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To:

Councillors: Janet Axworthy, Geoff Collett, Chris Dolphin, Andy Dunbobbin, Patrick Heesom, Paul Johnson and Arnold Woolley

Co-opted Members:

Sally Ellis and Allan Rainford

12 November 2020

Dear Sir/Madam

NOTICE OF REMOTE MEETING
AUDIT COMMITTEE
WEDNESDAY, 18TH NOVEMBER, 2020 at 10.00 AM

*** Please note that there will be a five minute briefing session on National Safeguarding Week (16-20 November) commencing at 9.55am immediately prior to the start of this meeting.**

Yours faithfully

Robert Robins
Democratic Services Manager

Please note: Due to the current restrictions on travel and the requirement for physical distancing, this meeting will not be held at its usual location. This will be a remote meeting and 'attendance' will be restricted to Committee Members. The meeting will be recorded.

If you have any queries regarding this, please contact a member of the Democratic Services Team on 01352 702345.

A G E N D A

1 **APPOINTMENT OF CHAIR**

Purpose: To appoint a Chair for the Committee.

2 **APPOINTMENT OF VICE-CHAIR**

Purpose: To appoint a Vice-Chair for the Committee.

3 **APOLOGIES**

Purpose: To receive any apologies.

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

Purpose: To receive any Declarations and advise Members accordingly.

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

Purpose: To confirm as a correct record the minutes of the meeting on 9 September 2020.

6 **EMERGENCY SITUATION BRIEFING (VERBAL)**

Purpose: To update on the latest position and the risks and implications for Flintshire and service and business continuity.

7 **SCHOOL RESERVE BALANCES YEAR ENDING 31 MARCH 2020** (Pages 15 - 32)

Report of Chief Officer (Education and Youth) - Leader of the Council and Cabinet Member for Education

Purpose: To report the level of school balances to Audit Committee and to highlight the risks and internal processes associated with schools in deficit.

8 **ASSET DISPOSAL AND CAPITAL RECEIPTS GENERATED 2019/20** (Pages 33 - 40)

Report of Chief Officer (Housing and Assets) - Cabinet Member for Corporate Management and Assets

Purpose: To inform Members of the 2019/20 asset disposals.

9 **TREASURY MANAGEMENT MID-YEAR REVIEW 2020/21 AND QUARTER 2 UPDATE** (Pages 41 - 66)

Report of Corporate Finance Manager -

Purpose: To present to Members the draft Treasury Management Mid-Year Review 1st April - 30th September 2020 for comments and recommendations for approval to Cabinet.

10 **RISK MANAGEMENT FRAMEWORK** (Pages 67 - 82)

Report of Chief Executive -

Purpose: To report progress on the implementation of the updated risk management framework.

11 **APPROACH TO THE 2020/21 ANNUAL GOVERNANCE STATEMENT** (Pages 83 - 122)

Report of Chief Officer (Governance) -

Purpose: To set out the process for Member involvement on the Annual Governance Statement 2020/21.

12 **AUDIT COMMITTEE ANNUAL REPORT** (Pages 123 - 162)

Report of Chair of Audit Committee -

Purpose: To report to Members details of the activities of the Audit Committee during 2019/20.

13 **INTERNAL AUDIT PROGRESS REPORT** (Pages 163 - 212)

Report of Internal Audit Manager -

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

14 **AUDIT COMMITTEE ACTION TRACKING** (Pages 213 - 218)

Report of Internal Audit Manager -

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

15 **FORWARD WORK PROGRAMME** (Pages 219 - 226)

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.

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AUDIT COMMITTEE **9 SEPTEMBER 2020**

Minutes of the meeting of the Audit Committee of Flintshire County Council held as a remote attendance meeting on Wednesday, 9 September 2020

PRESENT: Councillor Chris Dolphin (Chairman)

Councillors: Janet Axworthy, Andy Dunbobbin, Councillor Heesom, Paul Johnson and Arnold Woolley

Co-opted members: Sally Ellis and Allan Rainford

SUBSTITUTE: Councillor Joe Johnson (for Geoff Collett)

IN ATTENDANCE:

Councillor Glyn Banks (Cabinet Member for Finance), Billy Mullin (Cabinet Member for Corporate Management and Assets), Chief Executive, Chief Officer (Governance), Corporate Finance Manager, Internal Audit Manager, Interim Finance Manager (Technical Accounting), Principal Accountant, Overview & Scrutiny Facilitator and Democratic Services Officer

Gwilym Bury and Mike Whiteley of Audit Wales (formerly Wales Audit Office)

68. SUBSTITUTION

In accordance with Constitutional requirements, the Committee agreed to allow Councillor Joe Johnson (who had undertaken the requisite training) to substitute for Councillor Collett.

RESOLVED:

That Councillor Joe Johnson be permitted as a substitute for the meeting.

69. DECLARATIONS OF INTEREST

As a Board member of NEW Homes, Councillor Axworthy declared a personal interest on the Statement of Accounts (agenda item 4).

70. MINUTES

The minutes of the meeting held on 23 July 2020 were approved, as moved by Councillor Dunbobbin and seconded by Allan Rainford.

Minute 64: Councillor Heesom endorsed the comments on plans to increase Member engagement on the Annual Governance Statement for 2020/21. A report on this process would be received at the next meeting.

RESOLVED:

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

71. VARIATION IN ORDER OF BUSINESS

The Chairman indicated that there would be a slight change in the order of business to consider agenda item 5 (Audit Plan 2020) before item 4 (Statement of Accounts). The remainder of the items would be considered in the order shown on the agenda.

72. WALES AUDIT OFFICE (WAO) AUDIT PLAN 2020

The Corporate Finance Manager introduced the Wales Audit Office Audit Plan for 2020 which set out the arrangements and responsibilities for proposed audit work for the Council during the year. Although the report had been issued in March, it had not been possible to present it to the Committee due to the emergency situation.

Mike Whiteley of Audit Wales (AW) advised that since issuing the report, a number of risks had been updated and communicated to the Council, a copy of which could be shared upon request. Those on the financial audit related to the increased use of accounting estimates and greater focus on Council procedures for closure of the accounts, however no such issues had arisen. Despite a delay to the planned date for the audit opinion on the accounts, it was confirmed that the statutory deadline would be met and that no issues had arisen from the audit that could compromise that. The introduction of the new standard on IFRS16 Leases was no longer a risk as implementation had been deferred. Work undertaken prior to that stage found that the Council had made good progress in presenting its findings.

In presenting the performance audit programme, Gwilym Bury said that the Auditor General had set out the approach to audit work during the emergency situation. He described the Council's engagement with AW during the period as 'exemplar' and praised the approach taken to dealing with the pandemic. AW had recently issued a letter to the Council summarising the work undertaken during the period and its intention to progress other areas of audit work in the Plan as normal operations resumed.

In response to a question from Allan Rainford, Gwilym Bury advised that the aim was to complete all audit work in the Plan by April 2021 where possible, and that was no impact on fees. He commended the Council for its engagement with AW and proactive approach during the year.

The Chief Executive thanked AW colleagues for their positive comments.

RESOLVED:

That the Wales Audit Office report be noted.

73. STATEMENT OF ACCOUNTS 2019/20

The Corporate Finance Manager presented the final version of the Statement of Accounts 2019/20 incorporating changes agreed with Audit Wales (AW) during the course of the audit. Having received the draft accounts for information in July, the Committee was asked to approve the final version incorporating updated information on emergency grant funding following confirmation by Welsh Government (WG) as follows:

- COVID-19 Income loss funding of £78m - since clarified for the period April to June 2020.
- An additional £264m to support councils in Wales - details to be confirmed.
- A revised figure of £31.3m of business support grant payments made by the Council with applied rate relief of £16.2m.

On the findings of the AW report, the Corporate Finance Manager said it was reassuring that note that the statements had been produced to a good standard within the timescale, despite the challenges arising from the emergency situation. In addition, he was pleased to report that the Council was on track to publish the accounts within the statutory deadline. He expressed his thanks to Paul Vaughan, John Richards, Liz Thomas and the team for their work in reaching this position and reminded the Committee that the Clwyd Pension Fund accounts were subject to a separate approval process. He went on to comment on the significant challenges of an earlier timetable for the 2020/21 accounts on which work had already commenced.

In highlighting key areas of the report, Mike Whiteley of AW praised the Finance team for their responsiveness during the audit and the manner in which they had collated the accounts to the usual high standard under significantly challenging circumstances. The report reflected the impact of the pandemic on the audit which required adapting to a different way of working and acknowledged the positive working relationship with Council officers to resolve queries promptly throughout the process. The inclusion of an 'Emphasis of Matter' drew attention to uncertainties arising from the emergency situation on two areas, which did not alter the unqualified (clean) opinion to be given on the group accounts.

Allan Rainford expressed his gratitude to the Finance team for their work on the accounts. He referred to the correction on Note 10 on assets held for sale and said that this could be referred to as a presentational issue as there was no impact on the balance sheet. Mike Whiteley provided clarification on the lack of review of asset lives of Council buildings during the valuation process, confirming that whilst this did not lead to a material misstatement, arrangements were being made to resolve the matter for 2020/21.

Following a question by the Chairman, the Chief Executive provided clarification on the integrated community equipment service located at Hawarden.

When asked by Sally Ellis about the impact of remote working, Mike Whiteley gave examples of alternative methods used during the audit process and confirmed that there were no restrictions on the level of assurance from the items tested.

Councillor Banks took the opportunity to thank the Council's officers and AW colleagues for all their work on the audit. In response to a comment on involvement by the Committee on the Annual Governance Statement, the Chief Officer (Governance) confirmed that a report on the process for next year would be received at the next meeting.

The recommendations in the report, subject to the changes outlined by the Corporate Finance Manager, were supported by the Committee.

RESOLVED:

- (a) That the final version of the Statement of Accounts 201/20 be approved, incorporating the updated position on emergency grant funding;
- (b) That the Audit Wales report 'Audit of the Financial Statements - Flintshire County Council' be noted; and
- (c) That the Letter of Representation be approved.

74. CERTIFICATION OF GRANTS AND RETURNS 2018/19

The Corporate Finance Manager presented the Wales Audit Office annual report on grant claim certification for the year ending 31 March 2019. The report had been deferred from the March meeting due to the emergency situation.

Of the overall grants total of £148m, the £44,320 net adjustment to claims was a relatively small proportion and did not result in any financial loss. Whilst the findings did not present a major risk to performance, improvements had been identified within some services and an action plan had been put in place. It was reported that all actions had now been completed and that officers were working with Audit Wales (AW) colleagues to further improve the quality of claims and ensure the adequacy of processes to support the 2019/20 audit.

In welcoming the implementation of actions, Mike Whiteley said that AW would continue to engage with the officers preparing the claims. A refresh of external audit priorities by Welsh Government (WG) meant that AW would be auditing only three grant claims for 2019/20 on housing benefit, non-domestic rates and teachers' pension returns.

Allan Rainford sought clarification on the five certified claims which had been submitted late by AW. Mike Whiteley explained that these were not significant delays and were due to various factors, mainly the complexity of queries and change of officers within the Council's services. He was pleased to report that post-learning engagement with the Council had resulted in improvements being made to prevent further delays.

The recommendation in the report was supported by the Committee.

RESOLVED:

That the content of the Grant Claim Certification report for 2018/19 be noted.

75. EXTERNAL REGULATION ASSURANCE

The Chief Executive presented the summary report to give assurance that reports from external regulators and inspectors in 2018/19 had been considered in accordance with the agreed internal reporting protocol and that actions had been taken in response to recommendations. The report had been deferred from the start of the emergency situation.

Information on reports submitted by Audit Wales (formerly Wales Audit Office) during the period showed that actions were either green (on track/completed) or amber (on track but within acceptable limits, mainly long-term) with no significant issues or risks identified.

Sally Ellis asked about monitoring progress of actions in response to recommendations specifically on the Local Government use of data local report. The Chief Executive said that these formed part of business planning, such as the development of the Recovery Strategy. The Chief Officer (Governance) gave examples on data management relating to the Information Management Strategy, General Data Protection Regulation (GDPR) and Digital Strategy. Further examples were given on the use of data to improve services for individuals who were 'shielding' during the pandemic and to target younger people who were eligible to vote in the forthcoming Elections.

The recommendation in the report was supported by the Committee.

RESOLVED:

That the Committee is assured over the Council's response to pieces of external regulation work.

76. PUBLIC SECTOR INTERNAL AUDIT STANDARDS

Prior to the item, the Chief Executive took the opportunity to formally thank the Internal Audit Manager for her valued work on the Test, Trace & Protect programme.

The Internal Audit Manager presented the results of the annual assessment of conformance with the Public Sector Internal Audit Standards (PSIAS). The outcome of the internal self-assessment for 2019/20 and the external assessment undertaken for 2016/17 indicated that the service conformed with the standards in all significant areas and operated independently and objectively. Actions on the previous assessment had been completed apart from two (partly complete) and two (ongoing); one of which was a requirement of the Standards and the

remainder put in place as additional actions to improve the operation of the service.

In response to a question from Sally Ellis, the Internal Audit Manager confirmed that actions on the area of non-conformance as part of the external assessment had been completed and implemented.

Allan Rainford sought clarification on the process for appraisals and training within the Internal Audit team. The Internal Audit Manager provided information on various elements of the training programme, including competencies and targeting areas for enhanced learning. Whilst a benchmarking exercise with other councils in Wales had not been possible this year, the results of future findings would be included in the annual update to the Committee.

Councillor Paul Johnson referred to the suggestion in the standards for the Chair of the Audit Committee to feed into the performance appraisal of the Internal Audit Manager. Officers explained that the reporting structure in place achieved partial compliance as it was considered appropriate and allowed flexibility to enable the Chair to feedback more regularly on the Internal Audit function.

Councillor Axworthy proposed that the Committee record its thanks to officers and Audit Wales colleagues for their extraordinary work over the emergency period.

The recommendation in the report was moved and seconded by Councillors Paul Johnson and Andy Dunbobbin.

RESOLVED:

- (a) That the report be noted; and
- (b) That the Committee formally thanks officers and Audit Wales colleagues for their extraordinary work over the emergency period.

77. INTERNAL AUDIT STRATEGIC PLAN

The Internal Audit Manager presented the three year Internal Audit Strategic Plan for 2020-2023. The usual approach to developing the Plan was detailed, including an assurance mapping exercise, changes in legislation and consultation with Chief Officers.

Earlier in the year, the Plan had been put on hold to enable the Council to manage its response to the emergency situation which included the deployment of some Internal Audit resources to support that work. In the recovery stage, the Plan had been reviewed to re-prioritise audits and take account of the emergency management assurance and response to the recovery of risk registers as well as the impact on resources. The review identified some audits based on new risks arising from the emergency situation and also reflected upon work carried out by the Internal Audit team during that period.

Sally Ellis raised queries on the effectiveness of undertaking audit work remotely and the impact of reduced resources. She also commented on the risk management framework that was due to be shared before the pandemic. The Internal Audit Manager reported that alternative ways of working to engage with teams and capture data on risk registers and method statements were working well and would help inform the internal control environment. She confirmed that the revised Plan for the remainder of 2020/21 was based on available resources and that the appointment of a Principal Auditor had strengthened capacity. She gave assurance that her independence was not compromised by her role in the regional Test, Trace and Protect programme which would be externally audited.

Allan Rainford and Councillor Paul Johnson both raised concerns on capacity to deliver the Audit Plan within timescale. The Internal Audit Manager was confident that current resources were sufficient and would be kept under review to deliver the Plan for this year. She gave assurance that audits deferred to next year would be subject to review.

The Chief Executive reiterated the commitment that Internal Audit resources would not be reduced at any time in the future without first consulting the Audit Committee. He spoke about the need to focus on priorities and said that contributions on advisory meetings and tactical groups throughout the emergency period had been valued.

The recommendations in the report were moved and seconded by Councillors Andy Dunbobbins and Paul Johnson.

RESOLVED:

That the Flintshire Internal Audit Strategic Plan 2020-2023 be approved.

78. INTERNAL AUDIT ANNUAL REPORT

The Internal Audit Manager presented the report which summarised the outcome of audit work undertaken during 2019/20, compliance with standards and the results of the quality assurance and improvement programme. Based on the work undertaken, the audit opinion was that the Council had an adequate and effective framework of governance, risk management and internal control.

In reaching her opinion, the Internal Audit Manager had taken into consideration a number of factors including the yearly reduction of limited (red) assurance reports with only one such report issued during the year. Prior to the emergency situation, 55% of opinions issued during the year were either green or amber/green assurance. Amongst the key areas highlighted were the level of audit coverage during the year and overall position of assurance opinions and actions raised across portfolios.

The recommendation in the report was moved and seconded by Councillors Paul Johnson and Janet Axworthy.

RESOLVED:

That the report and Internal Audit annual opinion be noted.

79. QUARTERLY UPDATE ON THE RESPONSE TO THE PANDEMIC

The Chief Executive presented the quarterly update on the Council's continued management of the emergency response caused by the Covid-19 pandemic to give assurance to the Committee, as previously requested. An interim assurance letter from Audit Wales was also shared in support of the Council's approach to recovery.

An overview was given on progress under the headings of risk management, service resumption, the control environment and restoration of democratic governance. In response to Sally Ellis' earlier comment on risk management, detailed risk registers with mitigation tables shared with the Committee were being regularly updated and would be considered by Overview & Scrutiny committees later in the month. The Chief Executive commended the degree of escalation on this approach. He outlined reporting arrangements for the Recovery Strategy, which had been developed through the Member Recovery Board, and said that presentation slides from the forthcoming Cabinet meeting and updated risk registers would be shared with the Audit Committee when available. Overview & Scrutiny committees would receive a verbal update on the recovery phase and associated risks throughout the winter period.

Sally Ellis thanked officers for the comprehensive risk registers and mitigating action plans. She sought assurance that robust arrangements were in place to scrutinise and monitor progress on risks once all committees had resumed later in the month. The Chief Executive said that he would attend initial Overview & Scrutiny committees on risk management, along with the relevant Chief Officers and Cabinet Members who regularly attended. He spoke about the quality of risk registers and the transparent reporting mechanism which fed into Cabinet and Overview & Scrutiny. On skills, he spoke about the risk management experience of Overview & Scrutiny Committees in their respective portfolios.

Councillor Heesom highlighted the importance of elected Member involvement, particularly those without seats on committees.

The Chief Executive agreed and said that restoration of democratic governance and all-Member briefings held in advance of Council meetings would help to promote that.

The recommendation in the report was moved by Councillors Patrick Heesom and Joe Johnson.

RESOLVED:

That the Committee is assured by the arrangements in place for the emergency response and recovery phases.

80. ACTION TRACKING

The Internal Audit Manager presented an update on progress with actions arising from previous meetings. Most had been completed apart from plans to increase Member involvement on which a report would be received at the next meeting.

Councillor Heesom's proposal that the report be supported, rather than accepted, was seconded by Councillor Paul Johnson.

RESOLVED:

That the report be supported.

81. FORWARD WORK PROGRAMME

In presenting the current Forward Work Programme for consideration, the Internal Audit Manager detailed the changes which had been made as a result of the cancellation of the March meeting at the start of the emergency period.

The recommendations in the report were moved and seconded by Councillor Dunbobbin and Allan Rainford.

RESOLVED:

- (a) That the Forward Work Programme, as amended, be accepted; 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.

82. ATTENDANCE BY MEMBERS OF THE PRESS

There were no members of the press in attendance.

The meeting commenced at 10.05am and finished at 11.55am

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Chairman

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AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 November 2020
Report Subject	School Reserve Balances Year Ending 31 March 2020 and Protocol for Schools In Financial Difficulty.
Cabinet Member	Leader of the Council and Cabinet Member for Education
Report Author	Chief Officer, Education & Youth
Type of Report	Operational

EXECUTIVE SUMMARY

There continues to be pressure on school budgets demonstrated by reducing school reserves. The overall level of reserves held by Flintshire schools was £0.112m at 31 March 2020, a decrease of £1.241m (92%) compared with the previous year.

Managing the financial situation during the current financial year will be very challenging for Headteachers and Governors which will be exacerbated by uncertainties associated with the Covid 19 situation.

Overall secondary schools net deficit position increased by £0.639m (44%). There was also a significant reduction in primary balances of £0.663 (26%). Specialist school balances increased by £0.061m.

A summary of the position at the end of March 2020 is shown in table 1 below.

Table 1

School Sector	2019-20 Schools Delegated Budget	March 2020 Balance surplus/ (deficit)	March 2019 Balance surplus/ (deficit)	Change Between Years
	£'m	£'m	£'m	£'m
Primary	47.633	1.920	2.583	(0.663)
Secondary	42.171	(2.094)	(1.455)	(0.639)
Specialist	3.827	0.286	0.225	0.061
Overall Totals	93.631	0.112	1.353	(1.241)

RECOMMENDATIONS

1	Members are requested to note the school reserve balances as at the 31 March 2020.
2	Members are requested to note the changes to the Protocol for Schools in Financial Difficulty.

