls exist and are applied consistently and effectively</li> <li>• Objectives achieved in a pragmatic and cost effective manner</li> <li>• Compliance with relevant regulations and procedures</li> <li>• Assets safeguarded</li> <li>• Information reliable</li> </ul> <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p> <p><b>Follow Up Audit:</b> 75%+ of actions have been implemented. All high priority actions have been implemented.</p>
<p><b>Categorisation of Actions</b></p>	<p>Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses</p>
<p><b>Value for Money</b></p>	<p>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.</p>

## Final Reports Issued Since January 2018

## Appendix B

The following reports and advisory work have been finalised since the last Audit Committee. Action plans are in place to address the weaknesses identified.

Project Reference	Project Description	Audit Type	Level of Assurance	Actions		
				High	Med	Low
04-2017/18	Social Services Commissioning & Contracts	Risk Based	Green	0	1	2
25-2016/17	Data Protection	Risk Based	Amber Green	0	4	0
45-2016/17	Capital Asset Strategy & Asset Management Plan	Risk Based	Amber Green	0	1	1
18-2017/18	Community Asset Transfers - Holywell	Risk Based	Amber Green	0	0	3
14-2017/18	Pollution Control	Risk Based	Amber Red	0	5	5

## Reports Issued ‘Amber Red / Some’ Assurance

## Appendix C

### Pollution Control:

Areas Managed Well	Areas Identified for Further Improvement
<ul style="list-style-type: none"> <li>• Staff involved in the service are well qualified and keep up to date with their Continued Professional Development requirements in their area of expertise.</li> <li>• Defra Statistical Returns and Air Quality Reports are submitted in line with regulations.</li> <li>• Diffusion tubes are monitored in line with the prescribed process and monthly reports to Defra are submitted in a timely manner.</li> <li>• There is adequate segregation of duties over the invoicing of the annual charge for permits.</li> <li>• Staff are aware of the implications for the service of the Well-being of Future Generations (Wales) Act 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• There is an opportunity to improve documentation within the Permitting records and on Flare (the Civica system) to substantiate compliance with statutory regulations. No Annual Inspection Plans are produced to ensure regularity of inspections are compliant with regulations. To rectify this a full review of ways of working, instigate documented procedures and draw up plans to ensure compliance with regulatory inspection regimes will be undertaken.</li> <li>• Council does not have an overarching Policy/Strategy for Pollution Control bringing all functions together under the one umbrella. To address this management propose to devise an Operational Plan to cover all aspects of Pollution Control to provide direction and evaluation of the service.</li> <li>• There is not a comprehensive suite of documented internal procedures for Air Quality, Permitting, Statutory Nuisance and assessing Planning Applications for potential noise nuisance. To correct this operational procedure will be created to aid consistency and assessment of service.</li> <li>• The Public Register for environmental permits does not contain cost accounting records and is not instantly accessible to the public. It has been agreed to utilise Flare system to link cost accounting records to the Public Register.</li> <li>• Due to limited evidence to support risk evaluation of installations requiring permits undertaken and the correct application charges could not be verified. Procedures will now be established to justify the fees charged.</li> </ul>

## Action Tracking – Portfolio Performance Statistics

Portfolio	March 2018 Stats			
	Number of Actions Raised <b>Since</b> January 2016	Actions Implemented since Jan 2016 <i>(including Actions No Longer Valid)</i>	% of Actions Cleared To Date	Number of Audits Raised <b>Since</b> January 2016
Corporate	31	25	84%	15
Community & Enterprise	76	66		11
Education & Youth	54	41		18
Governance	79	63		21
Organisational Change 1	20	19		4
Organisational Change 2	37	33		8
People & Resources	114	109		32
Planning & Environment	38	17		8
Social Services	88	76		15
Streetscene & Transportation	75	71		10
External	22	17		7
Individual Schools	72	60		22
<b>Total</b>	<b>706</b>	<b>594</b>		<b>171</b>

## Appendix D

Live Actions - As at March 2018		
Live Actions	Actions Beyond Due Date <i>(excludes Actions with revised due date)</i>	Actions with a Revised Due Date
4	0	2
10	0	3
13	0	3
15	0	7
1	0	0
4	0	2
8	0	5
21	0	11
12	0	5
4	0	3
5	0	1
14	0	11
<b>112</b>	<b>0</b>	<b>56</b>

Actions beyond <u>Original</u> due date	
Actions between 6 & 12 months	Actions Greater than 12 Months (13+)
<i>See Appendix E</i>	
0	0
0	1
0	0
0	7
0	0
1	1
1	0
1	8
1	0
1	0
0	0
8	0
<b>16</b>	<b>17</b>

Actions with a Revised Due Date Six Months Beyond Original Due Date

Appendix E

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
<b>Community &amp; Enterprise</b>								
Housing Allocations 15/16  Page 223	1616	The current SARTH policy is under review. Following this, any required changes to procedural notes will be implemented.	M	31-Mar-17	30-Jun-18	The date has been amended to coincide with the most recent audit recommendations. The SARTH policy is a regional policy and the revised date reflects the date the regional panel will be signing off the revised policy and procedures.	The policy review was completed and agreed by the SARTH Regional Steering Group in September 2017. The final draft of the policy document is now with partners to agree prior to publication. The SARTH Regional Operational Group have now commenced work on revision of the procedures and this work is aimed to be completed in June 2018.	Staff have been made aware of any amendments to the procedures subject to final versions being signed off. This is confirmed within 1:1s and team meetings.
<b>Governance</b>								
CPRs 15/16	174	A register of declarations to pick up wider declarations other than procurement related shall be in place in each portfolio area.  Chief Officer (Governance) will produce further guidance to other Chief Officers.	M	31-Mar-16	31-Mar-18	Progress with developing an electronic register has been slowed by capacity within IT development services.	Chief Officers are already under an obligation to maintain a register for declarations of interest. The Deputy Monitoring Officer has prepared a process and guidance so that the process can be reinforced and made consistent. Training will be provide via DMTs over the next 3 months	Any declarations are to be reported to line management until IT solution is finalised.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Main Accounting - AP & P2P 15/16  Page 224	284	Category managers will be reviewed annually to ensure that the named manager is still in post in the Portfolio.  The development of category management is being looked at as a part of the long term Procurement Strategy. Due to the procurement contract with Denbighshire, any move toward implementing full category management would have to be negotiated and agreed by both parties.	M	29-Feb-16	18-Apr-18	A discussion has been held also with Financial Systems team who will be tasked to configure the classification codes changes within the PROACTIS Purchase to Pay System. The spreadsheet file of all configuration changes will be handed to Financial Systems Team before end of January 2018 and a revised date of end of February 2018 for then changes to be incorporated by Financial Systems Team onto the system.	Configuration changes have been received by Financial Systems. Before this work can be implemented within P2P, Procurement are due to send out a communication to all P2P users to inform them of the revised P2P PO workflow approval process. Procurement will then notify Financial Systems to commence the work.	The Category Business Partners have been engaging with their respective service area officers to promote the need for Contract Procedure Rules compliance. Additionally a new Commissioning form has been developed, which requires Corporate Procurement Service sign off and feedback before any market competition can be undertaken by the service area for all projects above £25k.
Data Protection - 15/16	1406	A new workflow process will be implemented to include subject access requests. This will also raise awareness, heighten the profile and educate staff within Portfolios of the existence of SAR's and the correct steps and guidelines to be used when dealing with them.	M	31-Mar-17	30-Mar-18	Service to confirm This forms part of the wider Information System which is being developed. We have started with FOI as there are higher risks in this area.	This is currently under development as part of the GDPR project.	A spreadsheet is being maintained of current requests, this will be replaced by the new workflow system.



Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Data Protection 15/16	1414	The introduction of a workflow process for SAR's will ensure a central control over the process and ensure the process is fully complete.	H	31-Mar-17	30-Mar-18	Service to confirm The Information System forms part of a wider project. The project has started with FOI as there are higher risk issues in this area.	This is currently under development as part of the GDPR project.	A spreadsheet is being maintained of current requests, this will be replaced by the new workflow system.
PCIDSS Compliance 2015/16  Page 225	1516	The officer working group should ensure that the self-assessment is completed drawing on the full range of professional expertise and experience of the group.	L	31-Dec-16	31-Mar-18	Revised due date to tie in with the external assessment with QSA support	PCIDSS Accredited External Assessors have been appointed to conduct an initial review of systems and architecture leading to the identification of processes which are likely to already meet the requirements of PCIDSS and those processes where there is scope to improve. The external assessment is due to take place on-site from 2/10/17 to 04/10/17. Following the review the SAQ will be completed and based on the findings of the external risk assessment.	A PCIDSS review was undertaken by a specialist QSA provider, ECSC, on 4th October 2017. The review has identified areas of compliance and areas of risk. Overall, the Council is deemed to be 50% compliance with PCIDSS  The findings of the report are now being considered by the Project Group and Chief Officer to identify what measures are required to increase compliance but this will undoubtedly require substantial investments in IT to achieve 100% compliance.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
PCIDSS Compliance 2015/16  Page 226	1523	Working group to establish an action plan and carry out checks each year end to ensure guidance is up to date.	H	31-Dec-16	31-Mar-18	Work is ongoing to update and re-issue guidance and procedures for the workforce responsible for taking payments. This guidance will be issued by 31st March 2018.	The findings of the external PCIDSS audit are currently still being considered and two payment channels are already fully PCIDSS compliant (web payments and ATP payments - automated telephone payments). Relevant SAQ'S are being drafted for these payment channels. New technologies and investments are being assessed to establish whether full compliance can be realistically achieved within budget provision through the development of a mid-call solution. Alternatively, through service planning and a strategic move away from telephone payments and channel shift towards to web payments or ATP payments, we need to determine whether residual risks would warrant the major investments to achieve full compliance.	In the meantime guidance will be updated and re-circulated to the workforce responsible for taking payments.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
<p>PCIDSS: Non-compliance with PCI DSS or DP Act.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 227</p>	1572	Working group to ensure systems comply with PCIDSS and Data Protection requirements.	H	31/12/2016	31/03/2018	PCIDSS Accredited External Assessors have been appointed to conduct an initial review of systems and architecture leading to the identification of processes which are likely to already meet the requirements of PCIDSS and those processes where there is scope to improve. The external assessment is due to take place on-site from 2/10/17 to 04/10/17. Following the review the SAQ will be completed and based on the findings of the external risk assessment.	A PCIDSS review was undertaken by a specialist QSA provider, ECSC, on 4th October 2017. The review has identified areas of compliance and areas of risk. Overall, the Council is deemed to be 50% compliance with PCIDSS. The findings of the report are now being considered by the Project Group and Chief Officer to identify what measures are required to increase compliance but this will undoubtedly require substantial investments in IT to achieve 100% compliance.	A PCIDSS review was undertaken by a specialist QSA provider, ECSC, on 4th October 2017. The review has identified areas of compliance and areas of risk. Overall, the Council is deemed to be 50% compliance with PCIDSS. The findings of the report are now being considered by the Project Group and Chief Officer to identify what measures are required to increase compliance but this will undoubtedly require substantial investments in IT to achieve 100% compliance.
<b>Organisational Change 2</b>								
Community Asset Transfers 2016/17	1606	A paragraph statement will be included in the CAT process to sign post fraud risk through the Policy, Guidance document, and through to the Legal document. The monitoring	L	30-Jun-17	18-May-18	Reviewing how this may best be incorporated within the CAT Guidance document to reflect the action.	Paragraph will be inserted into CAT guidance, which will then need translation and uploading back onto the Web site.	Fraud or the potential for fraud would be discussed on a cases by case basis in the interim period with groups seeking to progress a CAT.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		arrangements will include an expectation to witness financial records within the Annual report.						
CCTV - 15/16  Page 228	333	<p>The draft CCTV Policy should be finalised as soon as is practically possible.</p> <p>All Operatives should sign the Code of Practice for the operation of CCTV</p> <p>All Operatives should sign the Code of Practice signature sheet for airwave</p>	M	31-Jul-16	30-Apr-18	<p>The Policy needed to be resubmitted to FJTUC following their initial observations. It was redrafted and has been resubmitted and been supported subject to some further observations which are being considered. The redraft covers a wider number of systems such as body work cameras and vehicle tracking.</p>	Further drafting to be carried out after which it will be adopted.	<p>A policy is already in place but this is dated and needs refreshing, hence the work detailed within the report. The risks are not significant as the public realm systems are operated in line with legislative guidelines. This is more about formalising the operational policy and updating.</p>
<b>People &amp; Resources</b>								
Compulsory and Voluntary Redundancies 2016/17	1925	<p>The Databases will be reviewed and improved to ensure all appropriate information is captured. Regular reviews will be undertaken to ensure all relevant fields are completed and due process is being adhered to.</p>	M	31-Jul-17	31-Mar-18	<p>Service to confirm Awaiting for IT to make necessary changes to system as per follow on notes</p>	<p>After a recent iTrent update the database was no longer accessible. It has been agreed as there is a new database which will be released in 6 weeks IT won't spend time trying to make the soon to be obsolete database work.</p>	<p>The service are keeping paper records whilst awaiting the new database.</p>