REPORT DETAILS

1.00	EXPLAINING SCHOOL BALANCES
1.01	The analysis of reserve balances for each school in Flintshire at the end of March 2020 is shown at appendix 1.
1.02	<p>Secondary Schools</p> <p>Secondary school budgets continue to be under significant pressure. At the end of the financial year six of Flintshire's 11 secondary schools had deficits amounting to £2.315m. Deficits ranged from £0.012m to £0.776m.</p> <p>Of particular concern are St David's High School with a deficit of £0.776m and Ysgol Treffynnon with a deficit of £0.761m. Both schools are forecasting a worsening financial position in future years with little expectation of being able to recover the deficits. In line with the Protocol for Schools in Financial Difficulty school support and challenge meetings have been held and both schools were invited to a Financial Performance Monitoring Group (FPMG) meeting with senior members and officers and GwE representatives.</p> <p>In general, the financial resilience of the secondary school sector in Flintshire is of concern. The level of reserves held by secondary schools with positive balances was only 0.4% of budget.</p> <p>There are a number of factors which have contributed to the current financial position.</p> <ul style="list-style-type: none">• The ongoing austerity measures over recent years have resulted in schools having to absorb inflationary increases in pay, pension and NI increases.• Demographic changes in the distribution of pupils across the primary and secondary sectors. In recent years, secondary pupil numbers have been declining whilst primary pupil numbers have been increasing and this has resulted in a redistribution of funding between sectors. However, this trend is now reversing and pupil numbers in the secondary sector are now increasing which will have a positive financial impact on the secondary sector going forward.• Smaller secondary schools with increasing deficits elicits the question as to whether the funding formula provides sufficient

	<p>resource for schools to operate sustainably. St David's pupil numbers for September are estimated at 350 and Treffynnon 477.</p> <ul style="list-style-type: none"> As part of the response to the Estyn recommendation initial work was conducted with secondary schools to review the funding formula. However, without additional funding for schools a revision to the current formula would not be feasible.
1.03	<p>Primary Schools</p> <p>Primary balances in Flintshire decreased by £0.663m. In previous years, primary balances have held up well despite the continuing pressure of austerity measures and this has offset the worsening position of secondary schools. As referred to in 1.02 above, demographic changes mean that primary pupil numbers are forecast to reduce and this will create challenges for Primary Headteachers in managing their budgets in future years.</p> <p>At the end of the financial year there were nine primary schools with deficit balances totalling £0.227m compared with six primary schools with total deficits of £0.121m in the previous year.</p> <p>There were 16 primary schools with balances greater than £50k. This compares with 21 schools in the previous year, two primary schools had balances over £100k compared with four schools in the previous year.</p>
1.04	<p>Surplus Balances</p> <p>The School Funding (Wales) Regulations 2010 require Authorities to have the following provisions in their Scheme for Financing Schools:</p> <p>The use that a governing body proposes to make of a surplus in the school balance which exceeds 5% of the school budget share or £10,000, whichever is the greater.</p> <p>A provision under which–</p> <p>(a) the authority may direct the governing body as to how to spend a surplus in the school balance for a funding period, if–</p> <p>(i) in the case of a primary school the surplus is £50,000 or more, and</p> <p>(ii) in the case of a secondary school or a special school the surplus is £100,000 or more;</p> <p>(b) the authority may, if the governing body do not comply with such a direction, require the governing body to pay all or part of that surplus to the authority to be applied as part of their schools budget for the funding period in question.</p> <p>In accordance with the Regulations, the Authority's Scheme for Financing Schools requires a spending plan from schools as to the use that the governing body proposes to make of a school balance which exceeds the limits specified. The plans are scrutinised by the Schools Accounting Team and submitted to the Portfolio Management Team for their review and approval.</p>

1.05	<p>Deficit Balances</p> <p>In response to the worsening financial position of some secondary schools and the recommendation made by Estyn (see below) the Education & Youth Portfolio developed a Protocol for Schools in Financial Difficulty which was finalised and issued to schools in October 2019 and provides a framework for schools to apply to the Authority for a licenced deficit.</p> <p><i>Estyn Inspection of Local Government Education Services – June 2019 stated the following:</i></p> <p><i>‘The local authority’s allocation of resources to its education services and schools reflects the high priority given to education in the corporate plan. However, the local authority has allowed a small number of schools to carry a financial deficit balance for too long’.</i></p> <p>The Protocol provides a framework for the Council to give an appropriate level of challenge and support to help them schools in financial difficulty set a balanced budget. If this is not achievable the Council will support schools in preparing a recovery plan that sets out the action the school will take to achieve a sustainable financial position over an agreed period of time.</p>
1.06	<p>Flintshire Internal Audit Service conducted an advisory review of the Protocol in March and there will be a full internal audit conducted of the Licenced deficit process in 2020/21. The recommendations of the advisory review were as follows:</p> <ol style="list-style-type: none"> 1. The Protocol does not specifically state that Governors have no legal right to set a deficit budget without the consent of the Council and must not presume that such consent will be granted. Inclusion of such a statement in the Protocol would ensure clarity and consistency of messaging between the Protocol and the Scheme for Financing Schools. 2. The step-by-step procedure for applying for a deficit does not include clear timescales of the process. With the only defined dates being when the original budget plan is to be submitted. A timeline which includes deadlines for different steps of the application would provide clear guidance on what is expected by the school and what to expect from the Council. 3. It would be useful for the protocol to include some further information or signposting around sound financial management and polices which the schools should be using to effectively manage their financial responsibilities. This could further help prevent deficits arising. It would also be useful to include a list of the training which is available to schools on financial management. 4. An appendix which includes examples of how the application and recovery plan should be completed would be helpful, or alternatively

	<p>information on the level of detail required for approval of the deficit budget by the Council.</p> <p>Work is ongoing to address these recommendations and the protocol has been updated to reflect recommendations 1 and 2. This is attached at Appendix 2.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	The impact of continuing austerity measures on the financial resilience of schools is an area of concern.

3.00	RISK MANAGEMENT
3.01	As funding levels to schools decrease as a consequence of the austerity measures facing local government, there is a risk that more schools will slip into a deficit position. The Schools Accounting Team have developed a risk rating process to identify schools where the financial position is a cause for concern so that they can target their support.
3.02	To balance budgets schools may need to review their staffing structures which may result in redundancies.
3.03	Continued pressure on school finances may result in increased class sizes, a reduced curriculum and falling standards.
3.04	There may be an adverse financial impact arising due the Covid-19 pandemic and schools attention will be focused on delivery of education during this crisis.
3.05	Schools deficits are funded by the overall collective balances of schools, however there is a risk that the level of deficits will exceed the positive balances. This means that the Authority will have to consider how net deficit school budgets are funded.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	<p>A report on school balances was submitted to the Flintshire Schools Budget Forum held in September and circulated to all Headteachers.</p> <p>This report will be submitted to the Audit Committee.</p>

5.00	APPENDICES
5.01	APPENDIX 1 – Final School Balances 2019-20 APPENDIX 2 - Protocol for Schools in Financial Difficulty

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Lucy Morris, Schools Finance Manager Telephone: 01352 704016 E-mail: Lucy.morris@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	School Reserves Reserves are sums of money that schools carry forward from one year to the next. They arise from underspends and overspends against school allocations over time. Schools are responsible for managing their own finances. The level of reserves held by an individual school will depend on a number of factors. These will include the timing of receipt of income and of payments, and the level of contingency fund the school governing body considers appropriate and the particular plans each school has for expenditure.
	Estyn Her Majesty's Inspectorate for Education and Training in Wales.
	Flintshire County Council's Scheme for Financing Schools The Scheme defines the financial relationship between Flintshire County Council and its maintained schools. The Scheme details the financial management arrangements to which the Authority and its schools are required to adhere. The framework for this Scheme is based on legislative provisions contained in sections 45-53 of the School Standards and Framework Act, 1998 and as further detailed in The School Funding (Wales) Regulations 2010.

Code	School	Delegated budget 2019/20*	2019/20 year end balances	% of budget	2018/19 year end balances	Change between years
123	Brynford	342,428	5,342	1.6%	21,667	-16,325
125	Westwood	802,349	7,775	1.0%	31,670	-23,895
127	Southdown	1,244,614	37,155	3.0%	22,140	15,015
129	Mountain Lane	1,379,217	41,372	3.0%	81,965	-40,592
134	Ysgol Y Esgob	276,805	22,144	8.0%	22,104	40
135	Carmel	651,129	18,157	2.8%	39,487	-21,330
145	Ysgol Y Foel	233,845	4,061	1.7%	4,213	-152
151	Ysgol Parc Y Llan	447,988	28,668	6.4%	28,059	609
156	Bryn Deva	1,026,176	53,136	5.2%	77,197	-24,061
159	Golftyn	1,351,448	49,242	3.6%	73,811	-24,569
161	Wepre	1,111,319	72,831	6.6%	93,907	-21,076
162	Cae'r Nant	1,213,573	62,729	5.2%	79,284	-16,556
175	Drury	536,583	(17,971)	-3.3%	(25,140)	7,170
181	Ewloe Green	1,197,297	111,815	9.3%	75,386	36,430
185	Bryn Garth	393,581	18,214	4.6%	21,282	-3,068
186	Cornist Park	1,022,668	33,631	3.3%	99,161	-65,530
187	Ysgol Croes Atti	695,845	3,315	0.5%	(26,046)	29,361
188	Gwynedd	1,689,428	69,321	4.1%	115,417	-46,096
189	St Mary's	906,103	141,306	15.6%	160,492	-19,186
201	Greenfield	951,789	59,085	6.2%	42,369	16,716
202	Gronant	297,183	52,834	17.8%	6,971	45,863
203	Gwernaffield	386,891	68,820	17.8%	86,761	-17,941
204	Gwernymynydd	319,574	31,971	10.0%	53,612	-21,641
209	Ysgol Gymraeg Mornant	232,101	17,681	7.6%	45,739	-28,059
215	Hawarden Village	1,357,814	30,005	2.2%	86,635	-56,630
218	Penarlag	652,255	7,889	1.2%	34,862	-26,974
221	Ysgol Derwen	655,832	43,928	6.7%	59,047	-15,119
225	St Winefride's	641,134	(16,366)	-2.6%	(3,127)	-13,239
226	Ysgol Gwenffrwd	644,414	83,127	12.9%	64,903	18,224
227	Ysgol Estyn	763,666	21,984	2.9%	14,312	7,672
245	Leeswood	484,582	(10,377)	-2.1%	4,447	-14,824
246	Lixwm	280,920	14,248	5.1%	22,183	-7,936
287	Ysgol Glanrafon	1,090,989	24,741	2.3%	47,906	-23,166
288	Bryn Coch	2,151,513	(89,691)	-4.2%	(16,987)	-72,704
289	Bryn Gwalia	663,154	83,502	12.6%	88,532	-5,030
291	St David's	344,578	14,312	4.2%	14,996	-684
292	Ysgol Bryn Pennant	502,045	30,743	6.1%	24,371	6,372
301	Nannerch	241,944	(17,638)	-7.3%	12,807	-30,445
302	Nercwys	209,144	17,808	8.5%	21,940	-4,132
305	Ysgol Owen Jones	471,767	2,694	0.6%	33,836	-31,142
306	Northop Hall	675,652	69,603	10.3%	57,496	12,107
327	Penyfford Primary	954,632	97,465	10.2%	110,148	-12,683
331	Pentrobin Aided School	447,526	(375)	-0.1%	5,278	-5,653
344	Queensferry	632,476	35,926	5.7%	18,184	17,742
355	Ysgol Rhos Helyg	535,124	54,168	10.1%	33,216	20,952
381	St Anthony's	479,784	16,115	3.4%	17,164	-1,049
382	Saltney Ferry	525,883	18,072	3.4%	30,194	-12,122
383	Wood Memorial	638,259	16,506	2.6%	29,391	-12,885
384	Sandycroft	1,172,329	18,074	1.5%	21,243	-3,170
385	Sealand	726,430	42,688	5.9%	21,602	21,086
386	St Ethelwold's	408,312	13,412	3.3%	8,224	5,188
389	Venerable Edward Morgan	885,894	91,883	10.4%	101,972	-10,089
391	Ty Fynnon	1,113,010	35,806	3.2%	50,253	-14,447
394	Sychdyn	617,861	27,901	4.5%	42,622	-14,721
406	Trelawnyd	336,665	60,823	18.1%	68,085	-7,262
407	Trelogan	335,578	42,316	12.6%	14,948	27,368
409	Ysgol Terrig	269,993	(8,057)	-3.0%	18,875	-26,931
421	Whitford	403,469	4,961	1.2%	24,785	-19,824
422	Abermorddu	697,643	(2,201)	-0.3%	34,223	-36,424
423	Glan Aber	505,992	44,756	8.8%	71,106	-26,351
424	Ysgol Merilyn	585,550	(63,933)	-10.9%	(32,344)	-31,589
425	Broughton Primary	1,720,776	21,495	1.2%	26,697	-5,202
426	Ysgol Mynydd Isa	2,000,319	24,116	1.2%	10,427	13,688
428	Ysgol Maes Y Felin	1,097,838	24,895	2.3%	57,019	-32,125
	Deficits		226,608		103,644	122,964
	Surplus		1,693,348		2,686,627	993,279
	Net	47,632,678	1,919,956	4.0%	2,582,983	663,026

503	Elfed High School	3,819,221	(43,187)	-1.1%	198,622	-241,810
509	Connah's Quay High School	4,491,360	124,042	2.8%	(34,477)	158,520
515	Flint High School	3,763,533	32,031	0.9%	55,680	-23,649
517	St. Richard Gwyn	3,250,533	(542,265)	-16.7%	(508,276)	-33,989
521	Hawarden High School	4,829,037	45,408	0.9%	47,808	-2,400
523	Ysgol Trefynnon	2,367,518	(761,298)	-32.2%	(646,173)	-115,125
525	Castell Alun High School	5,698,472	1,072	0.0%	(8,674)	9,746
529	Alun High School	6,598,362	18,624	0.3%	122,466	-103,842
531	Maes Garmon	2,743,703	(180,110)	-6.6%	(173,177)	-6,933
533	Argoed High School	2,705,957	(12,974)	-0.5%	(56,000)	43,027
551	St. Davids High School	1,903,380	(775,645)	-40.8%	(452,609)	-323,035
	Deficits		(2,315,478)		(1,879,387)	-436,091
	Surplus		221,176		424,576	-203,400
	Net	42,171,076	(2,094,302)	-5.0%	(1,454,811)	-639,491

601	Ysgol Pen Coch	1,868,161	148,408	7.9%	145,830	2,579
602	Ysgol Maes Hyfryd	1,958,592	137,894	7.0%	78,960	58,934
	Surplus	3,826,753	286,303	7.5%	224,789	61,513

Total Net Balances		33,630,506	111,957	0.1%	1,352,961	-1,241,004
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Protocol for Schools in Financial Difficulty

Created: October 2019

Revised: September 2020

Author: Education & Youth Portfolio Management Team

Introduction

The Flintshire Scheme for Financing Schools prohibits schools from planning for a deficit when preparing their annual budget plans. Governors have no legal right to set a deficit budget without the consent of the Authority and must not presume that such consent will be granted.

In support of the Authority's monitoring and intervention role the scheme requires:

- The governing body of each school to submit a budget plan to the Chief Officer, Education and Youth by the 30th June in each financial year.
- To gain approval for a planned deficit, schools must submit a licensed deficit application in the format prescribed to the Chief Officer Education and Youth to accompany the budget plan by 30th June. This must be approved by the full Governing Body. Approval should be recorded in the minutes of the meeting at which the application is reviewed and approved.
- Schools submitting a licensed application must prepare a detailed three or five year budget plan to accompany the application.
- Any unplanned deficits that occur within the financial year due to unforeseen circumstances must be reported as soon as they become known to the school. Approval to carry forward that deficit to the new financial year must be sought through the submission of a licensed deficit application. This must be received within 30 days of the identification of the deficit.

Schools should only apply for a licensed deficit in circumstances where they cannot set a balanced budget without seriously impacting on essential educational provision.

Flintshire County Council has no power to write off the deficit balance of any school and all deficits will remain a liability of the Governing Body until paid back. This applies in all circumstances including during school re-organisation.

Schools must, where possible, avoid the need to apply for a licensed deficit by robustly managing their 3 year budget planning process and being proactive in responding to changes early enough to allow mitigating actions to be implemented.

Where it is found that deficits have occurred as a result of proven financial mismanagement at a school level then Flintshire County Council will consider the merits of enforcing its powers under the Schools Causing Concern statutory guidance (202/2016). The ultimate sanction will be suspension of delegated authority for the governing body to manage a school's budget as detailed in section 5 of that guidance. Flintshire is however committed to working with the Governing Body to ensure this can be avoided wherever possible.

What is the purpose of the Framework?

This framework is intended to act as a mechanism for the Authority to provide schools with an appropriate level of challenge and support to help them set a balanced budget or if this is not achievable to prepare a recovery plan that sets out the action the school will take to achieve a sustainable financial position over an agreed period of time.

The framework will provide schools with an agreed timescale in which to take the action required to balance the budget. A school will normally be expected to deliver its recovery plan within a three year period. This may be extended in exceptional circumstances where a school

cannot deliver a recovery plan over three years without seriously affecting its educational provision or standards.

Support, Monitoring and Challenge

The Authority will provide financial and operational management support and challenge through a network of advisors including Education Officers, Finance Officers and HR Officers.

This may include the provision of:

- Benchmarking data
- Financial analysis
- Audit information
- Regulatory Advice (Estyn, Wales Audit Office, legislation, Flintshire procedural advice)
- Contextual data – e.g. demographic changes
- Focused training sessions relevant to the situation

Any school failing to comply with this framework by taking actions to meet the requirements will be in breach of their financial management responsibilities. This will be challenged and can lead to intervention by the S151 Officer under that local authority statutory powers of intervention.

The process for challenging and supporting schools is defined below:

Step 1: Annual Budgets

Schools must submit budget plans approved by the full Governing Body to the Chief Officer, Education & Youth by 30 June.

Step 2: Trigger/Action

If a school submits a budget plan that shows a deficit budget a licensed deficit application must accompany the budget plan by 30 June. Schools must complete the standard template and detailed spreadsheet financial model. The recovery plan must indicate the actions that will be taken to bring the financial position back into balance. This may be through a combination of income generation and/or a reduction in expenditure and will in most cases result in staffing implications.

If the recovery plan is not deemed robust enough to deliver the savings needed the licensed deficit will be rejected.

Schools will be in breach of financial regulations if they set a deficit budget that has not been approved via the appropriate process

Schools are required to re-apply for a licensed deficit on an annual basis, even where a recovery plan has been agreed previously. This will allow the LA to ensure that the recovery plan is on track to being delivered and mitigates the risk of further changes at the detriment to the schools financial position

Step 3: Governor Approval

In all cases schools must ensure that Governors are accountable for the financial position of the school and the budget plan and deficit must be formally approved by the full governing body. This approval must be recorded in the minutes of the Governing body meeting.

Step 4: School Support and Challenge

Financial advice, information and training will be available to support schools in recovering from a deficit financial position. This will initially be via a financial recovery session that will be set up between the Head teacher, School Business Manager, Senior Manager – School Improvement, Finance Manager, and HR Manager. **Meetings will be held in September and October.**

Following the submission of a licensed deficit plan a number of validation checks will be completed by the Schools Finance Team to ensure that the plans are reasonable. This will be done by: -

- Comparing the current year's income and expenditure budgets with previous years' trends to identify any significant differences.
- Checking that the correct balances have been brought forward into the current year and all funding delegated by the Local Authority has been taken in to account.
- Actions included in the recovery plan are realistic and that by implementing them the required level of savings can be achieved.
- Any areas that are unclear or simply not achievable will be queried with the school and clarification sought.

There are 3 possible outcomes of this meeting:

1. Plans are deemed acceptable and achievable and a recommendation for approval will be made by the Schools Finance Manager and Senior Manager, School Improvement. Final approval will be given by the Chief Officer, Education & Youth and S151 Officer. Written confirmation will be sent to the school once the licensed deficit has been processed by **31 October**.
2. There may be recommendations made for further actions that the school should consider to reduce expenditure. In this instance schools will be required to respond to the recommendations and if appropriate resubmit a licensed deficit application. If a school fails to take account of the recommendations a referral will be made to the Financial Performance Monitoring Group (FPMG). **Schools will be required to respond by 30 November. If the resubmission is satisfactory approval will be given within 14 days.**
3. Where it is considered that a school is unable to achieve a recovery plan without seriously compromising the quality of education for the pupils in the school a referral will be made to the Financial Performance Monitoring Group (FPMG). **Notification of a referral to FPMG will be given to schools within 14 days.**

Step 5: Financial Performance Monitoring Group (FPMG)

This step is for those schools who are unable to show a position of recovery following meetings with the LA. The Chair of Governors, Head Teacher and School Business Manager will be invited to attend a meeting of the FPMG. FPMG will consist of the Chief Executive, Leader of the Council, Chief Officer, Education and Youth, Section 151 Officer.

This will provide the school with an opportunity to explain to the senior leadership of the authority the reasons why they are unable to demonstrate recovery of the deficit.

FPMG will be convened within 6 weeks of referral.

Step 6: Intervention

Intervention is proposed to escalate at three levels. It is envisaged that schools in deficit will engage with the Local Authority well before the need for intervention as these arrangements are the last resort, for the protection of public monies and to protect the overall resource for all schools. The levels of intervention are:

1. 'Notice of Concern' issued to School

A school that fails to take the necessary action will be given a formal 'Notice of Concern', stating the action the Local Authority recommends they should take to bring the budget back in to balance including any charging of interest on the deficit.

2. School given 1 month to respond to 'Notice of Concern'

An explanation will be required from the school about the action being taken to safeguard the school's financial position and why progress to date has not been satisfactory. The school will be subject to LA monitoring for a period of six months following the 'Notice of Concern'. If sufficient confidence is gained that the school is effectively managing the financial position the notice of concern will be removed.

3. Warning Notice

If subsequent to a 'Notice of Concern' being issued financial management at the school continues to be a cause for concern e.g. agreed actions are not undertaken, the LA will issue a formal 'Warning Notice' under the Schools Causing Concern statutory guidance (202/2016) and the LA will consider use of the statutory powers at its disposal. This may include:

- appointment of additional governors
- suspension of delegation
- appointment of an Interim Executive Board (IEB)

4. Suspension of delegated financial powers

Where the LA considers that insufficient progress or cooperation has been made a decision will be made by the Chief Education Officer, Education & Youth and S151 Officer to suspend delegation. Under suspension the authority would take control of the budget and take the necessary action before returning control to the Governing Body. During the suspension school staff would be responsible to the authority for the day-to-day financial administration in the school and all budgetary decisions will be removed from the school.

Removal of delegated powers will apply where:

- The school is persistently in breach of the Scheme for Financing Schools
- The school will not set a balanced budget
- The school will not engage in the licensed deficit process
- The deficit is worsening and no action is being taken by the school
- There is evidence of financial mismanagement by the school
- A school in special measures has not demonstrated commitment to making better use of resources or achieving value for money

Flintshire County Council Licensed Deficit Application and Recovery Plan

School Name _____

What level of deficit are you applying for:-

<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
£	£	£	£	£
£0,000	£0,000	£0,000	£0,000	£0,000

There is an expectation that schools will recover deficit budgets within 3 years and in exceptional circumstances 5 years. Please document the reasons in the box below if the deficit application exceeds 3 years.

Schools must attach the detailed financial plan spreadsheet for the period of the deficit. Please support the financial plan with relevant staffing details.

Reason for Deficit

Please include in this section the reasons for the deficit budget and the circumstances leading up to the current position

Recovery Plan

Please include in this section a detailed narration of the recovery plan including the action to be taken and detailed timescales which link in with your agreed projections as approved by your full governing body. (Please attach a copy of the minutes from your full governing body as evidence of approval)

Action	Target Date	Value of Saving £

Additional Information to support your request for an agreed deficit.

School

Signed _____ **Headteacher** **Date** _____

Signed _____ **Chair of the Governing
Body** **Date** _____

Signed _____ **Chair of the Finance
Committee** **Date** _____

Authority

Signed _____ **Chief Education Officer** **Date** _____

Signed _____ **Chief Finance Officer** **Date** _____

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AUDIT COMMITTEE

Date of Meeting	Wednesday 18 November 2020
Report Subject	Asset Disposal and Capital Receipts Generated 2019/20
Report Author	Chief Officer (Housing and Assets)

EXECUTIVE SUMMARY

In relation to the report and attached information, this flows from interest received from Committee members previously in land disposals and the realisation of capital receipts.

Capital receipts arise when operational Council assets are declared surplus to requirements and are put forward for disposal, or where it is felt appropriate to dispose of assets from the non-operational estate.

Total asset disposals in 2019/20 amounted to £1.618m, of which £0.506m was from general properties and £1.112m from the agricultural estate. Corresponding figures for 2018/19 were £2.295m (£1.915m general, £0.380m agricultural estates). Disposals are lower than the previous year, due to the sale of a high value asset in 2018/19.

The information in this report refers to Council Fund (CF) capital receipts only.

RECOMMENDATIONS

1	Members are requested to note the report.
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REPORT DETAILS

1.00	EXPLAINING THE ASSET DISPOSALS
1.01	<p>Background</p> <p>The Council's Capital Programme is set according to the Council's strategic objectives and priorities, ensuring that the Council's capital assets are aligned to current and future service delivery, operating in the most cost efficient way.</p>
1.02	<p>Capital expenditure creates revenue implications for the longer term in the form of running costs and loan repayments if that expenditure is funded from borrowing and must therefore be considered carefully within the wider strategic context.</p>
1.03	<p>In recent years the availability of capital resources has diminished with Welsh Government (WG) reducing the amount of support for capital expenditure that Councils receive. For Flintshire, this support has reduced from £10.364m in 2010/11 to £7.969m in 2019/20, a percentage reduction over this period of 23%. Capital receipts generated from asset disposals (assets and land) are therefore a key capital resource and are critical to the Council in supporting its overall strategic priorities.</p>
1.04	<p>Capital receipts, together with other sources of funding, are aggregated and applied to fund the capital programme as a whole regardless of where they have been generated or by which service and are not therefore 'ring-fenced' to any particular portfolio.</p>
1.05	<p>When considering the disposal of an asset, its best and most valuable disposal method is considered with advice including a valuation sought from either the District Valuer or the private sector. When this has been received the optimum method of disposal is reported to the Capital and Asset Programme Board. Once support is received, the sale is progressed generally through the Council's in house resources.</p>
1.06	<p>The Council's policy regarding the Agricultural Estate is to sell to existing sitting tenants only, or on the open market if already vacant.</p>
1.07	<p>In line with current Council Policy, capital receipts are only available to fund capital expenditure once the asset has been disposed of and the receipt has been realised.</p>
	<p>Considerations</p>
1.08	<p>In relation to the report and attached information, this flows from interest received from Committee members previously in land disposals and the realisation of capital receipts.</p>

1.09	Appendix 1 lists assets disposed of in financial years 2017/18 to 2019/20, by ward and within bands of the capital receipt value realised. This layout is consistent with previous reports; more detailed reports regarding capital expenditure and capital schemes are reported at Corporate Resources Overview and Scrutiny Committee.
1.10	Sale proceeds for individual disposals are not included as they can be commercially sensitive, particularly if future disposals are being considered for similar assets.

2.00	RESOURCE IMPLICATIONS
2.01	Further details on the resource implications of capital receipts can be found in the Capital Programme Monitoring 2019/20 (Outturn) report to Cabinet on 16 June, 2020.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None as a result of this report.

4.00	RISK MANAGEMENT
4.01	Whilst the realisation of capital receipts continues to be a risk for the future funding of the capital programme, the information provided in this report is retrospective and therefore carries no future risk.
4.02	Asset disposals involve an element of risk, especially during times of property market volatility, however, the Council has a rigorous process which it follows when assets are disposed of, with careful consideration given to the strategic long term future service needs and the assets needed to deliver those services. This consideration includes references to Business Plans, Improvement Plans and the Medium Term Financial Strategy.

5.00	APPENDICES
5.01	Appendix 1 – Capital Receipts 2017/18 – 2019/20

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Capital Programme 2019/20 monitoring papers</p> <p>Contact Officer: Chris Taylor, Principal Accountant Telephone: 01352 703309 E-mail: christopher.taylor@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Capital Expenditure: Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value of an existing asset</p> <p>Capital Programme - The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme</p> <p>Capital Receipt - Receipts (in excess of £10,000) from the disposal of an asset</p> <p>Capital Scheme - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme</p> <p>Council Fund - The fund to which all the Council's revenue and capital expenditure is charged</p> <p>District Valuer – The District Valuer is a member of staff within the District Valuer Services (DVS). The DVS is the specialist property arm of the Valuation Office Agency (VOA). It provides independent valuation and professional property advice to bodies across the entire public sector, and where public money or public functions are involved.</p> <p>Financing - The process of allocating resources to meet the cost of capital expenditure, which can be done on a project, asset or whole programme basis. This contrasts with making the invoice payments relating to capital expenditure, which should be managed within the authority's overall treasury management policy</p> <p>Non-current Asset - A resource controlled (but not necessarily owned) by an authority, from which economic benefits or service potential are expected to flow to the authority for more than 12 months</p> <p>Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing: Each year Welsh Government provide Council's with a Supported Borrowing allocation. Council's borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent</p>

<p>Unsupported Prudential Borrowing: Borrowing administered under the Prudential Code, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years</p>

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VALUE £000	2017/18		2018/19		2019/20	
	ASSET	AREA	ASSET	AREA	ASSET	AREA
Up to £100k	Land & Property	Caerwys	Land & Property	Holywell	Land	Buckley
	Land & Property	Connahs Quay	Land	Bagillt		
	Land	Buckley				
	Land & Property	Greenfield				
	Land	Sandycroft				
	Land & Property	Holywell				
£100k - £150k					Land & Property	Higher Kinnerton
£150k - £200k						
£200k - £250k	Land & Property	Llanfynydd				
£250k - £300k	Land & Property	Alltami				
£300k - £350k						
£350k - £400k	Land & Property	Halkyn	Land & Property	Sealand		
£400k - £450k	Land & Property	Holywell				
	Land & Property	Buckley				
£450k - £500k					Land & Property	Sandycroft
£500k - £550k						
£550k - £600k						
£600k - £650k						
£650k - £700k						
£700k - £750k						
£750k - £800k						
£800k - £850k						
£850k+	Land & Property	Bagillt	Land & Property	Connahs Quay	Land & Property	Hope
Annual Total (£k)		2,869		2,295		1,618

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AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 th November 2020
Report Subject	Treasury Management Mid-Year Review 2020/21 & Quarter 2 update
Report Author	Corporate Finance Manager

EXECUTIVE SUMMARY

This report presents the draft mid-year Treasury Management report 2020/21 for review and seeks the Committee's recommendation for approval to Cabinet.

The report provides an update on matters relating to the Council's Treasury Management activity during the period 1st June to 30th September 2020.

RECOMMENDATIONS

1	Members review the draft Treasury Management Mid-Year Report 2020/21 and identify any matters to be drawn to the attention of Cabinet on 15 th December 2020.
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REPORT DETAILS

1.00	EXPLAINING THE MID YEAR REVIEW
1.01	The Council has nominated 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 18 th February 2020, the Council approved the Treasury Management Strategy 2020/21, following the recommendation of the Cabinet and consideration by the Audit Committee.

	<u>Treasury Management Mid-Year Report 2020/21</u>
1.03	The Treasury Management Mid-Year Report for 2020/21 is attached as Appendix 1 for review. As required by the Council's Financial Procedure Rules, this review will be reported to the Cabinet and Council.
	<u>Summary of Key Points</u>
1.04	<p>The spread of the COVID-19 pandemic has been the major influence on both the national and global economy over the period.</p> <p>The Bank of England have maintained the base rate at 0.1% since March this year, and the potential use of negative interest has not been ruled out. The Council's treasury advisor Arlingclose expects the Bank Rate to remain at 0.1% for the foreseeable future, and at low levels for a very long time with a distinct possibility of being cut to zero.</p>
1.05	No new long-term borrowing has been undertaken during the period. The Council continues to regularly review the position on its long-term borrowing requirement in conjunction with Arlingclose. Short term borrowing was undertaken as necessary in accordance with the 2020/21 borrowing strategy. The total short term borrowing as at 30 th September 2020 was £30m with an average interest rate of 0.47%. Section 4 provides more information on borrowing and debt management during the period.
1.06	Interest rates on investments have been very low throughout the period. On 25 th September the overnight, 1- and 2-week interest rates on Debt Management Account Deposit Facility deposits dropped below zero percent to -0.03%. Section 5 of the report provides more information on how the Council is managing its investments to avoid negative interest rates.
1.07	The treasury function has operated fully within the limits detailed in the Treasury Management Strategy 2020/21.
1.08	Section 6 of the Mid-Year Report provides information on regulatory changes coming into force in the near future.
	Treasury Management 2020/21 – Quarter 2 update
1.09	<p><u>Investments Update</u></p> <p>A statement setting out the Council's investments as at 30th September 2020 is attached at Appendix 2. The investment balance at this time was £24.5m, spread across 6 counterparties. The average interest rate for the period was 0.09%.</p>
1.10	<p><u>Borrowing Update</u></p> <p>Appendix 3 shows the Council's long term borrowing as at 30th September 2020. The total amount of loans outstanding was £280.9m with an average interest rate payable of 4.70%.</p> <p>No long term borrowing was arranged during the quarter.</p>

	Appendix 4 shows the Council's short term borrowing as at 30 th September 2020. The total amount of loans outstanding was £30.0m with an average interest rate payable of 0.47%.
1.11	The Council's capital expenditure plans will continue to be monitored throughout 2020/21 to inform and assess the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and refinance unnecessarily which will be costly and have significant revenue implications. The continued use of short-term borrowing will assist with this. This will be balanced against securing low long term interest rates currently being forecast and assessing the affordability of long-term borrowing in the short term against the savings made over the life of the loan.
1.12	<p><u>Public Works Loans Board (PWLB) Consultation:</u></p> <p>As has been previously reported, in October 2019 the PWLB increased the margin applied to loan rates by 100 basis points. This meant the new margin above gilts was 180 basis points for the certainty rate loans which the Council qualifies for.</p> <p>This move was in response to councils substantially increasing their use of PWLB loans as the cost of borrowing had fallen to record lows, and concern that some councils were using PWLB loans to buy commercial assets primarily for yield.</p> <p>In the March 2020 budget statement the Chancellor announced a reduction in the margin on new Housing Revenue Account loans to 80 basis points above gilts. A consultation on PWLB's future direction was also announced, which included proposals to allow authorities that are not involved in "debt for yield" activity to borrow at lower rates. The Council responded to the consultation which closed on 31st July 2020. The results of the consultation have not yet been announced.</p> <p>The Council will continue to assess all financing options when making long term borrowing decisions to achieve best financial value for the Council.</p>
1.13	<p><u>Member Training – Treasury Management</u></p> <p>Treasury Management Member training workshops have been arranged for 9th December 2020 to be presented by Arlingclose Ltd. One session will be held at 10am, the other at 6:30pm. The sessions will be hosted by the Audit Committee but will be open to all Members. Due to current restrictions both sessions will be via online video conferencing.</p>

2.00	RESOURCE IMPLICATIONS
2.01	Financial implications are addressed in the report; no other resource implications directly as a result of this report.

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

4.00	RISK MANAGEMENT
4.01	Risk Management directly addressed within the report and appendices including identification of risks and measures to mitigate likelihood and impact of risks identified.

5.00	APPENDICES
5.01	<ol style="list-style-type: none"> 1. Draft Treasury Management Mid-Year Report 2020/21 2. Investment Portfolio as at 30th September 2020 3. Long term borrowing as at 30th September 2020 4. Short term borrowing as at 30th September 2020

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Paul Vaughan - Interim Technical Finance Manager</p> <p>Telephone: 01352 702289</p> <p>E-mail: paul.vaughan@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Authorised Limit: A statutory limit that sets the maximum level of external debt for the Council.</p> <p>Balances and Reserves: Accumulated sums that are held, either for specific future costs or commitments (known as earmarked) or generally held to meet unforeseen or emergency expenditure.</p> <p>Bank Rate: 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>Basis Point: 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</p>

rise by 25 basis points, it means that rates have risen by 0.25% percentage points.

Bond: 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.

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.

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.

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.

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.

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.

Low Volatility Net Asset Value Money Market Funds (LVNAV MMFs): refers to highly liquid money market funds which aim to maintain the level of their worth by investing in very secure instruments.

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.

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): In relation to the UK, it is the process used by the Bank of England to directly increase the quantity of money in the economy. It does not involve printing more banknotes. Instead, the Bank buys assets from private sector institutions – that could be insurance companies, pension funds, banks or non-financial firms – and credits the seller's bank account. So the seller has more money in their bank account, while their bank holds a corresponding claim against the Bank of England (known as reserves). The end result is more money out in the wider economy.

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

DRAFT TREASURY MANAGEMENT

MID YEAR REPORT 2020/21

1.00 PURPOSE OF REPORT

- 1.01 To provide members with a mid-year update on matters relating to the Council's Treasury Management function.

2.00 BACKGROUND

- 2.01 Treasury management comprises the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 2.02 The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.
- 2.03 The Council's policy is to appoint external consultants to provide advice on its treasury management function. In September 2016 Arlingclose Ltd were reappointed as the Council's advisors for a period of 3 years, following a competitive tendering exercise. This period has been extended a further 2 years as per the contract terms to September 2021.
- 2.04 The Council has adopted the 2017 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year.
- 2.05 In addition, the Welsh Government (WG) issues guidance on local authority investments that requires the Council to approve an investment strategy before the start of each financial year. Welsh Government updated this guidance in November 2019 and it came into force on 1st April 2020.
- 2.06 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.
- 2.07 The Council approved the 2020/21 Treasury Management Strategy at its meeting on 18th February 2020.

3.00 ECONOMIC & INTEREST RATE REVIEW APRIL – OCTOBER 2020.

Provided by Arlingclose Ltd, the Council's treasury management advisors.

Economic background: The spread of the coronavirus pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit news it was back in the headlines towards the end of the period as agreement between the UK and EU on a trade deal was looking difficult and the government came under fire, both at home and abroad, as it tried to pass the Internal Market Bill which could override the agreed Brexit deal, potentially breaking international law.

The Bank of England (BoE) maintained Bank Rate at 0.1% and its Quantitative Easing programme at £745 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.

Government initiatives continued to support the economy, with the furlough (Coronavirus Job Retention) scheme keeping almost 10 million workers in jobs, grants and loans to businesses and 100 million discounted meals being claimed during the 'Eat Out to Help Out' (EOHO) offer.

GDP growth contracted by a massive 19.8% (revised from first estimate -20.4%) in Q2 2020 (Apr-Jun) according to the Office for National Statistics, pushing the annual growth rate down to -21.5% (first estimate -21.7%). Construction output fell by 35% over the quarter, services output by almost 20% and production by 16%. Recent monthly estimates of GDP have shown growth recovering, with the latest rise of almost 7% in July, but even with the two previous monthly gains this still only makes up half of the lost output.

The headline rate of UK Consumer Price Inflation (CPI) fell to 0.2% year/year in August, further below the Bank of England's 2% target, with the largest downward contribution coming from restaurants and hotels influenced by the EOHO scheme. The Office for National Statistics' preferred measure of CPIH which includes owner-occupied housing was 0.5% y/y.

In the three months to July, labour market data showed the unemployment rate increased from 3.9% to 4.1% while wages fell 1% for total pay in nominal terms (0.2% regular pay) and was down 1.8% in real terms (-0.7% regular pay). Despite

only a modest rise in unemployment over the period, the rate is expected to pick up sharply in the coming months as the furlough scheme ends in October. On the back of this, the BoE has forecast unemployment could hit a peak of between 8% and 9%.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 (Apr-Jun). The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% but announced a change to its inflation targeting regime. The move is to a more flexible form of average targeting which will allow the central bank to maintain interest rates at low levels for an extended period to support the economy even when inflation is 'moderately' above the 2% average target, particularly given it has been below target for most of the last decade.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5%.

Financial markets: Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak, albeit that performance being driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of their losses at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.

At the end of September, the yield on 2-year US treasuries was around 0.13% while that on 10-year treasuries was 0.69%. German bund yields remain negative across most maturities.

Credit review: Credit default swap spreads eased over most of the period but then started to tick up again through September. In the UK, the spreads between ringfenced and non-ringfenced entities remains, except for retail bank Santander

UK whose CDS spread remained elevated and the highest of those we monitor at 85bps, while Standard Chartered was the lowest at 41bps. The ring-fenced banks are currently trading between 45 and 50bps.

After a busy second quarter of the calendar year, the subsequent period has been relatively quiet for credit changes for the names on our counterparty list. Fitch assigned a AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.

There continues to remain much uncertainty around the extent of the losses banks and building societies will suffer due to the impact from the coronavirus pandemic and for the UK institutions on our list there is the added complication of the end of the Brexit transition period on 31st December and what a trade deal may or may not look like. The institutions on Arlingclose's counterparty list and recommended duration remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

Outlook for the remainder of 2020/21

The medium-term global economic outlook is weak. While the strict initial lockdown restrictions have eased, coronavirus has not been suppressed and second waves have prompted more restrictive measures on a regional and national basis. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise. This has supported a sizeable economic recovery in Q3.

However, the scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.

This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets have priced in a chance of negative Bank Rate.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.

Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While Arlingclose’s central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.

Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain in the near term, as the government dials down its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

	Dec 20	Mar 21	Jun 21	Sept 21	Dec 21	Mar 22	Jun 22	Sept 22	Dec 22	Mar 23	Jun 23	Sept 23	Dec 23
Upside Risk (%)	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Interest Rate (%)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside Risk (%)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

4.00 BORROWING REQUIREMENTS AND DEBT MANAGEMENT

4.01 PWLB (Public Works Loans Board) Certainty Rate Update.

The Authority submitted its application to WG along with the 2020-21 Capital Estimates Return to access this reduced rate for a further 12 months from 1st November 2020.

4.02 The total long term borrowing outstanding totals £280.9 million.

4.03 Loans with the Public Works Loans Board are in the form of fixed rate (£256.57m). £18.95m is variable in the form of Lobo’s (Lender’s Option, Borrower’s Option) and

£5.38m are interest free loans from government. The Council's average long term borrowing rate is currently 4.70%.