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
<b>Planning and Environment</b>								
Section 106 - 15/16	285	<p>The Local Planning Guidance Notes are currently being brought up to date to allow continued use of the Unitary Development Plan (UDP). Whilst the UDP has technically expired, the intention is to keep the plan 'alive' for as long as possible.</p> <p>The bulk of the 'comments' from the LPGN consultation process were reported to the Planning Strategy Group on 25th February 2016. LPGN 22 will be reviewed as required following the adoption of the updated LPGN's. The updated LPGN's (which are still in the consultation period) will be adopted by 30th April 2016. If it is determined that further update to LPGN 22 is required (in particular to take account of the adoption of LPGN 23, Education</p>	M	31-Jul-16	30-Jun-18	<p>The LPG 22, as overarching guidance, can only be updated once all individual LPGs have been updated, and there is still work to be done to update LPG13 (see below). Lastly, as each individual LPG is up to date (except LPG 13) each can be applied to the consideration of planning applications and any developer obligations that arise. The risk in not updating LPG 22 is therefore very low and can be managed in due course once individual LPGs are updated. This must therefore be a 'green' in terms of risk status.</p>	Awaiting completion of the review of individual LPGs (specifically LPG13 – see below for update).	Monitoring progress with LPG13 via service manager and with reports to S106 working group.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		Contributions - adopted July 2012) then we could expect the adoption of an updated LPGN 22 by 31st July 2016.						
Section 106 - 15/16  Page 230	311	Reports were taken to Cabinet in March 2016 providing a review of the CAT scheme and Play Sufficiency Assessment specifically to try and get an agreed policy position in relation to play areas and CAT which should help develop the future s106 position with regards to existing play areas, and help the consideration of how s106 funding might be needed in future to sustain existing play areas as well as the position in respect of new play areas. Town and Community councils will be consulted on this from May onwards.	M	31-Mar-17	31-Mar-18	Previous officer with experience of LPG 13 will return to work 15/01/2018 after long term sickness, and will work on the update of LPG 13 as a priority. To be accurate and coincide with the meeting of the Planning Strategy Group that will sign off this guidance note.	Initial review work on LPG13 will be presented to S106 working group at its meeting on 21 <sup>st</sup> March 2018	Monitoring progress with LPG13 via service manager and with reports to S106 working group.
Section 106 - 15/16	313	Leisure to discuss the inclusion of an upfront specification for play equipment in the LPGN with the Planning Policy team. This would allow specifications to be built	M	31-Jul-16	31-Mar-18	Specification is still awaited from Leisure and will be included as part of updating LPG 13 (see below). Revised due date set was unrealistic and	Initial review work on LPG13 will be presented to S106 working group at its meeting on 21 <sup>st</sup> March 2018. Leisure have yet to provide specification.	Monitoring progress with LPG13 via service manager and with reports to S106 working group.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		into the planning application (as such any changes to specification would require an amended planning application).				unachievable given circumstances reported below for LPG 13 update.		
Section 106 - 15/16	314	<p>Planning recognise that they need to educate Members in respect of the options available to them when considering Planning Applications with management companies / residents associations proposed for the ongoing maintenance of open spaces, and their influence in planning terms.</p> <p>Consideration will be given to ways in which we can use the Planning Guidance to mitigate risks around management of on-site play facilities and open spaces by resident Management Companies (e.g. requirement for developers to provide a bond; one off costs could be added to the purchase price of new homes (with lower annual contributions</p>	L	31-Jul-16	31-Mar-18	<p>Will be considered as part of updating LPG 13 (see below). Revised due date set was unrealistic and unachievable given circumstances reported below for LPG 13 update. Given the extent to which we can't prevent developers proposing a management company this is a low risk.</p>	Initial review work on LPG13 will be presented to S106 working group at its meeting on 21 <sup>st</sup> March 2018. Leisure have yet to provide specification.	Monitoring progress with LPG13 via service manager and with reports to S106 working group.

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Section 106 - 15/16	315	from home owners), etc.). This will be revisited as part of the current consultation process, in consultation with Leisure Services.	L	31-Jul-16	31-Mar-18	Will be considered as part of updating LPG 13 (see below). Revised due date set was unrealistic and unachievable given circumstances reported below for LPG 13 update.	Initial review work on LPG13 will be presented to S106 working group at its meeting on 21 <sup>st</sup> March 2018. Leisure have yet to provide specification.	This was a green finding so the risk is considered to be low, and will continue to be managed through existing process.
Section 106 - 16	320	A cross directorate working group will be established to address the issues identified in the audit report. The working group will be chaired by the Chief Officer (Planning and Environment) and is likely to include representation from Planning, Education, Leisure, Finance, Legal and other services areas as appropriate.  The working group will be time limited, and will consider; Section 106 linkages across the Authority, the information needs of each service area, and the information currently held	L	30-Jun-16	31-Mar-18	Now part of wider review of Development Management back office system and potential procurement of IDOX system to replace current Civica system. Capital bid submitted December 2017 and if successful procurement in Spring 2018.	A capital bid was submitted in December 2017 to enable procurement of a new IT system. Unfortunately the bid was unsuccessful (advised Feb 2018) The service are now reviewing other potential sources of funding to secure new system.	The in house monitoring system (S106 spreadsheet) is still maintained pending further consideration by the cross portfolio working group around process and flow of information.