	Balance 01/04/2020 £m	Debt Maturing £m	New Debt £m	Balance 30/09/2020 £m
Long Term Borrowing	286.11	(10.59)	0.00	275.52
Government Loans	5.17	(0.25)	0.46	5.38
TOTAL BORROWING	291.28	(10.84)	0.46	280.9
Other Long Term Liabilities *	4.48	0.00	0.00	4.48
TOTAL EXTERNAL DEBT	295.76	(10.84)	0.46	285.38
Increase/ (Decrease) in Borrowing £m				(10.38)

* relates to finance leases in respect of Deeside Leisure Centre and Jade Jones Pavilion

4.04 No new long term borrowing has been undertaken so far during 2020/21.

Affordability (interest costs charged on new loans) and the “cost of carry” (costs associated with new long term loans) remain important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of long term borrowing.

4.05 Internal Borrowing and Short Term Borrowing

Given the significant cuts to local government funding putting pressure on Council finances, the borrowing strategy is to minimise debt interest payments without compromising the longer-term stability of the portfolio. With short-term interest rates currently lower than long-term rates, it has been more cost effective in the short-term to use internal resources, and to borrow short-term instead.

The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant at around 1.35%.

The use of internal resources in lieu of borrowing has therefore continued to be used over the period as the most cost effective means of funding capital expenditure. This has lowered overall treasury risk by reducing both external debt and temporary investments.

Short term borrowing was undertaken as necessary. The total short term borrowing as at 30th September 2020 was £30m with an average rate of 0.47%.

The Council's capital expenditure plans will continue to be monitored throughout 2020/21 to inform and assess the Council's long term borrowing need. This is to ensure that the Council does not commit to long term borrowing too early and refinance unnecessarily which will be costly and have significant revenue implications. The continued use of short-term borrowing will assist with such. This will be balanced against securing low long term interest rates currently being forecast and assessing the affordability of long-term borrowing in the short term against the savings made over the life of the loan.

4.06 Lender's Option Borrower's Option Loans (LOBOs)

The Authority holds £18.95m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The option to change the terms on £18.95m of the Council's LOBOs was not exercised by the lender. The Authority acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

4.07 Debt Rescheduling

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

The Corporate Finance Manager, in conjunction with the Council's treasury advisors will continue to review any potential opportunities for restructuring the Council's debt in order to take advantage of potential savings as interest rates change and to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility).

4.08 Borrowing Update

On 9th October 2019 the PWLB raised the cost of certainty rate borrowing to 1.8% above UK gilt yields making it relatively expensive. Market alternatives are available, however the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

The Chancellor's March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB's future direction. Announcements included a reduction

in the margin on new Housing Revenue Account (HRA) loans to 0.80% above equivalent gilt yields – the value of this discount is 1% below the rate at which the authority usually borrows from the PWLB). £1.15bn of additional “infrastructure rate” funding at gilt yields plus 0.60% has been made available to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.

The consultation titled “Future Lending Terms” allows stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals to allow authorities that are not involved in “debt for yield” activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.

The Council responded to the consultation which closed on 31st July 2020. The announcement and implementation of the revised lending terms is expected in the latter part of this calendar year or early next year.

5.0 INTERIM INVESTMENT AND PERFORMANCE REPORT

- 5.01 The Welsh Government’s Investment Guidance gives priority to security and liquidity and the Authority’s aim is to achieve a yield commensurate with these principles.

On 25th September the overnight, 1- and 2-week deposit rates on Debt Management Account Deposit Facility (DMADF) deposits dropped below zero percent to -0.03%, the rate was 0% for 3-week deposits and 0.01% for longer maturities.

In order to avoid the cost of negative interest rates the Council withdrew £10m from Money Market Funds (MMFs) to invest with the DMADF for 1 month. Shorter-term investments can now be made in MMFs where they still attract positive rates of interest.

The return on MMFs net of fees also fell over the six months and for many funds net returns range between 0% and 0.1%. In many instances, the fund management companies have temporarily lowered or waived fees to maintain a positive net return.

- 5.02 The maximum investments the Authority had on deposit at any one time totalled £80.5m. The average investment balance for the period was £43.5m and the average rate of return was 0.05%, generating investment income of £11k.
- 5.03 Up to 30th September, investments were made in the Debt Management Office

Deposit Account and Money Market Funds

5.04 The average of long and short-term borrowing was £319.7m generating interest payable of £6.786m, in line with budget forecasts to date.

	Investments		Borrowing	
	Interest received £'000	Interest rate %	Interest paid £'000	Interest rate %
2020/21 Apr-Sept	10.9	0.05	6,786	4.29
2019/20 Apr-Sept	88.9	0.67	6,496	4.34
Difference	(78.0)		290	

Year-end projections are as follows:

	Investments		Borrowing	
	Interest received £'000	Interest rate %	Interest paid £'000	Interest rate %
2020/21 estimate	19.9	0.05	13,559	4.17
2019/20 actual	159.2	0.63	13,387	4.03
Difference	(139.3)		171	

5.05 Credit Risk (security)

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

5.06 Liquidity

In keeping with the WG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds.

5.07 Yield

The Council sought to optimise returns commensurate with its objectives of security and liquidity. The Council's investment yield is outlined in 5.02.

6.00 REGULATORY UPDATES

6.01 **IFRS 16:** The implementation of the new IFRS 16 Leases accounting standard has been delayed until 2021/22.

7.00 COMPLIANCE

7.01 The Council can confirm that it has complied with its Prudential Indicators for the period April to September 2020. These were approved on 18th February 2020 as part of the Council's 2020/21 Treasury Management Strategy.

7.02 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the period April – September 2020. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

8.00 OTHER ITEMS

8.01 Other treasury management related activity that took place during April – September 2020 includes:

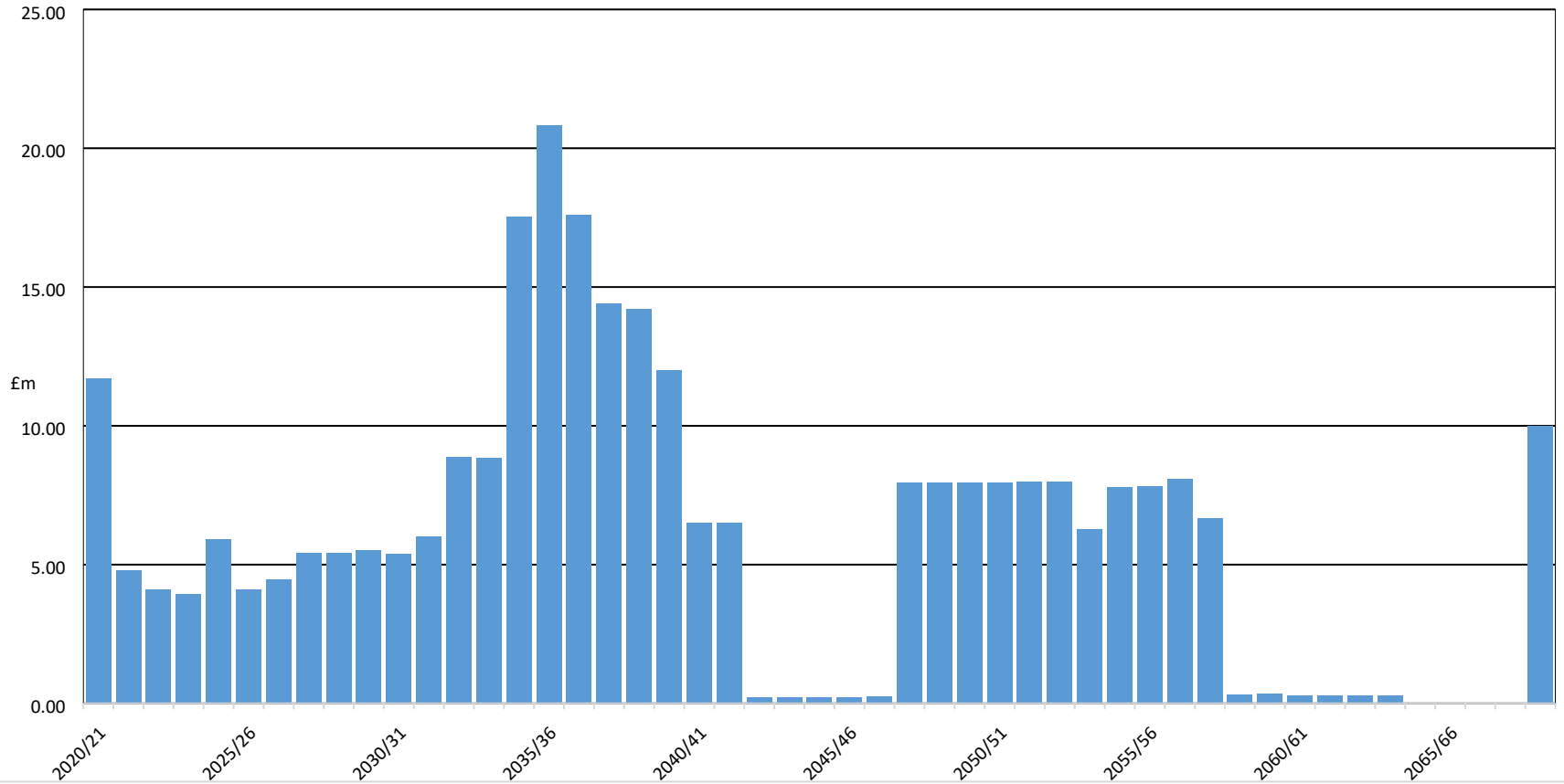
- The Treasury Management Annual Report 2019/20 was reported to Audit Committee on 23rd July 2020, Cabinet on 8^h September 2020 and to Council on 20th October 2020.
- The Quarter 1 Treasury Management update was reported to the Audit Committee.

9.00 CONCLUSION

9.01 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2020/21.

9.02 As indicated in this report none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Debt Maturity Profile - October 2020



FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

At 30th September 2020

APPENDIX 2

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
DEBT MANAGEMENT OFFICE (DMO)	5.0	30/09/20	28/10/20	0.01%	38	UK Government	1 month or less
DEBT MANAGEMENT OFFICE (DMO)	5.0	30/09/20	28/10/20	0.01%	38	UK Government	1 month or less
DEBT MANAGEMENT OFFICE (DMO)	10.0						
ABERDEEN LIQUIDITY FUND	3.0	07/07/20	31/10/20	0.09%	829	MMF	1 month or less
ABERDEEN LIQUIDITY FUND	3.0						
AVIVA INVESTORS	3.0	03/07/20	31/10/20	0.08%	766	MMF	1 month or less
AVIVA INVESTORS	3.0						
CCLA PUBLIC SECTOR DEPOSIT	3.0	06/07/20	31/10/20	0.12%	1,154	MMF	1 month or less
CCLA PUBLIC SECTOR DEPOSIT	3.0						
FEDERATED INVESTORS (UK)	3.0	03/07/20	31/10/20	0.06%	580	MMF	1 month or less
FEDERATED INVESTORS (UK)	3.0						
INVESCO	2.5	03/07/20	31/10/20	0.38%	3,143	MMF	1 month or less
INVESCO	2.5						
TOTAL	24.5			0.09%	6,549		
PREVIOUS REPORTS TOTALS (30th June 2020)	27.5			0.01%			

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

At 30th September 2020

APPENDIX 2

Type of Investment	Total Amount Invested £m	% of Total Portfolio	Period to Investment Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
Debt Management Office (DMO)	10.0	41%	10.0			
UK Bank	0.0	0%				
UK Building Society (UK BS)	0.0	0%				
Overseas	0.0	0%				
Local Authorities	0.0	0%				
CD's	0.0	0%				
T-Bills	0.0	0%				
Money Market Funds (MMF)	14.5	59%	14.5			
Total (£)	24.5		24.5	0.0	0.0	0.0
Total (%)		100%	100%	0%	0%	0%

FLINTSHIRE COUNTY COUNCIL - LONG TERM BORROWING ANALYSIS

At 30th September 2020

APPENDIX 3

Loan Start Date	Principal Loan Outstanding £	Interest Rate %	Annual Interest £	Loan Maturity Date
-----------------	------------------------------	-----------------	-------------------	--------------------

PWLB Fixed Rate Maturity Loans				
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	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
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
06/12/18	10,000,000	2.64	264,000	06/12/68
Total	230,810,621	5.13	11,840,018	

PWLB Fixed Rate Annuity Loans				
06/12/18	7,401,113	2.79	206,491	06/01/63
07/01/20	580,261	3.06	17,756	07/01/60
30/03/20	292,313	2.65	7,746	30/03/60
30/03/20	1,063,165	2.65	28,174	30/03/60
Total	9,336,851	2.79	260,167	

PWLB Fixed Rate Equal Installment of Principal Loans				
01/04/19	9,333,333	1.65	162,250	01/04/34
13/08/19	7,083,333	1.28	90,667	13/08/37
Total	16,416,667	1.49	252,917	

Market Fixed Rate Loans (LOBOS)				
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
Total	18,950,000	4.53	858,095	

Other Government Loans				
08/06/17	230,631	0.00	0.00	01/04/21
21/09/17	350,000	0.00	0.00	01/04/22
19/12/17	350,000	0.00	0.00	01/04/23
27/03/18	1,729,128	0.00	0.00	01/10/28
21/10/15	460,000	0.00	0.00	31/03/30
20/10/16	400,000	0.00	0.00	31/03/31
04/12/18	76,875	0.00	0.00	01/10/22
27/03/19	1,331,069	0.00	0.00	01/04/29
05/05/20	461,500	0.00	0.00	31/03/26
Total	5,389,203	0	0	

Totals				
Fixed Rate	256,564,139		12,353,102	
Variable Rate	0		0	
LOBOS	18,950,000		858,095	
Other	5,389,203		0	
Grand Total	280,903,342	4.70	13,211,197	

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FLINTSHIRE COUNTY COUNCIL - SHORT TERM BORROWING

At 30th September 2020

APPENDIX 4

Counterparty Name	Amount Borrowed £m	Start Date	Maturity Date	Interest Rate	Interest due £	Brokerage due £	Period to Maturity
BOLSOVER DISTRICT COUNCIL	5.0	18/03/20	18/12/20	1.20%	45,205	3,767	1-3 months
BOLSOVER DISTRICT COUNCIL	5.0						
EXETER CITY COUNCIL	5.0	30/09/20	05/01/21	0.06%	797	1,063	3-12 months
EXETER CITY COUNCIL	5.0						
GREATER LONDON AUTHORITY	5.0	20/03/20	18/12/20	1.33%	49,738	3,740	1-3 months
GREATER LONDON AUTHORITY	5.0						
GWYNEDD COUNTY COUNCIL	5.0	27/08/20	27/11/20	0.08%	1,008	1,008	1-3 months
GWYNEDD COUNTY COUNCIL	5.0						
NORTH WEST LEICESTERSHIRE	5.0	27/08/20	27/11/20	0.08%	1,008	1,008	1-3 months
NORTH WEST LEICESTERSHIRE	5.0						
SPELTHORNE BOROUGH COUNCIL	5.0	30/09/20	05/01/21	0.06%	797	1,063	3-12 months
SPELTHORNE BOROUGH COUNCIL	5.0						
TOTAL	30.0			0.47%	98,555	11,649	

SHORT TERM BORROWING SUMMARISED BY TYPE & MATURITY

30th September 2020

APPENDIX 4

SHORT TERM BORROWING TYPE	Total Amount Borrowed £m	% of Total Portfolio	Period to Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
UK Bank	0.0	0%				
UK Building Society (UK BS)	0.0	0%				
Local Authorities	30.0	100%	0.0	20.0	10	
Total (£)	30.0		0.0	20.0	10.0	0.0
Total (%)		100%	0%	67%	33%	0%



AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 th November 2020
Report Subject	Risk Management Framework
Report Author	Chief Executive

EXECUTIVE SUMMARY

This report presents the renewed risk management framework for review and assurance.

Recommendations

- | | |
|---|--|
| 1 | To be assured by the renewed risk management framework and the progress of its implementation. |
|---|--|

REPORT DETAILS

1.00	EXPLAINING THE RISK MANAGEMENT FRAMEWORK
1.01	<p>Joint working was undertaken with Internal Audit to produce an updated Risk Management Framework and a simplified User Guide. The updated Framework was shared with the Audit Committee as work in progress in March.</p> <p>The Framework is attached as Appendix 1.</p> <p>The implementation of the revised Framework Guide was to be over a 6-12 month period with training, guidance and support provided. The emergency situation has caused a delay in the plans as set out at that time. However, the urgency for a new type of risk registers and mitigating actions during the emergency stimulated new activity.</p>
1.02	<p>In the response phase we accelerated a new type of risk register both for the corporate organisation and for the portfolios. These risk registers have been shared with Committee members. The speed, quality and impact of mitigating actions for the risks posed by both response to and recovery from the emergency has been credited by members and regulators as giving a high level of assurance.</p>
1.03	<p>In addition, a comprehensive review of Business Continuity Plans was carried out with the purpose of creating a set of Portfolio Business Recovery Plans. The Framework was drawn upon in this work.</p>
1.04	<p>Risks within the Business and Portfolio Recovery Plans were captured at three levels: Strategic, Operational and Project. The Risk Registers were first reported to the Member Recovery Board in the response phase, and latterly to the Overview and Scrutiny Committees in the public domain.</p>
1.05	<p>Further assurance support is ongoing. This includes advising on the robustness of the method statements which sit behind each risk.</p>
1.06	<p>Risks are reviewed at a fortnightly interval. Risks are escalated for review and resolution as necessary through the set protocol and under management supervision.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>There are no specific resource implications for this report.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>Portfolio Performance Leads, Chief Officers and Internal Audit have been consulted throughout the review.</p>

4.00	RISK MANAGEMENT
4.01	The subject of this report is risk management.

5.00	APPENDICES
5.01	Appendix 1: Risk Management Framework & User Guide

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Jay Davies, Strategic Performance Advisor Telephone: 01352 702744 E-mail: jay.davies@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	

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FLINTSHIRE COUNTY COUNCIL

**RISK MANAGEMENT FRAMEWORK
AND USER GUIDE**

**MARCH 2020
V2**

Risk Definition

Risk is defined as the **possibility that an event will occur, which will impact on our service delivery**. A 'risk' is made up of an event, which if left unmanaged will have an impact on the Council and our service delivery.

What is Risk Management?

Risk management is the process of identifying risks, evaluating their potential impact and mitigating them. The aim is to minimise the severity of their impact and likelihood of occurring where possible.

Defining a Risk

When defining a risk it should be very clear what the risk is to the Council and/or service delivery. If you have defined the risk and it is still not clear what the risk is it requires further refinement. The risk should be given clear risk title. Risks can lead to many different consequences e.g. – financial, reputational, performance. At this point you should use Risk Categories (table below) to help categorise the risk identified.

Risk Type

There are three main risk types, they are:

- **Strategic** - are those risks that have implications to the operation of the organisation for example Health and Safety, Systematic IT Failure and GDPR.
- **Operational** - are risks that affect the successful delivery of individual service objectives/delivery plans which are controlled by a single portfolio.
- **Project Risks** – risks that prevent the successful delivery of a project on time and on budget and to achieve the desired outcomes e.g. a capital investment project for a new school

Risk Categories

Category	Examples
Regulatory	<ul style="list-style-type: none">- Non-compliance with legislation- Data Protection/Freedom of Information Acts/ Human rights,- TUPE regulations- Health & Safety- Legal challenges- Corporate Governance- Licences- External Regulatory- Equality Act 2010
Environmental	<ul style="list-style-type: none">- Recycling / Green issues- Energy efficiency, Pollution, Carbon emissions- Climate Change; flooding and adaptation- Land use- Waste Strategy- Land and Property
Financial	<ul style="list-style-type: none">- Financial performance and management- Efficiencies- Financial procedural rules- Ability to meet financial commitments including internal budgetary pressures

Category	Examples
	<ul style="list-style-type: none"> - Insurance cover/claims - Procurement - Contract standing orders - Fraud
Reputational	<ul style="list-style-type: none"> - Negative publicity - Legal challenges - Member support - Local/General election changes - Community Leadership - Project failure - External regulatory reports - Democratic Governance/Management - National Policy change
Social Impact	<ul style="list-style-type: none"> - Welsh Language - Social Justice - Equality Act 2010 - Impact on customer - Access to services - Safeguarding - Consultation/engagement/communication - Customer Feedback - Community cohesion - Community Strategy
Service Delivery	<ul style="list-style-type: none"> - Effective operations - Equipment, technology, information, employees - Performance - External Regulatory - Fraud
Health & Safety	<ul style="list-style-type: none"> - Vehicles - Hazardous Chemicals - Working Environment - Customer Health and Well-being - Plant Equipment

Risk Tolerance

Risk tolerance is the level of risk that the Council is willing to accept to achieve its service delivery. Risk tolerance is managed by using risk evidence (performance indicators, financial data, actions and milestones) to assess the level of risk and set the appropriate tolerance level. Escalation procedures will be applied if the tolerance level is breached.

Escalation of Risk Protocol

When does a risk need to be escalated?

- When the risk tolerance level is breached – this will be informed by risk evidence
- 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 service delivery
 - it affects significant capacity issues for service delivery
 - it affects the Council's financial, legal or operational position

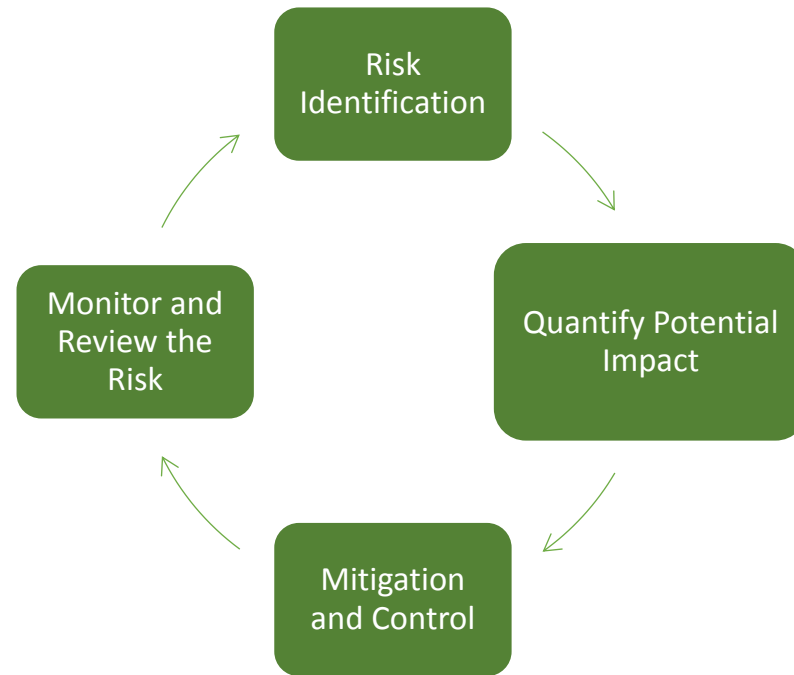
- there may be a compound affect across the Council
- There's any doubt as to its mitigation

What is the process for dealing with escalation?

- Alerting line manager within service that tolerance has been reached
- As a standing item on all SMT agendas and programme boards
- 1:1s Chief Officers/line reports with Chief Executive
- Chief Officers to determine if aggregate risk needs to be referred to COT & corporately owned

Reassurance of process & management

- Within the revised Risk Management user guide 2020
- Reported to Audit Committee – March 2020 and then following periodic reviews.
 - Case studies pulled out and challenged/scrutinised.
- Mid-year and Annual review by Audit Committee – Forward work Programme and Date to be confirmed
 - Mid-year to ensure that the process is robust and effective in risk management.
 - Annual to ensure that developments over time have been captured and included in this document for consistency of approach.
- Periodic snapshots of portfolio operational risks
- Regular reporting of risks at Senior Management Team Meetings (SMTs).
- Periodic reviews by internal audit.



- **Step 1: Risk Identification** – Risk identification is a continuous process which is embedded in Council Planning, Portfolio Business Planning, Project Management and day to day service delivery. Risk should be identified by using qualitative (milestones & actions) and quantitative (performance indicators, financial) data. This is called Risk Evidence and will be used to quantify the risk scoring and also be used to measure against risk tolerance.
- **Step 2: Quantify Potential Impact** – What would the impact of the risk be without any mitigating controls or actions? Using the risk matrix below score the risk evidence gathered to provide the impact severity and likelihood.. Definitions can be found for impact severity and likelihood below.

Risk Matrix & Definitions

Impact Severity	Examples					
Catastrophic	<ul style="list-style-type: none"> No confidence in Senior Management / Leadership Formal WG intervention/exercise of their powers Multiple fatalities Complete/critical service failure Exceedingly negative <i>national</i> publicity Serious impact on workforce across more than one Portfolio 			<ul style="list-style-type: none"> Legal action almost certain, unable to defend Serious financial impact to budget, not manageable within existing funds and may impact on reserves Non-compliance with law resulting in imprisonment Over £3m 		
Critical	<ul style="list-style-type: none"> Limited confidence in Senior Management/Leadership Significant service failure Negative <i>national</i> publicity Impact on workforce across more than one Portfolio Legal action almost certain and difficult to defend 			<ul style="list-style-type: none"> Serious financial impact to budget, manageable across the authority Negative external regulatory reports impacting on Corporate Governance Single fatality Over £1m but less than £3m 		
Page 66 Significant	<ul style="list-style-type: none"> Significant service under performance Negative <i>local</i> publicity Expected impact on workforce, but manageable within Portfolio contingency arrangements Legal action expected Expected financial impact to budget, manageable within Portfolio 			<ul style="list-style-type: none"> Non-compliance with law resulting in fines Negative external regulatory reports Extensive, permanent/long term injury or long term sickness Over £100k but less than £1m 		
Marginal	<ul style="list-style-type: none"> 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 			<ul style="list-style-type: none"> Non-compliance with regulations / standards or local procedures resulting in disciplinary action First Aid or medical treatment required Previous risk mitigated by completed action plan Up to £100k 		
Likelihood	Unlikely	Very Low	Low	High	Very High	Extremely High
Definition	Highly unlikely, but it may occur in exceptional circumstances. There is no evidence to suggest that it will happen.	Not expected to occur. There is little evidence to say it is likely to happen.	There is a small possibility that it may occur. There is evidence that it will happen.	There is a good possibility that it may occur. There is clear evidence which supports that it will happen	There is strong possibility it will occur. There is evidence which support an expected occurrence	Highly likely to occur- There is clear evidence which supports a definite occurrence
	Likelihood of risk happening					

Impact Severity	Catastrophic	Y	A	R	R	B	B
	Critical	Y	A	A	R	R	R
	Significant	G	G	Y	A	A	R
	Marginal	G	G	G	Y	Y	A
		Unlikely	Very Low	Low	High	Very High	Extremely High
Likelihood of risk happening							

Step 3: Mitigation and Control – What are you going to do about it? - Management controls, action plans, day to day processes which are already or need to be put in place to either reduce the risk or keep the risk from escalating further (may not always be able to reduce the likelihood with management controls, however we would always look to reduce the impact). Apply the identified mitigation and control measures. Have clear evidence (performance data, financial data, action and milestones) which indicate the mitigation and control measures are working effectively. Reassess the risk against the Risk Matrix & Definitions above to give a current risk assessment.

- **Step 4: Monitor and Review the Risk** – Risks are to be regularly reviewed at the appropriate levels (Team Meetings, Senior Management Team, Chief Officer Team Meetings). Performance of the associated controls, actions and measures should be monitored regularly. Risk monitoring is live and needs to be continuously monitored and escalation process followed where an increase in risk has been identified.

Capturing Risk

A risk method statement is to be completed for all risks and scored. The risk method statement is to be stored in an identified folder on the shared drive and also uploaded onto the Performance Management System. The risk method statement should be completed by the risk owner/lead officer and reviewed by them along with any relevant action. A supporting officer should also be identified. The detail on the risk method statement should be sufficient so that in the event the risk owner leaves or changes job role, the replacement would be able to read the method statement and have an understanding of the current position of the risk and all of its management controls.

Accountability for Risk

The basic requirements of the Risk Management Framework are:

- Chief Officer Team owning and leading the process.
- Ownership and understanding at every level and by every officer.
- Defined allocation of responsibilities and strong reporting lines.
- Risk identification evaluation and assessment.
- Mechanism for escalation and de-escalation.
- Active involvement by elected members.
- A monitoring role.

Statutory Officers

Head of Paid Service, Statutory Monitoring Officer, S151 Officer, Chief Officer - Education and Youth, Chief Officer - Social Services all have a responsibility to:

- Ensure that risks are managed within their relevant statutory roles
- Set strategic risk management levels
- Monitor and review risks within statutory roles

Cabinet Members are responsible for:

- Ensuring that the Council's risks are managed effectively
- Setting the appropriate level of risk for the Council
- Setting the Council Plan, its priorities and objectives with risks identified

Chief Officer Team is responsible for:

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

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.

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 the Risk Management process 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.

Service Managers are responsible for:

- Informing Chief Officers and completing relevant risk assessments.
- Maintaining the management of risks identified on a regular basis.
- 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.

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 mitigation.
- Report all incidents to their manager/supervisor of risk tolerance breach.



Risk Method Statement

Step 1: Risk Identification

What do you want to achieve:	Insert here what you are trying to achieve? What is your ambition? What is your objective?
Risk Title:	<i>What is the name of the Risk? i.e. 'The Risk is...'</i>
Risk Type:	Strategic / Operational / Project
Risk Category (APPENDIX A):	Regulatory, Environmental, Financial, Reputational, Social Impact, Service Delivery, Health and Safety
Risk code:	This will automatically generate in CAMMS once it has been uploaded.
Lead Officer (Risk Owner):	Who is the Lead Officer for this Risk?
Service Area:	<i>Which service area does the Risk belong to?</i>
Council Plan/Strategy Link:	What Link does the Risk have to Council Plan or Strategies?
Performance Lead:	Who is the accountable Performance Lead?
Supporting Officer:	Who is the Supporting Officer (secondary contact) for this risk?

Step 2: Quantify Potential Impact

Use Risk Matrix (appendix B) to complete below:	Likelihood	Impact	Risk Score (Raw)
Raw Risk Assessment (without any management controls):	Choose an item.	Choose an item.	Choose an item.

Step 3: Mitigation and Control

Use Risk Matrix (appendix B) to complete below:	Likelihood	Impact	Risk Score (Target)
Target Risk Assessment: <i>(Think about your appetite for these risks. Give each one a target risk score that reflects the level of risk you'd be happy to accept)</i>	Choose an item.	Choose an item.	Choose an item.
Supporting Comments:	Include any details here which will support your target score. This is the area you are setting your tolerance for this risk		

Use Risk Matrix (appendix B) to complete below:	Likelihood	Impact	Risk Score (Controlled)
Current Risk Assessment (with current management controls):	Choose an item.	Choose an item.	Choose an item.
Management Controls:	<i>How is this Risk being managed and controlled? List all controls/actions you currently have in place to reduce and control the risk</i>		
Indicators: (which indicators will show you these expected controls ARE working and therefore your assessment of progress towards target risk score is reasonable)	<i>List all key indicators which show current controls are working effectively</i>		
Action Plan required: (If your current risk score is higher than your target risk score (ie current controls don't reduce the risk to a level you're happy with), list the additional actions needed to reduce the risk further)	<i>here is your action plan - the information here will depend on the degree of difference between current and target</i>		
Action Plan Indicators: (which indicators will show you these expected controls ARE working and therefore your assessment of progress towards target risk score is reasonable)	<i>Should be a list, specifics and not just we plan to have a meetings - these should show an impact on current performance and therefore a reduction /increase in current score</i>		

Step 4: Monitor and Review

Frequency of Reporting:	Choose an item.		
Reporting to (DMT, COT, Cabinet etc.):	Where will you be reporting the Risk to?		
Date Risk reviewed:		Next Risk review date:	
Risk reviewed by:		Risk review agreed by Lead Officer:	

Impact Severity	Catastrophic	Y	A	R	R	B	B
	Critical	Y	A	A	R	R	R
	Significant	G	G	Y	A	A	R
	Marginal	G	G	G	Y	Y	A
		Unlikely	Very Low	Low	High	Very High	Extremely High
Likelihood of risk happening							



AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 th November 2020
Report Subject	Approach to the 2020/21 Annual Governance Statement
Report Author	Chief Officer (Governance)
Type of Report	Operational

EXECUTIVE SUMMARY

Each financial year, the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance, and fulfils the requirements of the Accounts and Audit (Wales) Regulations 2018.

The AGS is based on the seven core principles of governance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance note on the preparation and contents of an AGS – ‘Delivering Good Governance in Local Government: Guidance notes for Welsh authorities’ (December 2016).

When the Committee considered the 2019/20 Annual Governance statement, at its July 2020 meeting, reference was made to the intended approach to the AGS for 2019/20, which due to the Covid 19 emergency and subsequent lock down was not possible.

We have now have arrangements in place for remote attendance meetings (RAM) utilising Cisco Webex video technology, which enable members of the Audit Committee to participate as an integral part of the 2020/21 process.

It should be recognised from the outset that the AGS for 2020/21 will look different from its predecessors. The enforced cessation of the formal governance process through democratic meetings in March, the interim governance arrangements that were put in place during the Response Phase and how the Council has since sought to reinstate democratic oversight will feature heavily.

This report sets out, for Audit Committee Members consideration, how they might be involved in the 2020/21 Annual Governance Statement process and thus take greater assurance from it.

RECOMMENDATIONS

1	That the Committee considers and endorses the proposed approach for the involvement of Audit Committee Members in the Annual governance statement process.
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REPORT DETAILS

1.00	EXPLAINING THE PROPOSED APPROACH TO THE 2020/21 ANNUAL GOVERNANCE STATEMENT
1.01	<p>The 2019/20 Annual Governance Statement which was endorsed by the Committee at its July meeting is attached as appendix 1. At the request of the Committee, the following was included:</p> <p><i>For 2019/20, It had been our intention to have a formal contribution to the Annual Governance Statement (AGS) from the Members of the Audit Committee. This would have taken the form of a questionnaire (similar to that currently used for the Overview & Scrutiny chairs). There would then have been a ‘challenge’ workshop, where the draft statement would be submitted to ensure that the key themes within the CIPFA framework have received appropriate consideration and to highlight those areas where we think we are strong and where more work is needed. Audit Committee members would have been able to comment and ask questions. However, the Covid 19 emergency and subsequent lock down meant this innovation was not possible. The greater involvement of Audit Committee Members will be built into in the 2020/21 Annual Governance Statement process.</i></p>
1.02	For the 2020/21 edition, the AGS will look different, as it will need to concentrate on the Council’s response to the emergency, how the Council’s risks have been managed during it, the impact that this had on the democratic process and the change in emphasis to the work of Internal Audit. This need is reflected in the Audit Wales Interim Assurance Letter, dated 28 th August, which is attached as appendix 2.
1.03	Whilst face to face meetings are still not possible, using video conferencing it will be possible to include members in the process of drawing up the AGS. Members of the Committee will be asked to complete a questionnaire on the adequacy of internal controls and there will be a challenge workshop to review the overall responses. This will take place during quarter 4.
1.04	<p>At the workshop the members will be asked to consider the following:</p> <ul style="list-style-type: none"> • The seven governance principles (below) and how those are being addressed; • The risk identification - are the red risks identified by officers the ‘right’ risks from a members’ perspective. How would the views of individual members on this differ?

	<ul style="list-style-type: none"> • Are there other risks, or other governance issues which Members feel should be raised and examined as part of this process? • Is the assurance level adequate? •
1.05	The Corporate Working Group of officers start their work on the 2020/21 AGS in early 2021. It is proposed therefore to hold the 'Member Challenge' workshop with members of the Audit Committee in March or April.
1.06	<p>The seven governance principles against which all of the contents of the Annual Governance statement should be measured are as follows:</p> <p>A. Core principle: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;</p> <p>B. Core principle: Ensuring openness and comprehensive stakeholder engagement;</p> <p>C. Core principle: Defining outcomes in terms of sustainable economic, social and environmental benefits;</p> <p>D. Core principle: Determining the interventions necessary to optimise the achievements of the intended outcomes;</p> <p>E. Core principle: Developing the entity's capacity, including the capability of its leadership and the individuals within it;</p> <p>F. Core principle: Managing risks and performance through robust internal control and strong financial management; and</p> <p>G. Core principle: Implementing good practices in transparency, reporting and audit to deliver effective accountability.</p>

2.00	RESOURCE IMPLICATIONS
2.01	None directly from this report.

3.00	RISK MANAGEMENT
3.01	The main risk is in not reviewing the Annual Governance Statement, which the Council is required to produce as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance, and fulfils the requirements of the Accounts and Audit (Wales) Regulations 2018.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	This report has been produced to initiate consultation with Members of the Audit Committee on the 2020/21 Annual Governance Statement.

5.00	APPENDICES
5.01	<p>Appendix 1 - 2019/20 Annual Governance Statement</p> <p>Appendix 2 - Audit Wales Interim Assurance Letter, 28th August 2020</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	AGS 2019/20 – attached. Report of the Chief Executive to the Audit Committee July 2020 and resultant minute.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Robert Robins, Head of Democratic Services Telephone: (01352) 702320 E-mail: robert.robins@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
	<p>Annual Governance Statement (AGS) This explains how the Council has complied with its Code of Corporate Governance, and fulfils the requirements of the Accounts and Audit (Wales) Regulations 2018.</p> <p>Corporate Governance: 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.</p> <p>It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Wales Audit Office: 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>

2019/20

Flintshire County Council – Annual Governance Statement

FINAL

What is Governance?

“Governance is at the heart of public services. It underpins how resources are managed, how decisions are made, how services are delivered and the impact they have, now and in the future. It also infuses how organisations are led and how they interact with the public. Governance needs to be robust but it must also be proportionate. Well-governed organisations are dynamic and take well-managed risks; they are not stagnant and bureaucratic.”¹

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Page 88 Flintshire County Council acknowledges its responsibility for ensuring that there is a sound system of governance. We have developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on our website. A summary of the principles upon which it is based can be found later in this document.

Our governance framework supports our aim as a modern public body which has the **philosophy** of operating as a social business which refers to it:

- being lean, modern, efficient and effective
- being designed, organised and operated to meet the needs of communities and the customer; and
- working with our partners to achieve the highest possible standards of public service for the well-being of Flintshire as a County.

To meet these aspirations, we have set the **standards** of:-

- achieving excellence in corporate governance and reputation.
- achieving excellence in performance against both our own targets and against those of high performing peer organisations.
- being modern and flexible, constantly adapting to provide the highest standards of public, customer, and client service and support.
- using its four resources - money, assets, people and information - strategically, effectively and efficiently.

¹ Wales Audit Office: “Discussion Paper: The governance challenges posed by indirectly provided, publicly funded services in Wales” 2017

- embracing and operating the leanest, least bureaucratic, efficient and effective business systems and processes.

To achieve these standards, our **behaviours** are:-

- showing strategic leadership both of the organisation and our partnerships.
- continuously challenging, reviewing, changing and modernising the way we do things.
- being as lean and un-bureaucratic as possible.
- using new technology to its maximum advantage.
- using flexible working to its maximum advantage.

We are committed to the **principles** of being:-

- a modern, fair and caring employer.
- fair, equitable and inclusive in its policies and practices.
- conscientious in planning and managing its activities, and making decisions, in a sustainable way.

We are committed to specific values and principles in working with our key partners and partnerships. These cover strategic partnerships such as the Public Services Board and with the third sector such as agreeing a set of Voluntary Sector Funding principles.

In previous years the Council's Annual Governance Statement has covered the Clwyd Pension Fund. From 2018/19 the Clwyd Pension Fund have produced their own Annual Governance Statement which will be presented to the Clwyd Pension Fund Board for consideration and approval.

The last quarter of 2019/20 has seen the growing Impact of the Corona Virus/Covid 19 emergency. The 'lock down' period commenced on 23rd March. However, our Chief and Senior Officers had already been planning our emergency response and the implications for our services as the gravity of the situation became apparent, commencing at the start of February. This had an immediate and significant impact as the Emergency Management Response Team (EMRT), led by the Chief Executive worked through significant changes to our working lives and culture. The emergency situation came at the end of the financial year; its impact for 2020/21 will be much more significant, resulting in significant changes to how we work and serve the people of Flintshire.

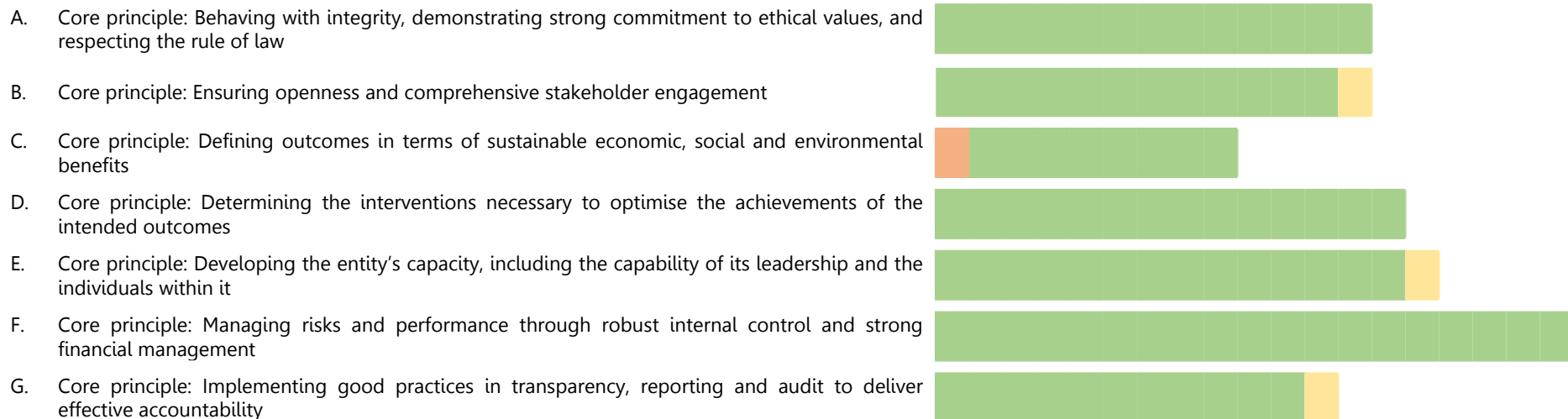
Following the Cabinet meeting on 17th March, a decision was made to cancel all of our formal meetings and events, initially until the end of April 2020.