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Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 233</p>		<p>by service areas to determine where there is scope for efficiencies through the sharing of information (including the scope for sharing information on the Planning DEF database).</p> <p>The adequacy of the processes in place for effectively managing those balances which must be spent within certain time frames or returned to the developer.</p> <p>The scope for utilising contributions held to ensure we maximise the benefit to the Authority (specifically Education contributions which cannot currently be spent under the terms of existing s106 agreements).</p> <p>The requirement for corporate oversight of the s106 processes and the robustness of the reporting structures to ensure appropriate overall</p>						

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		control of s106 monies.						
Section 106 - 15/16	1435	Leisure Services to liaise with Planning to determine whether there is scope for further amendment to the revised Planning Guidance for Open Spaces to update the amount per dwelling requested from developers, and to amend the thresholds within the Planning Guidance.	M	30-Jun-16	08-May-18	Revised date set in line with the meeting of the Planning Strategy group which will sign off the revised Planning Guidance note on 29th June	LPGN 13 remains in place, whilst it is acknowledged that some update is required, and work is ongoing to address this.	Existence of the current Planning Guidance ensures that risks are managed in the meantime.
Planning Enforcement 2016/17	1887	A technical meeting will be held in June / July 2017 and all officers will be trained in how to enter the data required in order to meet the required returns.	L	31-Jul-17	04-May-18	Await revised standards for Welsh Governments. Proper preparation and adjustment cannot be made until these are confirmed.	Technical meeting held with Team Leaders, active and previously active enforcement officers, internal IT support and development manager. All agreed on first stages of change of how to input technical data. Slight issue as Welsh Government have announced they are altered the parameters within the performance indicators which are used to monitor enforcement. The group of officers are awaiting the formal announcement of any change.	In the interim officers are focused on the correct input of data, closing cases down in a timely manner and using the newly created status drop-down to provide a status position on the cases which would help performance reporting and case management. Capital bid was submitted prior to Christmas 2017 which relates to procurement of a new software system which would automatically manage data to respond to

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Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Greenfield Valley: Credit Card Payments	1580	If management of Greenfield Valley is to remain with the Trust an agreed scheme of delegation will need to be put in place around use of the credit card, with spend limits defined, and agreement in place around the type and value of spend which should be discussed with the Treasurer and / or Trustees before it is incurred. There will also be a need to restrict the number of employees able to use the corporate credit card.	L	31-Mar-17	31-Mar-18	To allow the service time to put a final policy document in place following the update above.	The Interim Policy referred to below is still in place. The intention is that the interim policy will be revised once the new Trustees have been appointed and the Board is complete (appointments of 4 x new Trustees expected by the end of Nov 17). It is anticipated that the Trustees will need a period of time before they commence review of all policies and procedures, as such the due date has been changed to 31.3.18.	Welsh and British Government performance indicators. Interim policy is in place.
<b>Social Services</b>								
Flying Start Childcare Placements 2015/16	1608	Management have agreed the following actions:  (a) To review the sessional rate offered to existing providers considering pricing across Wales and what elements the fee will cover.	M	30-Jun-17	01-Apr-19	As advised by Procurement - In agreement with Flying Start Welsh Government Account Manager.	(a) Actioned. A review has been completed of the sessional rates across North Wales. A phased reduction was introduced June 2017 in alignment with the childcare offer too.  (b) Actioned. Work is in progress with	The Flintshire model is considered to be exemplar, as Flintshire Flying Start only pay for places booked. There are no block booking for FS childcare places, unlike many other Authorities. Attendance is closely

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 236</p>		<p>(b) To contact Corporate Procurement to discuss the undertaking of a tender exercise to include support for smaller organisations</p> <p>(c) To review similar processes and paperwork undertaken by other local authorities in Wales and the viability for using best practice examples in Flintshire.</p> <p>(d) To ensure any tendering exercise is aligned with the Welsh Government 3-4 year old pilot for funded childcare to ensure consistency of rates, and sustainability for childcare settings.</p> <p>(e) Undertake tender exercise for the procurement of childcare placements, to include a briefing and support session with Settings.</p> <p>(f) Notify successful/unsuccessful settings</p>					<p>Procurement. A tender document has been produced.</p> <p>(c) Actioned. A review has been undertaken through the Flying Start Network and best practice examples and lessons learnt are being applied in preparation for procurement.</p> <p>(d) Revised due date. Due to the implementation of the Childcare Offer and ensuring stability in the Sector and sufficiency of places for Early Entitlement, Childcare and Flying Start placements the procurement exercise is being delayed until the early implementation childcare offer is completed.</p> <p>(e) Part-actioned. The briefing and support session material is prepared in readiness for a procurement exercise.</p> <p>(f) Successful and unsuccessful settings will be notified within timescale.</p>	<p>monitored, alongside quality and staff qualification level. This is undertaken by specialist advisory teachers. The monthly payments to Settings is also closely monitored with the necessary audit trail. All Flying Start settings are approved by WG.</p>

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
<b>Streetscene &amp; Transportation</b>								
Alltami Stores	1919		M	01-Aug-17	31-Mar-18	Further update required Revised process being implemented following departure of Stores Coordinator Further delays incurred with implementation of a new process following further changes to personnel within the Stores section.	A new manager will be taking over this service and will review the procurement process including suppliers and goods ordered. After the review there will be no coding grid orders with all procurement being made using P2P. Katie Wilby will remain the Service Manager for this area. The risk is currently being managed by the interim process put in place in response to the audit explained below.	Processes are currently in place as follows: Materials & Plant – upfront order raised by Technical Officer through P2P, which is authorised by Logistics Manager; invoices are sent directly to AP&AR for payment Stock within Stores e.g. PPE– ordered by Depot Resource Assistants via Tranman. All invoices authorised by Logistics Manager (up to £30k) or Transportation & Logistics Manager (up to £200k) to ensure segregation of duties Revised process being implemented following departure of Stores Coordinator
<b>Individual Schools</b>								
Flint High Risk Based Thematic Review	1820	Consideration to be given to revising the Charging and Remissions Policy and expanding it to include a procedure for the recovery of unpaid	L	01-Sep-17	31-Mar-18	Policy is due for review in November and Business Manager is to make recommendations ready for forthcoming Finance & Premises	Finance Meeting to take place on Feb 7th 2018. CS currently in discussion with County regarding bad debt procedures. Policy will be updated for the	Risk management; Policy will be in updated as from 19th March following Governors Finance Committee meeting on