For 2019/20, It had been our intention to have a formal contribution to the Annual Governance Statement (AGS) from the Members of the Audit Committee. This would have taken the form of a questionnaire (similar to that currently used for the Overview & Scrutiny chairs). There would then have been a 'challenge' workshop, where the draft statement would be submitted to ensure that the key themes within the CIPFA framework have received appropriate consideration and to highlight those areas where we think we are strong and where more work is needed. Audit Committee members would have been able to comment and ask questions. However, the Covid 19 emergency and subsequent lock down meant this innovation was not possible. The greater involvement of Audit Committee Members will be built into in the 2020/21 Annual Governance Statement process.

Dashboard : Effectiveness of the Council’s Governance Framework

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Good Governance Principles



Evidence, but Further Action Needed - (Score of 3 or below)

Good Evidence - (Score of 4)

Very Best Practice - (Score of 5)

Further Action Required:

Defining outcomes in terms of sustainable economic, social and environmental benefits

Areas of Very Best Practice:

- Ensuring partnerships are based on trust and shared commitment
- Recognising the benefits of partnership and collaboration
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations in an open and embracing manner.

Annual Internal Audit Opinion 2019/20:

“For the year ending 31 March 2020, based on the work we have undertaken, my opinion is that Flintshire County Council has an adequate and effective framework of governance, risk management and control”.

What is the Annual Governance Statement?

We are required by the Accounts and Audit (Wales) Regulations 2018 to prepare a statement on internal control. Alongside many authorities in Wales, we refer to this as the 'Annual Governance Statement'. This is a public document that reports on the extent to which we as the Council comply with our own code of governance.

In this document, we, the Council:

- Acknowledge our responsibility for ensuring that there is a sound system of governance;
- summarise the key elements of that governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describe how we have monitored and evaluated the effectiveness of our governance arrangements in year, and any planned changes in the coming period;
- provide details of how we have responded to any issue(s) identified in last year's governance statement; and
- report on any significant governance issues identified from this review and provide a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place at Flintshire County Council for the financial year 2019/20 and up to the date of approval of the Statement of Accounts.

How has the Annual Governance Statement been prepared?

The initial review of our governance framework was carried out by the Corporate Governance Working Group. This group worked with each corporate Chief Officer and also for some specific governance functions such as finance, human resources and legal. Our approach was based on the seven principles that follow in the main part of this document and were assessed to identify any areas for improvement. Questionnaires were also completed by the Chairs of Overview and Scrutiny committees. In addition the Audit Committee undertakes a self-assessment of its own effectiveness which has also informed this work.

The preparation and content of this year's governance framework has been considered by the Chief Officer Team, with assurance support from Internal Audit, Audit Committee and External Audit (Audit Wales?). We recognise that our governance framework cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

Page 93 In preparing the Annual Governance Statement, we have:

- reviewed the Council's existing governance arrangements against the Local Code of Corporate Governance.
- updated the Local Code of Corporate Governance where necessary, to reflect changes in the Council's governance arrangements and the requirements of the new CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities.
- assessed the effectiveness of the Council's governance arrangements and highlighted any planned changes in the coming period.

The Chief Officer Team, which is led by the Chief Executive, have also considered the significant governance issues and principles facing the Council. These are evidenced in pages 7-14 of the document. Principles assessed as needing further improvement are detailed from page 17.

Our Audit Committee provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework and internal control environment. As part of this role the Committee reviews and approves the Annual Governance Statement.

The six Overview & Scrutiny Chairs have also considered and commented on issues within the remit of their respective committees. They expressed general satisfaction with the Annual Governance Statement.

What are the key principles of the Corporate Governance Framework?

We aim to achieve a good standard of governance by adhering to the seven key principles of the new CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities, which form the basis of the Local Code of Corporate Governance. The seven key principles are:

- Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Principle B Ensuring openness and comprehensive stakeholder engagement
- Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes
- Principle E Developing the entity’s capacity, including the capability of its leadership and the individuals within it
- Principle F Managing risks and performance through robust internal control and strong public financial management
- Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

Sub Principles:

Behaving with Integrity

Demonstrating strong commitment to ethical values

Respecting the rule of law

How we do this:

- The behaviour and expectations of Members and Officers are set out in our Codes of Conduct, Constitution, and a suite of policies and procedures relating to Officers and Member induction, supervision, training and appraisals and leadership competencies.
- Case management both for Members and Officers.
- Codes of Conduct for Members and Officers specify the requirements around declarations of interests formally and at the beginning of meetings, gifts and hospitality etc.
- **We take fraud seriously. Key policies are in place to prevent, minimise and manage such occurrences. Polices include:**
 - **Whistleblowing Policy**
 - **Anti-Fraud and Corruption Strategy**
 - **Fraud Response Plan**
 - **Financial and Contract Procedure Rules**
- Compliance with policies and protocols e.g. Contract Procedure Rules
- Enhanced profile of Internal Audit

- A set of leadership competencies are deployed in each Portfolio and led by each Chief Officer.
- Our recruitment policy, training and competencies based appraisal processes underpin personal behaviours with ethical values.
- **Robust policies and procedures are in place, subject to formal approval prior to adoption by formal committees.**
- **All contracts and external service providers, including partnerships are engaged through the robust procurement process and follow the Contract Procedure rules regulations.**
- **Application of the corporate operating model; our way of being organised, working internally to promote high standards of professional performance and ethical behaviour to achieve organisational priorities and objectives.**

- We ensure that statutory and other key officers and Members fulfil legislative and regulatory requirements through a robust framework which includes: Scheme of delegation; induction, development and training of existing and new requirements; application of standing operating procedures; and engagement of early / external advice where applicable.
- **We ensure that the full use of the Council powers are optimised by regular challenge and keeping abreast of new legislation to achieve corporate priorities and to benefit citizens, communities and other stakeholders e.g. alternative delivery models (ADMs)**
- Effective Anti-Fraud and Corruption framework supported by a suite of policies; any breaches are handled in accordance with key legislative provision and guidance from appropriate bodies.
- **Our Monitoring Officer is responsible for ensuring the Council complies with the law and avoids maladministration. Our Constitution & Democratic Services Committee promotes high standards of conduct which are monitored by the Standards Committee**

Principle B

Ensuring openness and comprehensive stakeholder engagement

Sub Principles:

Openness

How we do this:

- We are committed to having an open culture. This is demonstrated by:
 - Complaints and Compliments Procedure
 - Meetings are conducted in an open environment
 - Our Council website
- The most appropriate and effective interventions / courses of action are determined using formal and informal consultation and engagement supported by:
 - Public consultation around the Medium Term Financial Strategy (MTFS)
 - Consultation principles, e.g. School Modernisation Programme
 - Formal and informal engagement models with employees and communities e.g. alternative delivery models Member workshops
 - County Forum (Town and Community Councils)

Positive engagement with Trade Unions both formally and informally

Engaging comprehensively with institutional stakeholders

- We engage effectively with stakeholders to ensure successful and sustainable outcomes by:
 - Effective application and delivery of communication strategies to support delivery
 - Targeting communications and effective use of Social Media
 - Formal and Informal meetings with key stakeholder groups
 - Effective stakeholder engagement on strategic issues
 - Service led feedback questionnaires and events
- Effective use of resources and achievement of outcomes is undertaken by the Council both through informal and formal partnerships:
 - Extensive range of partnerships to support the delivery of the Council’s strategic priorities, including the Public Services Board
 - Open and productive partnership arrangements supported by an effective governance framework
 - Trust and good relations lead to delivery of intended outcomes e.g. community asset transfers
 - Partner representation at Scrutiny committees

Engaging stakeholders effectively, including individual citizens

- The achievement of intended outcomes by services is supported by a range of meaningful guidance on consultation engagement and feedback techniques with individual citizens, service users and other stakeholders. This includes:
 - Range of customer channels
 - Undertaking Impact assessments
 - Results from satisfaction surveys to enhance service delivery where applicable
 - Complaints reviewed to assess organisational learning and change
 - Sharing soft intelligence and good practice
 - Committee reports portray all relevant feedback
 - **Services are assessed for value for money and opportunities for efficiencies**
 - **Taking account of the interests of future generations of tax payers and service users**
- We have appropriate structures in place to encourage public participation governed through the Communication and Social Media Policies. These include:
 - E-newsletters
 - The Council’s website

Principle C

Defining outcomes in terms of sustainable economic, social, and environmental benefits

Sub Principles:

Defining outcomes

How we do this

- **We have a clear vision describing the organisation's purpose and intended outcomes which is achieved through:**
 - **Linking of vision and intent to the MTFS which links to the Council Plan, Portfolio Business Plans and other plans and strategies with a focus on priorities for change and improvement**
 - **Organisational objectives are delivered through Programme Boards and political decision making processes**
 - Service Planning consideration including sustainability of service delivery
- Risk Management is applied consistently at project, partnership and business plan levels using the corporate performance system (CAMMS) which adheres to the Risk Management Policy and Strategy and ensures consistent application of risk registers and terminology.
- **Risk appetite is also considered whilst developing future scenarios and options with key staff.**
- The development of the County's Well-being Plan and delivery of the Public Services Board's priorities ensure that public services work effectively together to add value.

Sustainable economic, social and environmental benefits

- We take a longer term view and balances the economic, social and environmental impact of policies, plans etc. along with the wider public interest when taking decisions about service provision. This is supported by a range of governance approaches:
 - **Budget setting of the Capital Programme and MTFS and longer term business planning through the use of effective forecasting models**
 - **Setting longer term objectives regardless of political term**
 - **Delivering defined outcomes**
 - **Multi-disciplinary approach to policy development and wider public interest of economic, social and environment issues e.g. Welfare Reform, Corporate Safeguarding**
 - **Ensuring fair access to services**
 - Procurement strategy defines expectations around economic, social and environment benefits which inform service specifications, tenders and contracts.
 - Communication plans for public and community engagement
 - Clear documented record of route to change

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub Principles:

Determining interventions

Planning interventions

Optimising achievement of intended outcomes

How we do this

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- Good judgement in making decisions is achieved by ensuring decision makers receive objective and rigorous analysis of information and options to achieve intended outcomes including the related risks. This is achieved by:
 - **Full engagement with members on a longer term basis e.g. MTFs and Business Plans**
 - **Delivery of the MTFs and revenue and capital budget setting process providing options for the public, stakeholders and members to be engaged to consider modifications**
 - Development of forecasting models
 - Active engagement of key decision making in the development of initial ideas, options and potential outcomes and risks e.g. ADM Programme, Gateways
 - **Clear option appraisals detailing impacts, savings and risks to ensure best value is achieved**
 - Budget monitoring for each Portfolio and corporate considerations
 - **Managing expectation for key stakeholders**
 - Other key workforce strategies e.g. digital and procurement
 - Application of Impact Assessments

- We have established and implemented robust planning and control cycles covering strategic and business plans, priorities, targets, capacity and impact. This is achieved through:
 - Co-design of service solutions with key stakeholders
 - **Application of risk management principles when working in partnership and collaboratively and the active use of risk registers**
 - **Regular monitoring of business planning, efficiency and reliability including feedback on business planning model**
- **Service performance is measured through national performance indicators and establishing a range of local indicators, which are regularly monitored, reported and used for benchmarking purposes**
- **Robust and inclusive methodologies are in place to formulate the MTFs which is an integral part of the Council's governance framework and Portfolio**

- Resource requirements for the services are identified through the business planning process and detailed within the MTFs highlighting any shortfall in resources and spending requirements.
- **To ensure the budget process is all-inclusive, taking into account the full cost of the operations over the medium and longer term, regular engagement and ownership of the budget through the Chief Officer Team and consultation with members through workshops and robust scrutiny process is undertaken.**
- Social values are achieved through the effective commissioning of services and compliance with Council procedures.
- Consultation and engagement around the content of the MTFs through public and employee events sets the context for residents and employees. In particular relating to ongoing decisions on significant delivery issues or responses to changes in the external environment

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Sub Principles:

Developing the entity's capacity

How we do this:

- We review our operations, performance, and use of assets on a regular basis to ensure their continuing effectiveness by:
 - Review of service delivery, performance and risks through team meetings and quarterly formal reporting,
 - Programme boards' development and monitoring
- We review the sufficiency and appropriateness of resource allocation through techniques such as:
 - Benchmarking, both internal and external review undertaken to identify improvements in resource allocation, including the use of national and local PIs
 - Internal challenge
- Benefits of collaborative and partnership working both regionally and nationally to ensure added value is achieved by linking services and organisation priorities to partnership working
- Develop and maintain the workforce plan to enhance the strategic allocation of resources through the publication of regular workforce data reports and drawing intelligence from supervision and appraisal meetings.
- Future workforce and succession planning is undertaken in each portfolio to identify future workforce capability and progression.

Developing the capability of the entity's leadership and other individuals

- Effective shared leadership which enables us to respond successfully to changing external demands and risks is supported by:
 - a range of management and leadership development programme, run in partnership with Coleg Cambria
 - 'Development workforce' and 'leadership capacity' and 'managing performance' are three of the five priorities within the People Strategy 2016-2019
 - The Leader of the Council and the Chief Executive have clearly defined and distinct leadership roles
- Individual and organisational requirements are supported through:
 - Corporate induction for new employees to the Council
 - Inductions for employees in new jobs
 - Continued learning and development for employees identified through the competency based appraisal system and one to one meetings
 - A comprehensive range of training and development opportunities available, in partnership with Coleg Cambria and professional bodies.
 - Feedback and shared learning to the organisations both through reports and interactive sessions such as the 'Academi'
- To support and maintain the physical and mental wellbeing of the workforce a range of interventions is provided including: Occupational Health Service, Signposting employees and Members to Care First (independent Counselling support), Management Awareness and Support, internal training and awareness sessions to support stress related absences

Principle F

Managing risks and performance through robust internal control and strong public financial management

Sub Principles:

Managing risk

Managing performance

Robust internal control

Managing data

Strong public financial management

How we do this:

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- Risk Management is an integral part of all activities and decision making through:
 - **Application of risk management policy and strategy**
 - Identification of all risks and appropriate mitigations and transitional plans reported to Committees
 - **Clear allocation of management for risk responsibility with oversight by senior management and chief officers**
 - **Assurance by Internal Audit and Audit Committee**
 - Established the Chair and Vice Chair Liaison Group

- **Members and senior management are provided with regular reports on service performance against key performance indicators and milestones against intended outcomes**
- **Members are clearly and regularly informed of the financial position and implications including environmental and resource impacts**

- **Internal Audit provides the Council, through the Audit Committee, with an annual independent and objective opinion on the adequacy and effectiveness of the Council's internal control, risk management, governance arrangements and associated policies.**
- We are dedicated to tackling fraud as detailed within the Anti-Fraud and Corruption Strategy, Fraud Response Plan, and Whistleblowing Policy

- We have **effective strategic direction, advice and monitoring of information management with clear policies and procedures on personal data and provide regular training to ensure compliance with these.**
- We have appropriate Information Sharing Protocols in place in respect of all information shared with other bodies.
- **The quality and accuracy of data used for decision making and performance monitoring is supported by guidance from a range of professional bodies.**

- **Our Financial management arrangements support both the long term achievement of outcome and short term financial performance through the delivery of the MTFS**
- Setting a prudent Minimum Revenue Provision for the repayment of debt
- The integration of all financial management and control was reviewed as part of the finance modernisation project

Principle G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Sub Principles:

Implementing good practice in transparency

How we do this:

- We recently improved the layout and presentation of our reports in order to improve the presentation of key information to decision-makers and monitor this regularly.
- We are mindful of providing the right amount of information to ensure transparency.
- A review of information sharing protocols has been undertaken and new principles adopted.

Implementing good practices in reporting

- **We report at least annually on the achievement and progress of our intended outcomes and financial position. This is delivered through the:**
 - Annual Performance report assessing performance against the Council Plan
 - Annual Statement of Accounts demonstrate how the Council has achieved performance, value for money and the stewardship of its resources
 - Progress against the Well-being Plan
- **Our Annual Governance Statement is published following robust and rigorous challenge to assess and demonstrate good governance.**

Assurance and effective accountability

- Through robust assurance mechanism, we can demonstrate effective accountability. These mechanisms include:
 - **Internal Audit undertakes independent reviews to provide an annual assurance opinion of the Council's control, risk management, and governance framework. To allow this Internal Audit has direct access to Chief Officer and members of the Council.**
 - **All agreed actions from Internal Audit reviews are monitored regularly with reports to Chief Officers monthly and each Audit Committee.**
 - **Any 'limited/red' assurance opinions are reported to Audit Committee in full and progress monitored closely**
 - **Peer challenge and inspection from regulatory bodies and external compliance reviews. The outcomes from these inspections are used to inform and improve service delivery**
 - Through effective commissioning and monitoring arrangements and compliance with Council's procedures, we gain assurance on risk associated with delivering services through third parties and any transitional risks.
 - Reports are presented to Cabinet and an annual report to Audit Committee of external feedback from regulatory work and peer reviews along with the Council's responses.

Contributors to an effective Governance Framework

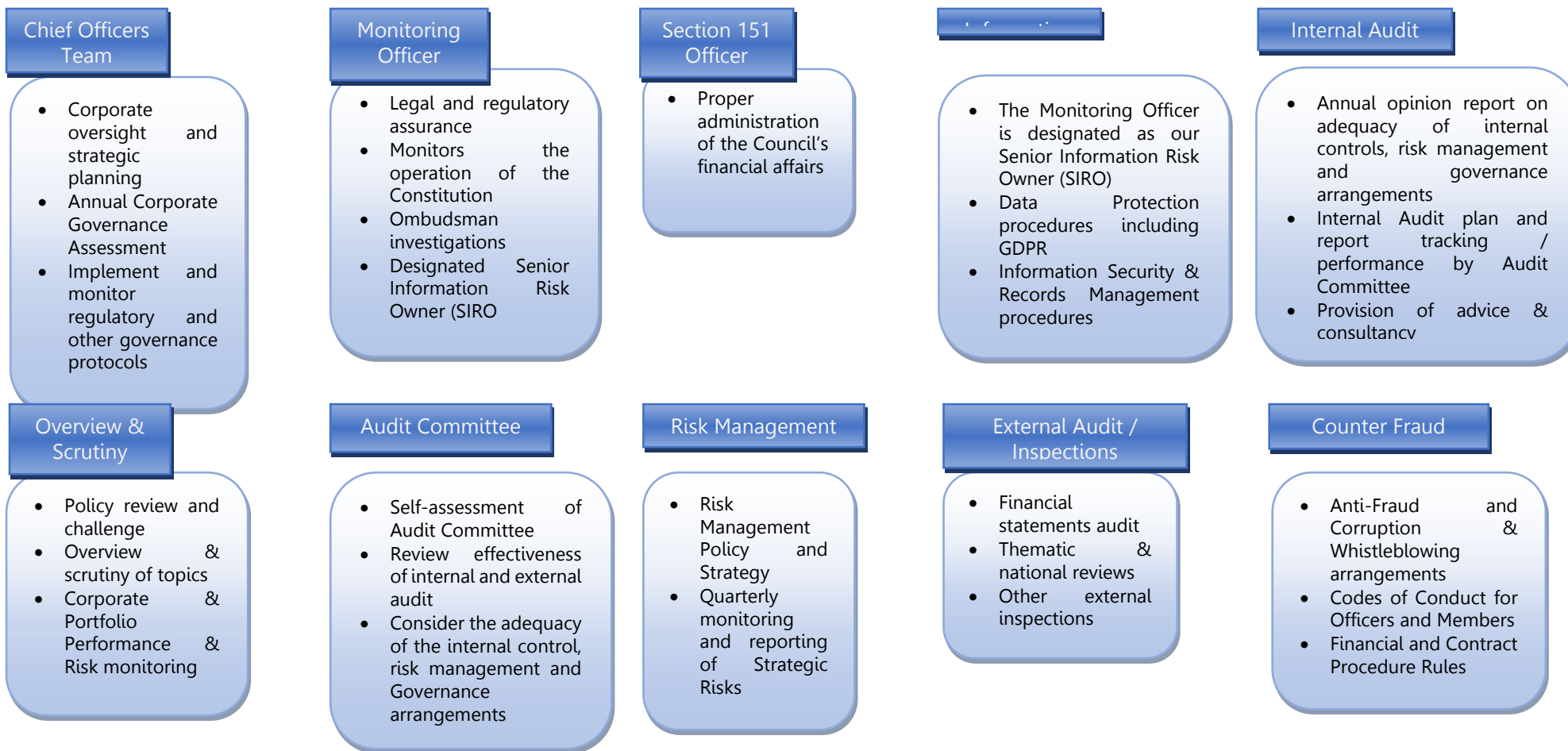
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Council	<ul style="list-style-type: none">- Approves the Council Plan- Endorses the Constitution
Cabinet	<ul style="list-style-type: none">- Primary decision making body of the Council- Comprises of the Leader of the Council and Cabinet members who have responsibility for specific portfolios
Audit	<ul style="list-style-type: none">- Help raise the profile of internal control, risk management and financial reporting issues within the Council, as well as providing a forum for the discussion of issues raised by internal and external auditors
Standards	<ul style="list-style-type: none">- Standards Committee promotes high standards of conduct by elected and co-opted members and monitors the operation of the Members' Code of conduct.- Constitution & Democratic Services Committee considers and proposes changes to the Constitution
Portfolio	<ul style="list-style-type: none">- Track efficiencies, highlighting risk and mitigating actions to achievement- Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery
Overview & Scrutiny Committees	<ul style="list-style-type: none">- Review and scrutinise the decisions and performance of Council, Cabinet, and Committees- Review and scrutinise the decisions and performance of other public bodies including partnerships- Assists the Council and Cabinet in the development of the Budget and Policy framework by in-depth analysis of policy issues
Chief Officers Team & Service Managers	<ul style="list-style-type: none">- Set governance standards- Lead and apply governance standards across portfolios- Undertake annual self-assessment
Internal Audit	<ul style="list-style-type: none">- Provide an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements- Investigates fraud and irregularity

How have we monitored and evaluated the effectiveness of our governance arrangements?

On an annual basis, we review the effectiveness of our governance framework including the system of internal control. The key elements of assurance that inform this governance review are detailed below:

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How have we addressed the governance and strategic issues from 2018/19 AGS

The 2018/19 Annual Governance Statement contained 16 key improvement areas as i) Internal Council Governance issues – those derived from the portfolio, Overview and Scrutiny and Audit Committee annual self-assessments that affect the internal governance arrangements of the Council; and, ii) Strategic Council Plan issues – those that were identified as part of the Council Plan for 2018/19 which remained unmitigated i.e. a ‘Red’ risk status. These key improvement areas within Annual Governance Statement 2018/19 also include some items which had been carried over from 2017/18.

The issues and how they were addressed are below:

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
Views and experiences of citizens, service users and organisations of different backgrounds including reference to future needs are taken into account.	<ul style="list-style-type: none"> • Service planning does not take into account service user’s needs in the future. • Legal and or judicial challenges. • Lack of effective feedback mechanisms to inform stakeholders how their views have been taken into account: stakeholders remain uninformed and less likely to support service change. • Lack of structures to encourage public participation 	<ul style="list-style-type: none"> • Development of an integrated impact assessment approach to inform budget decisions and longer term sustainability of services. • Communication strategies developed and actioned for all major decisions affecting the public. • Ensure that effective feedback mechanisms are built into communication strategies, taking into account the diversity of communication methods. 	<p>Integrated Impact Assessments (IIA) now developed and used to inform 2018/19 business planning. CAMMS system been updated with IAA for all relevant efficiency projects and policies; process to be fully operational from May 2019.</p> <p>Although the Council has policies and procedures to ensure the lawfulness of its decisions the potential for legal and judicial challenges remain an ongoing risk to the Council.</p> <p>Communication strategies have been developed for policy change and other major decisions affecting the public, including feedback mechanisms.</p> <p>The system for completing IIAs within CAMMS is now fully operational. The inclusion of IIAs within committee reports ensures decision makers are aware of any impacts identified. Further training for IIA authors is being planned to improve robustness of IIAs undertaken.</p>	Closed

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
Performance management: (Identified by Overview and Scrutiny Committee chair).	Council's approach to performance management and monitoring is not fully understood; leading to ineffective challenge and scrutiny.	Member workshop: understanding the Council's performance management approach and supporting systems.	A workshop explaining the Council Plan and it's measures in relation to performance management was held in 2018. Workshops have been held with members on Performance Management.	Closed
(A1, A2, A3) Behaving with integrity. # (E54) Developing the capability of the entity's leadership and other individuals – developing protocols to ensure that elected and appointed leaders negotiate their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. #	<ul style="list-style-type: none"> Protecting the reputation of the Council Members not leading by example on the values for the organisation. 	<ul style="list-style-type: none"> Refresh training and advice. Sustained work with Group Leaders and the Chair of the Council. The Council has approved the Flintshire Standard which sets expectations about behaviour. The Council regularly sends members on the WLGA Leadership Programme which will explain the roles of elected members and officers. There is a process of induction for councillors who are new to positions of responsibility within the Council (e.g. committee chair or cabinet member). This explains the remits of elected councillors and officers. Council procedures further reinforce the respective roles. 	The collective and coordinated approach by Group Leaders and members, supported by officers has led to an improvement in behaviour. Where isolated cases continue this is being addressed separately.	Closed
		<ul style="list-style-type: none"> 		

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
(A8) Demonstrating strong commitment to ethical values. #	Under realisation of external service providers to provide social value benefits that communities can gain from.	<ul style="list-style-type: none"> Review of expectations of external providers, both voluntary and contractual, as part of the implementation of a new Social Value Strategy (endorsed Cabinet March 2019). Initial focus is to generate social value through procurement 	The Social Value Strategy has been rolled out with the creation of a dedicated Social Value Officer. Action to remain open to fully embed process.	Open
<p>(B23,24,25) Engaging stakeholder effectively, including individuals citizens and service users. *</p> <p>(E61) Developing the capability of the entity's leadership and other individuals – ensure that there are structures in place to encourage public participation. *</p> <p>(F69) Managing performance – making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</p>	<ul style="list-style-type: none"> Ensuring that impacts, both negative and positive are fully understood when making Council decisions. Public participation is not built into consultation and communication strategies, leading to mis-communication and difficulties in implementing change. 	<ul style="list-style-type: none"> Template and guidance for all committee reports to ensure that both communications and risk are comprehensively considered and reported on as part of the Integrated Impact Assessment, captures specific issues which may be of consequence for protected groups and other issues of impact need to be considered and captured. New format for reporting introduced Autumn 2019 and subsequently monitored. Increased use of tools such as Gov. Delivery and Customer Accounts. 	<ul style="list-style-type: none"> There has been an improved report format used during the year. This action needs to remain open action to capture the report of Integrated Impact Assessments. There is a detailed communications strategy in place for all aspects of engagement. All major decisions are based on clear objective analysis. 	<p>Open (B23, 24,25)</p> <p>Closed (E61)</p> <p>Closed (F69)</p>

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
(C27,29) Defining outcomes in terms of sustainable economic, social and environmental benefits. #	<ul style="list-style-type: none"> • Expectations of delivery in accordance with the Future Generations and Wellbeing Act have been raised. • Service planning does not take into account service user’s needs in the future. • Legal and or judicial challenges. 	<ul style="list-style-type: none"> • Part of the review of the Council Plan 2019/20 and the review of the current set of Well-Being Objectives. • Reflect within provisions made in the Medium Term Financial Strategy. • The financial impact on the Council from Covid 19 is currently unknown. 	Case studies to be included within the Annual Performance Report demonstrating best practise in line with Future Generations and Wellbeing Act	Closed
(C30,31) Defining outcomes – identifying and managing risks to the achievement of outcomes and making best use of the resources available.*	<ul style="list-style-type: none"> • Risk management not fully related to the achievements of all that we do. • Inconsistent application of the risk management strategy across all portfolios. • Risks are not mitigated during transitional or implementation phases. • Outcomes are under-achieved 	<ul style="list-style-type: none"> • Improvement still needed in this area to ensure that risk management is related fully and comprehensively to the achievement of outcomes in all that we do. • Ensure that within the new risk register arrangements are in place to risk assess the achievement of outcomes. 	<ul style="list-style-type: none"> • Revision of Risk Management Framework • Workshops with portfolios on revised risk framework. 	Closed
(D38,39) Planning interventions - establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.*	<ul style="list-style-type: none"> • Inconsistent application of planning methodologies to ensure effective delivery of outcomes. • Ensuring that impacts, both negative and positive are fully 	<ul style="list-style-type: none"> • Provided and applied a comprehensive set of tools and guidance to ensure that strategic and operational plans are maintained to inform other strategies such as the MTFS 	There is a systematic approach to budget planning, production of the MTFS and risk escalation	Closed

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
<p>Planning interventions – Engaging with internal and external stakeholders in determining how services and other interventions can best be delivered. *</p>	<p>understood when making Council decisions.</p> <ul style="list-style-type: none"> • Lack of effective feedback mechanisms to inform stakeholders how their views have been taken into account: stakeholders remain uninformed and less likely to support service change. • Lack of structures to encourage public participation. 			
<p>(D43) Planning interventions – Ensuring capacity exists to generate the information required to review service quality regularly. *</p>	<p>Lack of appropriate information to inform service quality and policy decisions.</p>	<p>Review of the information available to inform service quality, as part of the Members’ Workshop on Performance Management.</p>	<p>Members workshops have now been held.</p>	<p>Closed</p>
<p>(E53) Developing the entity’s capacity – Developing and maintaining an effective workforce plan to enhance strategic allocation of resources. *</p>	<ul style="list-style-type: none"> • Sustainability of service provision. • Ineffective allocation of resources. • Reputational damage following reduction in quality of service. 	<p>Whilst the Council already has individual Portfolio workforce plans, these need to be consolidated into one Council workforce plan in accordance with the People Strategy.</p>	<p>Whilst positive work has been undertaken, this action should remain open and under review.</p>	<p>Open</p>
<p>(E58) Developing the capability of the entity’s leadership and other individuals – Ensuring employees have access to</p>	<ul style="list-style-type: none"> • Employees unable to carry out their roles effectively following recruitment. • Employees not provided with the values and 	<ul style="list-style-type: none"> • Ensure that Induction sessions are a carried out in a timely fashion and that all new employees attend. 	<p>There is a clear induction process in place for new members of staff. The action to remain open until a more effective corporate induction and remote e-learning tool is available.</p>	<p>Open</p>

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
appropriate induction, with ongoing training and development matching individual and organisational requirements is available and encouraged. *	<p>objectives of the organisation.</p> <ul style="list-style-type: none"> Changes to policies, technologies, practices, legislation and understood; leading to inefficiency and under productivity. 	<ul style="list-style-type: none"> Introduce monitoring of the corporate induction process as a quarterly report to CRO&SC and Cabinet to monitor effectiveness and ensure compliance. 		
(E64) Developing the capability of the entity's leadership and other individuals – Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. *	Resilience of workforce is impacted by capacity and changing demands.	Next stage of development of the Mental Health and Wellbeing Plan for the workforce as one of the commitments within the People Strategy.	Positive work has taken place to develop the Mental Health and Wellbeing plan and will continue to evolve to support the changing workforce and their needs.	Open
(F68,F69) Managing performance – Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. *	<ul style="list-style-type: none"> Outcomes following implementation may not have been delivered. Lessons not learned nor shared. 	<ul style="list-style-type: none"> Inclusion of post implementation reviews in Scrutiny Forward Work Programmes. Work with Scrutiny Chairs and vice-chairs and the Liaison Group to ensure that risks and performance are 'cornerstone' items of O&S FWPs. Ensure risks are adequately covered in committee reports. Brief committees on risk issues using half hour slots before meetings where necessary. 	Whilst considerable work has taken place, further work is required to ensure there is a consistent approach for the inclusion of post implementation reviews in Scrutiny Forward Work Programmes.	Open

(i) Internal Council Governance issues from the 18/19 AGS	Risk	Mitigation	Management Comment	Current Status
(F71) Managing performance – Providing members and senior management with regular reports on service delivery and on progress towards outcome achievement. *	Lack of timeliness of reporting leading to out of date information upon which to make decisions / assess risks.	<ul style="list-style-type: none"> Continue with Council Plan reporting on historical factual information within 2 months of the quarterly period, but with current updates contained within the report. Use of the most up to date data to inform reports for decision making. Members to be involved in what is valuable to be measured within portfolios (Performance Management workshop). 	<ul style="list-style-type: none"> Performance reports are presented within 2 months of the quarter end. Recruitment of Data Officer to lead support for reporting completion 	Closed
(F78) Managing Data – Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to ensure the security of personal data used. *	<ul style="list-style-type: none"> Legal challenge and fines. Personal confidentiality breached. 	Continue with monitoring processes and procedures set out for compliance with GDPR, until evidence that consistent approaches are being undertaken in each portfolio	There is an effective framework in place however to ensure consistency in compliance this action is to remain open	Open
Agreed actions within the Red / Limited assurance (2) Internal Audit reports are implemented.	Failure to address control and governance issues identified as part of the audit work undertaken.	Detailed action places in place to address the funding.	All actions relating to these Red / Limited assurance Internal Audit report have been implemented.	Closed
(ii) Strategic Issues from the 2018/19 Council Plan	Risk	Mitigation	Management Comment	Current Status

(ii) Strategic Issues from the 2018/19 Council Plan	Risk	Mitigation	Management Comment	Current Status
<p>Supportive Council: Availability of sufficient funding to resource key priorities – with particular reference to Disabled Facilities Grants (DFGs).</p>	<ul style="list-style-type: none"> • Demand for DFGs and adaptations are not met due to budget availability. • DFGs are not delivered in a timely manner; under-performance nationally. 	<p>Response to Internal Audit recommendations to improve processes.</p>	<p>Oversight Board established to review and monitor progress. Improvements in process and timeliness evidenced in last half of the year.</p> <p>Performance of this has improved. All actions have been addressed and the oversight board has ceased.</p>	<p>Closed</p>
<p>Supportive Council: Demand outstrips supply for residential and nursing home care bed availability.</p>	<ul style="list-style-type: none"> • Lack of residential and nursing home care bed availability leading to more hospital stays. • Increased stress on carers. • Primary care resources stretched further. 	<ul style="list-style-type: none"> • Expansion of Marleyfield to support the medium term development of the nursing sector is ongoing. • Re-phasing of Integrated Care Fund capital to fit in with the Council’s capital programme has been agreed by Welsh Government. • Other active workstreams, including the development of resources to support the sector, diagnostic reviews for providers and Care Conferences. 	<p>The expansion of Marleyfield to support the medium term development of the nursing sector continues under the direction of the Programme Board.</p> <p>A review for Programme Board of demand and supply in light of the new capital developments has been undertaken.</p> <p>Risk had reduced due to developments on track and no care homes in escalating concern. However, the impact of Covid 19 and the need to open an additional care home at the Oaks still needs to be factored in.</p>	<p>Open</p>
<p>Learning Council: Limited funding to address the backlog of known repair and maintenance work in Education and Youth assets.</p>	<p>Fabric of Education and Youth buildings will continue to decline leading to an increase in health and safety issues and imbalance between surplus and unfilled places.</p>	<ul style="list-style-type: none"> • Condition surveys continue to identify priorities for investment. • Implement County Policy for School re-organisation and modernisation. 	<p>The School Modernisation Programme is one of the strategic options to address the repairs and maintenance backlog.</p> <p>Capital business cases for improvement and repair and maintenance projects in schools are considered through the Council’s business case process.</p> <p>This continues to be a financial risk to support the school infrastructure.</p>	<p>Open</p>

(ii) Strategic Issues from the 2018/19 Council Plan	Risk	Mitigation	Management Comment	Current Status
<p>Green Council: Funding will not be secured for priority flood alleviation schemes.</p>	<p>Flood alleviation schemes will not be delivered leading to increased risks of damage to infrastructure and community disturbance.</p>	<p>Review our approach to funding capital projects.</p>	<p>Flintshire’s local risk management strategy contains an action to ‘identify projects and programmes that are affordable, maximising capital funding from internal and external sources’. A service review is intended to create a more effective approach / structure that balances the ability to secure funding for flood alleviation works with the delivery of statutory duties under the Flood and Water Management Act. New Strategic Urban Drainage Scheme (SUDS) legislation needs to be implemented. Due to increase pressure of statutory duties the status of risks still lie within the red RAG rating.</p>	<p>Open</p>
<p>Serving Council: The scale of the financial challenge.</p>	<p>The Council has insufficient funding to meet its priorities and obligations.</p>	<ul style="list-style-type: none"> • The Council's Medium Term Financial Strategy and efficiency programme. • National negotiations on local government funding. 	<p>The Council’s budget setting process and management of the Medium Term Financial Strategy enabled the Council to set a balanced budget for 2019/20. The future of Council funding however, remains uncertain. The initial forecast for 2019/20 was considered by Cabinet in April 2019 and will continue to be closely monitored.</p>	<p>Open</p>

Those actions closed are shown in blue text

What are the significant governance and strategic issues identified during 2019/20

The review of the effectiveness of the Council’s governance framework has identified the following significant issues that will need to be addressed during 2019/20. These are categorised as:

- i) Internal Council Governance issues – those derived from the portfolio, Overview and Scrutiny and Audit Committee annual self-assessments that affect the internal governance arrangements of the Council.
 NOTE: Issues marked * have been retained as high profile for further work, even though the risk score was 3 or above.
 Issues marked # show risk issues which have increased in risk significance, even though they still retained a score of 3 or above
- ii) Strategic Council Plan issues – those that have been identified as part of the Council Plan for 2019/20 which remain un-mitigated i.e. a ‘Red’ risk status.

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i) Internal Council Governance issues for 2019/20	Risk	Mitigation
(C29) Defining outcomes in terms of sustainable economic, social and environmental benefits. #	<ul style="list-style-type: none"> • Expectations of delivery in accordance with the Future Generations and Wellbeing Act have been raised. • Service planning does not take into account service user’s needs in the future. • Legal and or judicial challenges. 	<ul style="list-style-type: none"> • Part of the review of the Council Plan 2020/21 and the review of the current set of Well-Being Objectives • Reflect within provisions made in the Medium Term Financial Strategy. • The financial impact on the Council from Covid 19 is currently unknown.

ii) Strategic Issues from the 2019/20 Council Plan	Risk	Mitigation
<p>Supportive Council Debt levels will rise if tenants are unable to afford to pay their rent or council tax.</p>	<ul style="list-style-type: none"> • Council will not recover income to offset costs. • Tenants will fall into more categories of debt. • Potential rise in homelessness presentations. 	<ul style="list-style-type: none"> • Early intervention for tenants claiming Universal Credit to tackle rent arrears and encourage payment of rent. • Avoid new or escalating arrears to ensure that homelessness is prevented where possible.
<p>Supportive Council Demand outstrips supply for residential and nursing home care bed availability.</p>	<ul style="list-style-type: none"> • Lack of residential and nursing home care bed availability leading to more hospital stays. • Increased stress on carers. • Primary care resources stretched further . 	<ul style="list-style-type: none"> • Expansion of Marleyfield to support the medium term development of the nursing sector is ongoing. • Re-phasing of Integrated Care Fund capital to fit in with the Council’s capital programme has been agreed by Welsh Government. • Other active workstreams, including the development of resources to support the sector, diagnostic reviews for providers and Care Conferences.
<p>Supportive Council Homelessness will remain a growing area of demand due to the current economic climate</p>	<ul style="list-style-type: none"> • Lack of suitable, settled accommodation for those on welfare benefits has caused delays in being able to achieve positive outcomes for customers. 	<ul style="list-style-type: none"> • We have been awarded in year funding to assist with additional measures to develop Landlord incentives within the private rented sector and a strategic partnership with HAWs (a lettings agency) commenced in May 2019. • The emergency beds provision is in place and is proving to be in demand. • Recruitment of an Outreach Worker in post, employed through Clwyd Alyn, who follows up on street homeless and individuals who attend the emergency bed provision
<p>Supportive Council Insufficient supply and escalating cost of placements for children with complex needs</p>	<ul style="list-style-type: none"> • Increasingly difficult to secure appropriate placements for children with complex needs within budget constraints. 	<ul style="list-style-type: none"> • Supporting resilient families through the Early Help Hub • Targeted support to families on the edge of care • Combat exploitation through the Strategic and Operational MET (Missing, Exploitation, Trafficking) group • Policies and models to attract new foster carers and expand the type of placements offered • Working with local providers to reshape the residential market • Maximising local housing options

ii) Strategic Issues from the 2019/20 Council Plan	Risk	Mitigation
<p>Green Council Funding will not be secured for priority flood alleviation schemes.</p>	<ul style="list-style-type: none"> Inability to secure the WG grant funding and/or FCC capital funding necessary to deliver priority flood alleviation schemes. 	<ul style="list-style-type: none"> Review our approach to funding capital projects.
<p>Serving Council The scale of the financial challenge.</p>	<ul style="list-style-type: none"> Reduction in funding of Revenue Support Grant leading to challenging financial position for the Council in its ability to set a balanced budget. 	<ul style="list-style-type: none"> The Medium Term Financial Strategy (MTFS) continues to be reviewed to forecast the financial resources to be available to the Council during the period based on the best available intelligence and identification of solutions available. National and local solutions for addressing the budget gap continue to be explored.
<p>Serving Council Fully funding demand led services and inflationary pressures</p>	<ul style="list-style-type: none"> Reductions or cessation of services High increases in Council Tax level 	<ul style="list-style-type: none"> National lobbying for improved funding for local government in Wales to include indexation of nationally agreed pay award, increases in demand and Nationally agreed legislative changes. Maximisation of business planning efficiencies from Portfolios and increases to fees and charges
<p>Serving Council Meeting Internal Targets</p>	<ul style="list-style-type: none"> Impact on the overall financial position of the Authority impacting on Medium Term Financial Strategy. 	<ul style="list-style-type: none"> Review of in year efficiencies and mitigate any shortfalls. Review of income and expenditure to ensure financial management is robust. Review at Programme Board and escalation as necessary.
<p>Serving Council Increasing costs of service delivery and rising demand for some services</p>	<ul style="list-style-type: none"> We may not be able to deliver services or may not be able to set a legal balanced budget 	<ul style="list-style-type: none"> Regular monitoring of budgets Escalation of areas of increasing financial risk such as increased cost and demand Seek additional national funding for inflationary uplifts and areas of high service demand Challenge by finance for mitigation within the service Prevention strategies to minimise demand Regular reporting to COT/Cabinet/Council

ii) Strategic Issues from the 2019/20 Council Plan	Risk	Mitigation
<p>Corporate Finance Increasing Debt</p>	<ul style="list-style-type: none"> An increase in the level of debt owed to the Council 	<ul style="list-style-type: none"> We are still collecting income and are only making flexibilities where tax-payers, tenants, customers and businesses approach us to request support. 'Soft' enforcement has begun for tax-payers and tenants who are falling into debt and not made any contact with us and a first batch of reminder letters is to be issued in late May/early June 2020. Full enforcement action cannot resume until it is sensitive to do so. This risk will need to be taken into account in the review of the Medium-Term Financial Strategy (MTFS).
<p>Corporate Finance Insufficient reserves level</p>	<ul style="list-style-type: none"> Insufficient reserves remain following the response phase 	<ul style="list-style-type: none"> Protect an over-exposure of our reserves by maximising our grant claims to Welsh Government for refunds of additional emergency expenditure and the recovery of lost income.
<p>Corporate Finance Insufficient reserves level impacts financial resilience</p>	<ul style="list-style-type: none"> Insufficient reserves impact on the financial resilience of the Council to sustain a lengthy recovery phase 	<ul style="list-style-type: none"> This risk will need to be taken into account in the review of the Medium-Term Financial Strategy (MTFS).