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
		invoices or writing off bad debt.				Committee Meeting.	7th Feb.  Policy still under revision. Finance Meeting has not taken place due to pending budget information from County	14th March
Flint High Risk Based Thematic Review Page 238	1822	Documentation to be in place to evidence the fact that there is a monthly reconciliation process between the FMS system and the ACE Reports produced from the financial ledger. Additionally any findings should be shared with the Head Teacher and the process should be signed and dated as correct by the Head Teacher and Business Manager.	L	01-Sep-17	31-Mar-18	Alternative reconciliation method being investigated. An alternative system will be introduced from the new financial year	Process of uploading and signing off orders using the FMS system has changed back to the old system of coding grids, making this task more difficult as it is now a completely paper driven task, rather than from a report generated by FMS that could be compared against the ACE report Business Manager is examining alternative reconciliation procedures.	Risk management; new system being devised for introduction from April 2018
Flint High Risk Based Thematic Review 2016/17	1824	As soon as practically possible the handwritten classroom furniture inventory needs to be computerised	L	01-Sep-17	23-Mar-18	Completion of task has been delegated by Craig Stedman to an admin officer. This process is ongoing but a completion deadline set for 23rd march.	Computerised version partially complete. Due to current workload issues and re-prioritisation of tasks the due date has been revised.	Risk is currently being managed as a paper copy is available and this is kept safe until the full update is complete.
Flint High Risk Based Thematic Review	1825	The Governing Body should consider whether to purchase Fidelity Guarantee Insurance to	M	01-Sep-17	31-Mar-18	Actual cost of insurance still be obtained  Discussed at recent	The Council Insurance team is currently discussing with the Council's insurers the possibility of including fidelity	Risk management; current systems are robust, but risk assessment to be



Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	Current Status	How Risk is Being Managed
							Full Governing Body meeting / training forthcoming	
Flint High Risk Based Thematic Review 2016/17	1832	The Governing Body need to meet to formulate an action plan to ensure that the school complies with the General Data Protection Regulations 2018.	M	01-Sep-17	31-Mar-18	Next Full Governing Body meeting March 2018.	Craig Stedman is project Managing the GDPR. Flint High School has signed up to the services of David Bridge as the appointed Data Protection Officer	Managing Risk; Being signed up to the service with David Bridge will ensure access to all model documents to be released by David very soon
Flint High Risk Based Thematic Review 2016/17	1834	Next Full Governing Body meeting March 2018.  Craig Stedman is project Managing the GDPR. Flint High School has signed up to the services of David Bridge as the appointed Data Protection Officer	M	01-Sep-17	31-Mar-18	Fair Processing Notice included on new forms - to be checked by David Bridge for suitability within forthcoming site audit  Site audit has not yet taken place; Craig Stedman in process of arranging.	Site audit took place on Monday 26/02/18 and Privacy Notices will be updated again in line with David Bridges' recommendation on Privacy Notices and Fair Processing Notice.  Discussed with David a 'suite' of model documents that schools will be able to adopt for compliance purposes.	Risk management; this will be in place with GDPR introduction date due to signing up with David Bridge
Flint High Risk Based Thematic Review 2016/17	1836	Consideration to be given to setting staff attendance targets in the School Development Plan.	M	01/09/2017	18/05/2018	To be given further consideration by Committee; meeting date 31/01/18.	Committee has not yet had an opportunity to discuss. CS to add as agenda item May 16th 2018 meeting	Risk Management: Standard sickness absence monitoring procedures continue to be utilised as per policy.



## Investigation Update

## Appendix F

Ref	Date Referred	Investigation Details
<b>1. New Referrals</b>		
1.1	02/02/2018	A referral was made concerning the use of a Direct Payment. An investigation is currently underway to determine whether funds have been misused.
<b>2. Reported to Previous Committees and still being Investigated</b>		
2.1	30/10/2017	A referral was received concerning potential misuse of a grant scheme by a former member of staff. An investigation is ongoing.
<b>3. Investigation has been Completed</b>		
3.1	20/12/2017	Monies were reported as missing from a café run by the Learning Disabilities Service, the matter was reported to the Police who decided not to investigate. An internal investigation was also undertaken and a report is being prepared to enhance the control environment.
3.2	11/05/2017	An anonymous whistleblow was received concerning procurement practices in one of the Portfolios. The investigation work is complete and a report has been prepared to enhance the control environment.
3.3	18/05/2016	A referral was received concerning the use of monies on a grant funded scheme. The internal investigation has been concluded and an investigation report has been issued. The Police have investigated the case and are not taking any further action. A further report is being prepared to consider and address the control implications and future learning in this case.

## Internal Audit Performance Indicators

## Appendix G

Performance Measure	Qtr 1 17/18	Qtr 2 17/18	Qtr 3 17/18	Qtr 4 17/18 (as at 11/1)	Qtr 4 17/18 (as at 6/3)	Target	RAG Rating	
Audits completed within planned time	71%	60%	88%	88%	83%	80%	G	↓
Average number of days from end of fieldwork to debrief meeting	17	15	11	12	9	20	G	↑
Average number of days from debrief meeting to the issue of draft report	5	14	2	2	3	5*	G	↓
Days for departments to return draft reports	10	11	7	5	7	7*	G	↓
Average number of days from response to issue of final report	1	2	2	3	2	2	G	↑
Total days from end of fieldwork to issue of final report	39	34	27	29	27	34	G	↑
Productive audit days	79%	74%	82%	73%	78%	75%	G	↑
Client questionnaires responses as satisfied	100%	100%	100%	100%	100%	95%	G	→
Return of Client Satisfaction Questionnaires	66%	75%	75%	50%	57%	80%	R	↑

Key					
R	Target Not Achieved	A	Within 20% of Target	G	Target Achieved
↑	Improving Trend	→	No Change	↓	Worsening Trend

### \* Changes to Performance Indicators

Following a review of the Internal Audit PI's at the end of the financial year, two target PI's have been changed to accurately reflect the time taken to complete key aspects of the audit process. There are:

**PI : Average number of days from debrief meeting to the issue of draft report.**

This target has been increased from 3 working days to 5 working days. This is to take into account the part time working arrangements in place within the Internal Audit Service

**PI : Days for departments to return draft reports**

This target has been increased from 3 working days to 7 working days. This increase in target is more a reflection of the detailed work undertaken and greater stakeholder involvement and should not be seen negatively.