Certification

The review provides good overall assurance that Flintshire County Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework requirements for Local Authorities within Wales.

Opportunities to maintain and develop the Council's governance arrangements have been identified through this review. We pledge our commitment to addressing these issues over the coming year and we will monitor their implementation and operation as part of our next annual review.

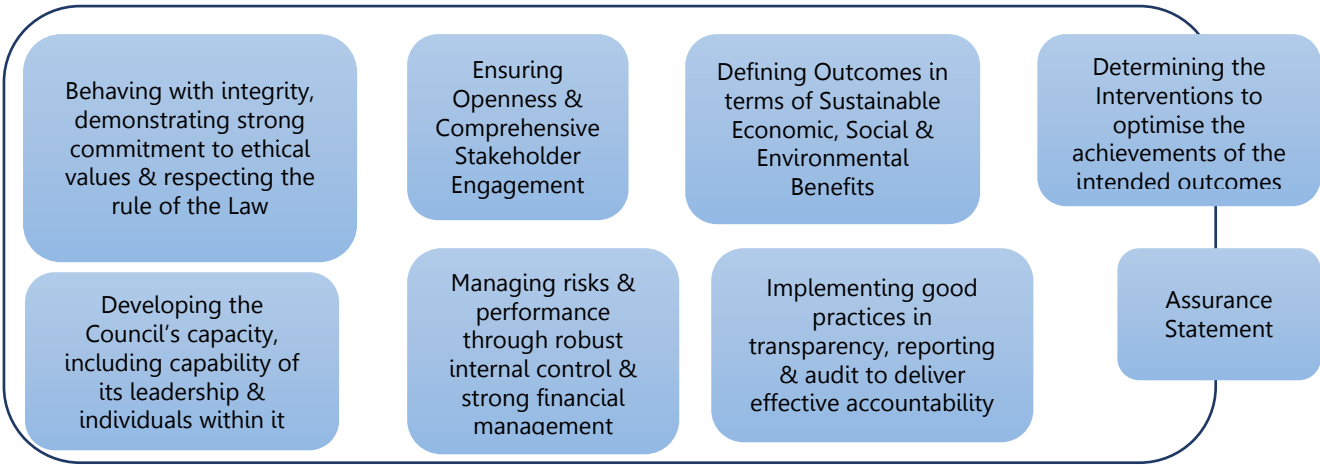
Signed on behalf of Flintshire County Council

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Colin Everett – Chief Executive

Cllr. Ian B Roberts – Leader of the Council

Flintshire County Council Corporate Governance Framework
Principal Statutory Obligations and Organisational Objectives



Public Key Documents:

- Annual Governance Statement
- Annual Outturn Finance Report
- Annual Performance Report
- Annual Information Governance Statement
- Capital Strategy and Asset Management Plan
- Code of Corporate Governance
- Code of Ethical Practice on Procurement
- Contract Procedure Rules
- Digital Strategy
- Financial Regulations
- Council Plan
- Medium Term Financial Strategy
- Members' Allowance Scheme
- Overview and Scrutiny Annual Report
- People Strategy
- Portfolio Business Plans
- Public Services Board Wellbeing Plan
- Statement of Accounts
- Strategic Equality Plan
- Strategic Risk Register
- Treasury Management Strategy
- Annual Audit Report

Key Documents: Ad-hoc Review / Production

- Anti-Fraud Work plan
- Business Continuity Plans
- Communications Principles
- Constitution
- Data Protection Policy
- Equality and Diversity Policies
- HR Policies
- Health & Safety Policies
- Internal/External Audit Protocol
- IT Policies
- Members Code of Conduct
- Officers Code of Conduct
- Procurement Strategy
- Social Media Policy
- Welsh Language Standards
- Whistle Blowing Policy

Contributing Processes Regulatory Monitoring

- Appraisal and Supervision
- Attendance management
- Audit Committee
- Budget Monitoring Reports
- Comments, Complaints and Compliments
- Corporate Governance
- Corporate Health & Safety
- Council (Plan) Governance Framework
- Council Meetings
- Engagement and Consultation
- External Audit
- FCC Web site
- Induction
- Inspectorate Reports
- Internal Audit
- Job Descriptions
- Manager Toolkits
- Member Training
- Monitoring Officer
- Partnership Self Assessments
- Performance Management
- Risk Management
- Scrutiny Framework
- Staff induction
- Your Council newsletter

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Flintshire County Council

Reference: 2013A2020-21

Date issued: 28 August 2020

Dear Colin,

Flintshire County Council – COVID-19 recovery – Interim Assurance

As you reach the end of the first phase of your recovery process and are bringing decision making back into more normal arrangements during this month, I wanted to write to you to sum up our early conclusions based on our ongoing monitoring of your COVID-19 recovery.

From the work that Audit Wales has undertaken to date, I am assured that Flintshire County Council's (the Council) recovery from the impact of the pandemic has benefited from strong and consistent leadership, particularly in planning and decision making. There has been a drive to engage and lead regional groups which is positive. Internal and external communication has been very strong and is to the Council's credit.

I consider that the Council's approach to recovery is well structured and well thought through. The Council has taken the time to reflect on its response actions and learn from them. As a result, should it be necessary to revert to response mode to manage any resurgence of the virus, the Council will be better placed to deal with the crisis than it was before.

I have set out in the appendix to this letter some of the key areas we have looked at. This work is undertaken to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004, section 18 of the Local Government (Wales) Measure 2009 and section 15 of the Well-being of Future Generations Act (Wales) 2015. Further information about our work and our privacy notice is available on our website.

Yours sincerely



Jeremy Evans, Audit Manager

Appendix

In Spring 2020, the COVID-19 pandemic had an unprecedented impact on our communities and public services. Councils have a key role to help keep staff and residents safe, adapt their decision-making arrangements, prioritise services and collaborate with partners to try and limit the spread and impact of the virus. Since the beginning of May we have been looking at the Council's approach to recovery, and during this time we have observed meetings, reviewed documents and held on-line meetings with key officers and councillors. Some examples of the work we have done is set out below:

Meeting Observations:

A total of 7 meetings observed.

Documents Reviewed:

A total of 68 documents reviewed

Surveys completed:

Audit Wales review and staff survey. 'Response phase –operating model and communications.' Presentation of findings to CEO and officers 31 July. Includes result of senior staff survey. Response rate of 80%.

Adapting decision-making arrangements

The Council suspended formal governance meetings in March 2020 and began to resume formal democratic meetings, using Cisco WebEx technology, in June 2020. The Council's Audit Committee, Cabinet, and some Scrutiny Committees met in July. Meetings are well chaired and have good participation by members and demonstrate open and transparent decision making.

Even at the peak of the pandemic there were frequent briefings of Council members and distribution of FAQs to ensure all members knew the latest developments and were able to give a clear and consistent message to the public.

The Chief Executive demonstrated good strategic leadership during the pandemic, chairing and guiding the Emergency Management Response Team (EMRT/Gold) which directed strategy, made principal decisions, and escalated topics to regional and national decision-makers as required. Tactical Groups (Silver) directed strategy and decision-making in areas of specialism/delegation and Operational Groups (Bronze) made operational decisions within delegations. The Council's Operating Model was an effective tool for achieving quick and transparent decision making during the COVID-19 pandemic.

These arrangements worked well and from the end of July the Council stood down EMRT and returned to its normal senior officer arrangements as it began the transition to restoring and adapting services.

Keeping staff safe

The Council invoked its emergency planning arrangements and scaled back services in March 2020. Where possible staff have worked from home to limit the spread of the virus. Since July, as services have resumed, greater numbers of staff have returned to offices but many are still working from home. Going forward the Council plans a mix of working at home, in the office and working on site. Where staff are working in offices or on site, the Council will follow Welsh Government guidance, looking at what adjustments need to be made and how staff are best able to work safely and to re-pattern how staff work.

Communications

Flintshire's communications with the public and residents during the pandemic has been consistent, clear, and innovative. Audit Wales key findings are:

- the Council's communications with the residents of Flintshire has been innovative and quick to respond to a fast-moving crisis.
- the Council's methods of communications with its staff has improved during the pandemic, and new methods have been introduced to overcome the barriers created by the crisis.
- the Communications Team have worked exceptionally hard during the crisis. The Council needs to consider if this is sustainable.
- as part of reviewing its Communications Strategy, the Council could consider gathering the views of residents, its front-line staff, and all councilors to gauge their perspectives on the communication model.

Prioritising services

The pandemic had an inevitable impact on services with many services closing and others reducing usual levels of service to prevent spread of COVID-19. Some staff were redeployed to priority services and to support the most vulnerable people.

The Council has now carefully 'unlocked' many of its key services in line with Welsh Government guidance and identified what will be different as staff return to work to keep them safe. The reopening of services has progressed well, once again helped by a clear communications strategy.

We encourage the Council to look for opportunities for doing things differently as a result of what has been learned through the COVID-19 crisis, and not to automatically return services to how they were before.

There are opportunities to maintain the momentum and learn from 'digital democracy'

Looking towards the future, there might be opportunities to learn from the experiences of holding meetings online and to consider this learning to shape future practices. The Council has shown that virtual meetings can work well, and

there might be financial, time and environmental benefits to providing online meeting facilities in the future. All of which might have the potential to improve value for money.

Most councillors have shown their ability to embrace the use of technology for online meetings. There may be further opportunities to gain insights from council members on any development and training that may help them to participate more effectively in online meetings.

There are some challenges in holding formal meetings exclusively online and at this stage there may be opportunities to gain insights about the effectiveness of these arrangements. Further engagement with the public to gather views about their experiences of observing meetings during this period could also help to provide timely feedback on the effectiveness of these arrangements from their perspective.

Collaborating with partners to build back better

Council officers and members continue to play an active role in regional recovery. The Chief Executive is the lead CEO for the North Wales Economic Ambition Board and chairs the Regional Coordinating Group. The Council volunteered to deliver and employ the staff for the North Wales regional approach for Test, Trace and Protect (TTP). As members of the Regional Partnership Board and the Public Service Board the Council plays an active role in working with partners to coordinate and deliver a regional recovery from the pandemic.

Ends.



AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 th November 2020
Report Subject	Audit Committee Annual Report
Report Author	Chair of the Audit Committee
Type of Report	Assurance

EXECUTIVE SUMMARY

In accordance with CIPFA's best practice 'Audit Committees – a Practical Guidance for Local Authorities 2018', there is a requirement for the Audit Committee to be held to account by the Council for the work they undertake. To support this, the Audit Committee's Terms of Reference were amended in 2018 to include a requirement for the Committee to prepare a yearly report to the Council on its achievements and demonstrate its accountability.

The Audit Committee's Annual Report for 2019/20 (Appendix A) provides the Council with the necessary information to meet this requirement.

RECOMMENDATIONS

1	The Committee considers and endorses the annual report for 2019/20 prior to its submission to Council for approval on 08 December 2020.
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REPORT DETAILS

1.00	EXPLAINING THE AUDIT COMMITTEE ANNUAL REPORT
1.01	<p>In accordance with CIPFA's best practice 'Audit Committees – a Practical Guidance for Local Authorities 2018', the Audit Committee has an important role within the Council's governance structure and in promoting the principles of good governance.</p> <p>An equally significant part of this role is for the Audit Committee to demonstrate its accountability. Accountability should be considered under three aspects:</p> <ol style="list-style-type: none"> 1) Supporting the Council's accountability to the public and stakeholders; 2) Supporting accountability within the Council; and

	3) Holding the Audit Committee to account.
1.02	<p>The Audit Committee's Annual Report (Appendix A) is designed to provide assurance to the Council in holding the Committee to account. In particular:</p> <p>1) Supporting the Council's accountability to the public and stakeholders</p> <ul style="list-style-type: none"> – Each Audit Committee meeting is held in the public domain with all Committee papers available on the Council's website. <p>2) Supporting accountability within the Council; and</p> <ul style="list-style-type: none"> – Through the review of those reports received by Audit Committee, the Committee holds to account those responsible for the implementation of recommendations and action plans. In addition to this, the Committee oversees the process for evaluating and improving governance, risk, financial management and control. <p>3) Holding the Audit Committee to account</p> <ul style="list-style-type: none"> – The Committee has fulfilled its agreed Terms of Reference and adopted the recommended best practice; – Members of the Audit Committee have assessed their own development needs and taken the opportunity to attend briefing and training sessions; – The Committee has assessed its own effectiveness, developed an action plan and monitors progress; and – The Committee demonstrates they have a positive impact on the improvement of governance, risk, financial management and control within the Council.
1.03	<p>The annual report provides the Council with an overview of the:</p> <ul style="list-style-type: none"> • Work undertaken by the Committee and its effectiveness against the main areas of the Committees' Terms of Reference; • Internal Audit opinion for 2019/20; • Committees membership and attendance; • Self-Assessment, Training and Development; and • Future Priorities.
1.04	<p>The only aspect that the Committee has not completed during the financial year 2019/20 is the self-assessment of the Committee. This was going to be held in March however due to the Pandemic this never took place.</p>
1.05	<p>Once the Committee has endorsed this report, the Annual Report will be presented to Council for consideration and approval at the 08 December 2020 meeting.</p>

2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The draft annual report for the Audit Committee has been shared with the Chief Executive, Chief Officer Governance, Democratic Services Manager, Chair of the Audit Committee and Vice-Chair of the Audit Committee.

4.00	RISK MANAGEMENT
4.01	Audit Committee is integral to promoting an effective risk management framework within the Council.

5.00	APPENDICES
5.01	Appendix A – Audit Committee Annual Report.

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

7.00	GLOSSARY OF TERMS
7.01	<p>Corporate Governance: 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>Risk Management: the process of identifying risks, evaluating their potential consequences 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 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> <p>Internal Control: Appropriate procedures and processes are in place to mitigate any risk which may prevent the organisation from achieving its objectives and service delivery.</p>

<p>Financial Management: the planning, organising, directing and control of the financial activities of the Council to ensure sufficient resources are available to delivery its intended outcomes.</p>
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Date	Approved By	Version
18/11/2020	Audit Committee	Draft
08/12/2020	Flintshire County Council (planned)	Final

1 Foreword by Councillor Chris Dolphin, Chair of the Audit Committee

I am pleased to present the Annual Report of the Audit Committee which outlines the Committees' work and activities for the year ending 31st March 2020.

The Audit Committee is a key part in the Council's governance framework to provide an independent oversight on the effectiveness of the Council's governance, risk, financial management, and internal control arrangements.

Throughout the year, the Committee has continued to receive valued professional reports, support and advice from Accountancy, Treasury Management, Risk Management, Corporate Business and Communications, Internal Audit and External Audit (Audit Wales). Additionally, we have invited Chief Officers and Service Managers to attend Audit Committee to respond to concerns raised by members or through various reports, such as those presented by Internal and External Audit.

At each meeting we have reviewed our Forward Work Programme ensuring the work mirrors the level of risks and priorities of the Council. Any actions raised during previous Committee meetings are reviewed for completeness.

I would like to thank members and officers who have supported the work of this Committee by presenting, discussing, challenging, and debating solutions to the governance, risk, financial, and control environment of the Council. The Committee has been well attended throughout the year and where apologies have been given a trained substitute member has attended on the members' behalf.

Finally, I would like to confirm that there are no areas of concern for the Committee to note or report back on which is reassuring for the Council.



Cllr Chris Dolphin
Chair of Audit Committee

2 Introduction

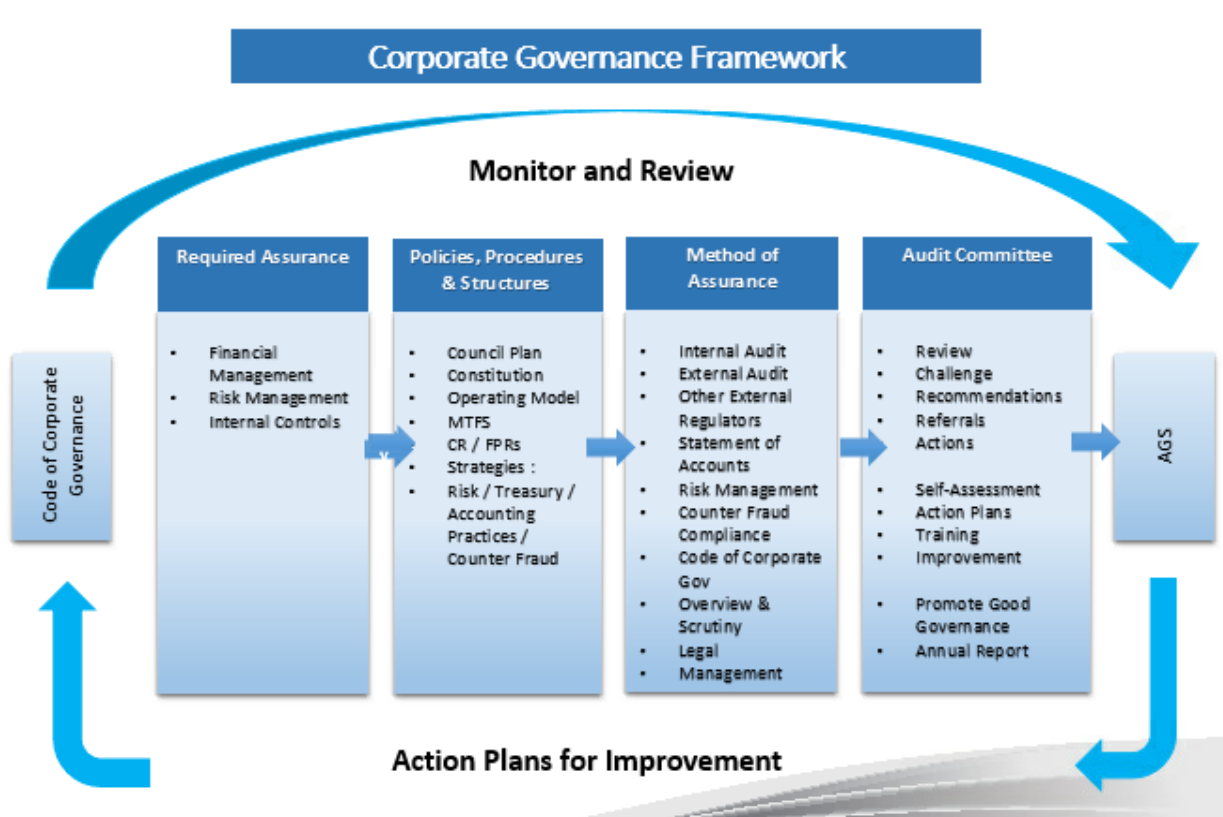
- 2.1 The Audit Committee is a key part in the Council's Governance Framework. It provides independent governance assurance over the adequacy of the Council's governance and risk management frameworks, the internal control environment, and the integrity of the financial reporting. By overseeing internal and external audit and other regulators, the Committee makes an important contribution by ensuring effective assurance arrangements are in place.
- 2.2 How the Audit Committee fulfils this role is detailed within the Committee Terms of Reference (December 2018). It states that the Audit Committee's role and functions will be to:
- A** Review the effectiveness of the Authority's systems of corporate governance, internal control and risk management, and to make reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements.
 - B** Oversee the reporting of the statutory financial statements to ensure the balance, transparency and integrity of published financial information, as well as the review of the financial statements prepared by the authority and recommendation to County Council; and

Review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the Committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.
 - C** Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context.
 - D** Report to the Council annually, summarising the Committee's activities and recommendations.
- 2.3 The full Terms of Reference for Audit Committee are detailed at Appendix A.
- 2.4 In supporting the Audit Committee deliver its terms of reference, there is a strong contribution from the independent member, the external advisors and regulators and the Internal Audit Team.

3 Work of the Audit Committee and its Effectiveness

- 3.1 The Committee has worked within its Terms of Reference, which includes the requirement to monitor and review governance, risk management, financial management and internal controls within the Council to ensure there is an appropriate and effective framework in place. This process is demonstrated in Graphic 1 below.
- 3.2 The Audit Committee provides the Council with an independent opinion of the effectiveness of the Governance arrangements within the Council including those of the internal and external audit function.

Graphic 1 – Corporate Governance