## Internal Audit Operational Plan 2017/18

## Appendix H

Audit	Internal Audit Priority Rating	Status of Work	Proposed Quarter	Supporting Narrative
<b>Corporate</b>				
Income from Fees and Charges / Efficiency Savings	H		4	Start Date – March 2018
Use of Consultants	Advice & Consultancy	Complete	-	
Corporate Safeguarding	Advice & Consultancy	Ongoing	-	New to Plan – IAM a member of the Corporate Safeguarding Board
Corporate Governance	Annual	Ongoing	-	Member of the Corporate Governance Working Group
<b>Community &amp; Enterprise</b>				
Single Access Route to Housing (SARTH)	H	Complete	-	
Strategic Housing and Regeneration Project (SHARP)	H	In Progress	2	
Welsh Housing Quality Standard	H	Defer until 18/19	-	Defer due to WAO audit on WQHS
Housing Rent Arrears	M	In Progress	3	
Transient Travellers	M	Defer	-	Defer to 2018/19
Disabled Facilities Grant	C/F 16-17	Draft Report Stage	2	Carried forward into 17/18 as the request of the Service
Council Tax & NNDR	Annual	In progress	3	CRSA Issued
Housing Benefit	Annual	Draft Report Stage	3	CRSA Issued
<b>Education &amp; Youth</b>				
School Closure (John Summers High Schools)	H	Complete	-	
IT Procurement in schools	M	Draft Report stage	-	
School Uniform Grants	Grant Audit	Complete	-	New to plan – to validate the grant application process.
Education Grants: Professional Development Grant (PDG)	Annual	Complete	-	
Education Grants: Including Education Improvement Grant (EIG)	Annual	Complete	-	
Control and Risk Self-Assessment	Annual	Complete	-	
Risk based thematic reviews across all schools including central controls	Annual	Draft Report stage	-	

Audit	Internal Audit Priority Rating	Status of Work	Proposed Quarter	Supporting Narrative
<b>Governance</b>				
Joint Central Procurement Arrangement (Joint Review)	H	Draft report stage	2	This review will include aggregated spend
Procurement - Aggregated Spend (Joint Review)	H	Draft report stage	2	Combined within the above review
Procurement - Contract Monitoring (Joint Review)	H	Defer until 18/19	-	
Legal Case Management	M	In Progress	4	
Community Benefits	M	Defer	-	Defer until 2019/20
Information Security Policies	Advice & Consultancy	On going	-	New to Plan - request for IA involvement
Digitisation / Digital Strategy	Advice & Consultancy	On going	-	
Data Protection	Annual & C/F 16-17	Complete	-	To include work carried forward from 16/17. Additional work will be required in 17/18 due to new General Data Protection Rules (GDPR)
<b>Organisational Change 1</b>				
Post Transfer - Leisure, Libraries & Museum Services	H	Draft report stage	3/4	2017/18 review will focus on the strategic risks of the business.
ADM - Facility Services, Leisure & Libraries, Work Opportunities	Advice & Consultancy	Complete	-	Work on Aura and NEWydd complete.
Clwyd Theatre Cymru (CTC)	M	Defer	-	Defer to 2018/19
Libraries	M	Defer	-	Defer until next year given the SLA with Aura is 20 days
Future ADM : Bailey Hill, Museums & Archives and any emerging ADMs	Advice & Consultancy		Ongoing	
<b>Organisational Change 2</b>				
Community Asset Transfer - Holywell Swimming Pool	H	Complete	-	Mid November start
Post ADM Transfer - Facilities Services	H	In Progress	4	
County Hall Campus Working Group	Advice & Consultancy	On going	-	Attendance at
CCTV	M	Defer	-	Defer to 2019/20 once direction of service known
Community Asset Transfer - Contract Management - Connah's Quay Swimming Pool	M	Defer	-	Defer to 2019/20
Property Maintenance	M	Defer	-	Defer until 2018/19
Background checks	Advice & Consultancy	Complete	-	New to Plan

Audit	Internal Audit Priority Rating	Status of Work	Proposed Quarter	Supporting Narrative
Community Asset Transfer - New	Advice & Consultancy		Ongoing	
<b>People &amp; Resources</b>				
Working Time Regulations	H	Draft Report	3/4	
IR35 Compliance	H	In Progress	4	January start
Appraisals	M	Defer	-	Defer until 2018/19
Appraisals – Data integrity	New		4	New to Plan
Occupational Health Unit	New	Defer	-	Defer until 2018/19
Payroll	Annual	In Progress	4	
E-Teach (Supply Staff) – Payroll and Recruitment	Advice & Consultancy	Ongoing	Ongoing	
Method Statements Supporting MTFS	Advice & Consultancy	Complete	-	New to Plan – to review method statement calculations
Method statements supporting stages 2 & 3 of Budget Pressures	Advice & Consultancy	Complete	-	New to Plan – to review method statement supporting stages 2 & 3 of the budget pressures
Treasury Management	M	Draft Report Stage	3/4	
Main Accounting – Accounts Payable (AP) / P2P	Annual	In Progress	3/4	CRSA Issued
Main Accounting – Accounts Receivable (AR)	Annual	Draft Report Stage	3/4	CRSA Issued
Main Accounting – General Ledger (GL)	Annual	Draft Report Stage	3/4	
Collaborative Planning (CP)	Advice & Consultancy	Ongoing	Ongoing	
Masterpiece Migration & ADM Financial Solution Project	Advice & Consultancy	Ongoing	Ongoing	
Finance Modernisation Programme – AR	Advice & Consultancy	Ongoing	Ongoing	
Accounts Governance Group	Advice & Consultancy	Ongoing	Ongoing	
<b>Planning &amp; Environment</b>				
Greenfield Valley Heritage Park	H	In Progress	4	
Pollution Control	H	Complete	-	
Pest Control	M	Defer	-	Low priority
Section 106 Agreements – Follow Up	M		4	Start Date – March 2018
Planning Enforcement – Follow Up	M	18/19 Plan	4	Due April to report to Audit Committee June
Greenfield Valley Heritage Park – Fishing Ban	Advice & Consultancy	Complete	-	New to Plan
Section 106 Agreements	Advice & Consultancy	Ongoing	Ongoing	

Audit	Internal Audit Priority Rating	Status of Work	Proposed Quarter	Supporting Narrative
<b>Social Services</b>				
Social Services Financial Processes (Including Provider Payments)	Commissioned Work	Complete	-	
Commissioning and Contracts	H	Complete	-	
Safeguarding - Adults at Risk	H	In Progress	4	
Substance Misuse	M	Complete	-	
Deferred Payments on Properties	M	Defer	-	Defer to 2018/19
<b>Streetscene &amp; Transportation</b>				
Bereavement Services	H	Complete	-	
Integrated Transport Unit (ITU)	H	In Progress	3 / 4	
Highways - Cost Recovery	M	Defer	-	Defer to 2018/19
Regional Transport	M	Defer	-	Defer to 2018/19
Community Transport	M	Defer	-	Defer to 2019/20
Security of HRC Sites	Advice & Consultancy	Complete	-	New to Plan
Streetlighting Security	Advice & Consultancy	Complete	-	New to Plan
Solar Farm	Advice & Consultancy	Complete	-	New to Plan
ITU Procurement	Advice & Consultancy	Complete	-	New to Plan
Fleet Management	C/F 16-17	In Progress	4	At the request of the service department this review has been carried forward into 17/18
Accounting for Highways Assets Infrastructure	Advice & Consultancy	Ongoing	Ongoing	
ITU Project Working Group	Advice & Consultancy	Ongoing	Ongoing	
<b>External</b>				
Pensions Administration	Annual	In Progress	4	
North West Residual Waste Partnership	Advice & Consultancy	Ongoing	Ongoing	
<b>Investigations, Provisions and Developments</b>				
Investigations	Investigation	Ongoing	Ongoing	Two investigations – Appendix F
Proactive Fraud	Training	Complete	-	<ul style="list-style-type: none"> <li>Whistleblowing Training to Social Services</li> <li>Review of Counter Fraud Policies</li> </ul>
Audit Development : Control Risk Self-Assessment	Development	Complete	-	
Audit Development : Computer Assisted Audit Tools Techniques Software (CAATTs)	Development	In Progress	Ongoing	
Audit Development : Root Cause Analysis	Development	In progress	Ongoing	

**Glossary**

<b>Risk Based Audits</b>	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.
<b>Annual (System Based) Audits</b>	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.
<b>Advice &amp; Consultancy</b>	Participation in various projects and developments in order to ensure that controls are in place.
<b>VFM (Value For Money)</b>	Audits examining the efficiency, effectiveness and economy of the area under review.
<b>Follow Up</b>	Audits to follow up actions from previous reviews.
<b>New to Plan</b>	Audits added to the plan at the request of management. <b>All new audits to the plan are highlighted in red.</b>
<b>Audits to be Deferred</b>	Medium priority audits deferred in substitute for new higher priority reviews / advice. <b>These audits are highlighted in green within the plan.</b>

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## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 21 March 2018
<b>Report Subject</b>	Action Tracking
<b>Cabinet Member</b>	Not Applicable
<b>Report Author</b>	Internal Audit Manager
<b>Category</b>	Advisory

### EXECUTIVE SUMMARY

The report shows the action points from previous Audit Committee meetings and the progress made in completing them. The majority of the requested actions have been completed, with some still outstanding. They will be reported back to a future meeting.

### RECOMMENDATIONS

1	The Committee is requested to accept the report.
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### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE ACTION TRACKING REPORT</b>
1.01	<p>In previous meetings, requests for information, reports or actions 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.</p> <p>Full action tracking details within Appendix A.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None as a result of this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Action owners contacted to provide an update on their actions.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	None as a result of this report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – Action Points.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None.  <b>Contact Officer:</b> Lisa Brownbill, Internal Audit Manager <b>Telephone:</b> 01352 702231 <b>E-mail:</b> <a href="mailto:lisa.brownbill@flintshire.gov.uk">lisa.brownbill@flintshire.gov.uk</a>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	None.

**AUDIT COMMITTEE - ACTION SHEET**Presented Wednesday, 21<sup>st</sup> March 2018

15 <sup>th</sup> March 2017				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
56	IA Progress Report	To provide an update to audit committee once the police investigation has reached a conclusion	Lisa Brownbill	A verbal update will be provided at audit committee in March 2018.

19 <sup>th</sup> July 2017				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
20	Treasury Management Annual report 2016/17 and Update Q1 2017/18	To arrange Treasury Management training for all Members for early January 2018	Liz Thomas	All Member Treasury Management training held on 4 <sup>th</sup> December 2017. There were no major changes made to the Treasury Management Strategy 2018/19 and therefore no additional training required to that provided in December.

**22<sup>nd</sup> November 2017**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
34	Use of Consultancy	That the £25K threshold for Chief Executive approval of consultants is reviewed on an annual basis.	Colin Everett / Gareth Owens	This will be reviewed on an annual basis.
34	Use of Consultancy	That future annual reports include whether the list of consultants used for the period were local or national.	Colin Everett / Jo Pierce	This will be included as part of the annual report to committee in November 2018.
36	Joint Protocol between Internal Audit and WAO	Assurance mapping to give assurance of working arrangements between departments and other bodies.	Lisa Brownbill	This will be picked up as part of the assurance mapping exercise to be undertaken.

**24<sup>th</sup> January 2018**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
44	Treasury Management	To schedule an additional item on Treasury Management on the Forward Work Programme to give reassurance on the implementation of CIPFA guidance.	Liz Thomas	This has been included within the forward work programme for November 2018.
44	Treasury Management	To provide a response to Cllr Woolley's question on the means of repaying the £1.6m loan (para 1.16 of the report).	Liz Thomas	Response issued to Cllr Wooley on 15 <sup>th</sup> February 2018

24<sup>th</sup> January 2018

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
44	Treasury Management	To share with the Committee a list of the regulated financial institutions which have approved the classification of the Council's professional status under MiFID II - as part of the Treasury Management Practices and Schedules.	Liz Thomas	Information shared with Committee week commencing 05/03/18
46	Mid-Year Risk Report	That the Risk Management Policy and Strategy be brought to the next meeting to give assurance that this has been fully updated.	Karen Armstrong	Updated report to be presented to Audit March Committee
47	Code of Corporate Governance	To consider how best to present the draft AGS to the new membership of the Audit Committee.	Colin Everett / Gareth Owens / Karen Armstrong	Deliver a presentation to Audit Committee on the AGS, background, purpose and comparison to previous year.
50	IA Progress Report	That the report of the follow-up review of SARTH include details of any delays to ICT changes.	Lisa Brownbill	The Internal Audit Strategic Plan incorporates a follow up of SARTH which will include details of any delays to ICT changes.
52	Forward Work Programme	That the Committee receives information on 'amber red' final reports issued by Internal Audit (as well as red reports currently shared) including that on Pollution Control contained in this report.	Lisa Brownbill	The IA Progress report now includes a summary of those audits issued with 'amber red' assurance.
52	Forward Work Programme	To send the Self-Assessment questionnaires to the Committee for completion, with a copy of last year's responses for information.	Lisa Brownbill	Self-assessment forms sent to members on 25 <sup>th</sup> January 2018.

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## AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday, 21 March 2018
<b>Report Subject</b>	Forward Work Programme
<b>Cabinet Member</b>	Not Applicable
<b>Report Author</b>	Internal Audit Manager
<b>Category</b>	Advisory

### EXECUTIVE SUMMARY

The Audit Committee presents an opportunity for Members to determine the Forward Work programme of the Committee of which they are Members. By reviewing and prioritising the Forward Work Programme, Members are able to ensure it is Member-led and includes the right issues. A copy of the Forward Work Programme is attached at Appendix A for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for Audit Committee.

### RECOMMENDATION

1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Interim Internal Audit Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE FORWARD WORK PROGRAMME</b>
1.01	Items feed into a Committee's Forward Work Programme from a number of sources. Many items are standard every quarter, six months or annually, and Members can also suggest topics for review by the Committee. Items can also be referred by the Cabinet, County Council or Chief Officers.

1.02	<p>In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:</p> <ol style="list-style-type: none"> <li>1. Will the review contribute to the Council's priorities and/or objectives?</li> <li>2. Is it an area of major change or risk?</li> <li>3. Are there issues of concern in governance, risk management or internal control?</li> <li>4. Is it relevant to the financial statements or financial affairs of the Council?</li> <li>5. Is there new Government guidance or legislation?</li> <li>6. Is it prompted by the work carried out by Regulators/Internal Audit?</li> </ol>		
1.03	<p>Following consultation with the Chair and Vice Chair of the Committee, there has been some movement within the Forward Work Programme for March 2018. This is detailed within 1.04 of the report.</p>		
1.04	<b>Report</b>	<b>Reason for Movement</b>	<b>New Report Date</b>
	Update report on the Council's CPRs in relation to Contract Management	Since a report on Contract Management was presented at the January committee, this item has been removed from the Forward Work Programme.	N/A
	Risk Management Strategy	At the request of the committee in January, the revised Risk Management Strategy has been included onto the Forward Work Programme for March committee.	March 2018
	Annual Improvement report	Due to the timing of the meeting this report has been deferred until June 2018.	June 2018
	School Reserves – Annual Report on School Balances	The school balances for 2017-18 are not yet finalised, particularly with the uncertainty over the funding for schools which has only recently been resolved.	June 2018
	Audit Committee Self-Assessment	Defer until June and facilitate completion with Committee members.	June 2018

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None as a result of this report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Publication of this report constitutes consultation.



<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	None as a result of this report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A - Draft Forward Work Programme

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>None.</p> <p><b>Contact Officer:</b> Lisa Brownbill Internal Audit Manager</p> <p><b>Telephone:</b> 01352 702231</p> <p><b>E-mail:</b> <a href="mailto:lisa.brownbill@flintshire.gov.uk">lisa.brownbill@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
	<p><b>WAO, Wales Audit Office</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that the public bodies in Wales understand how to improve outcomes.</p> <p><b>PSIAS, Public Sector Internal Audit Requirements</b> A set of standards that all Internal Audit teams working in the public sector must comply with.</p>

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**AUDIT COMMITTEE - FORWARD WORK PROGRAMME 2017/18**Presented to Committee - Wednesday, 21<sup>st</sup> March 2018

Meeting Date	Agenda Item	Author
<b>21<sup>st</sup> March 2018</b>	Treasury Management 2017/18 Q4 Update Audit Plan (WAO) Certification of Grants and Returns Report (WAO) Risk Management Strategy Internal Audit Strategic Plan 2018/2021 Public Sector Internal Audit Standards Compliance Internal Audit Progress Report 2017/18 Audit Committee Action Tracking Forward Work Programme Private Meeting (WAO and Internal Audit)	Liz Thomas WAO Gary Ferguson Karen Armstrong Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
<b>June 2018</b>	School Reserves – Annual Report on School Balances	Clare Homard / Lucy Morris

Meeting Date	Agenda Item	Author
	Annual Improvement Report (WAO)	Karen Armstrong
	Risk Management Update	Karen Armstrong
	Annual Report on External Inspections	Karen Armstrong
	Draft Annual Governance Statement	Karen Armstrong
	Asset Disposals and Capital Receipts	Neal Cockerton
	Audit Committee Self-Assessment	Lisa Brownbill
	Internal Audit Annual Report	Lisa Brownbill
	Internal Audit Progress Report	Lisa Brownbill
	Follow Up Report Planning Enforcement	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
<b>July 2018</b>	Treasury Management 2018/19 Q1 Update and Annual Report 2017/18	Liz Thomas
	Supplementary Financial Information to Draft Statement of Accounts 2017/18	Liz Thomas
<b>September 2018</b>	Statement of Accounts 2017/18	Gary Ferguson
	Corporate Governance Report	Karen Armstrong

Meeting Date	Agenda Item	Author
	Annual Improvement Report Internal Audit Progress Report Audit Committee Action Tracking Forward Work Programme	Karen Armstrong Lisa Brownbill Lisa Brownbill Lisa Brownbill
<b>November 2018</b>	Treasury Management 2017/18 – Mid Year Report Use of Consultancy Report Financial Procedure Rule Internal Audit Progress Report Audit Committee Action Tracking Forward Work Programme	Liz Thomas Colin Everett Sara Dulson Lisa Brownbill Lisa Brownbill Lisa Brownbill
<b>January 2019</b>	Treasury Management 2017/18 Q3 Update and 2018/19 Strategy Risk Management update Corporate Governance Report Contract Management Annual Audit Letter	Liz Thomas Karen Armstrong Karen Armstrong Gareth Owens Gary Ferguson / Liz Thomas

Meeting Date	Agenda Item	Author
	Internal Audit Progress Report	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill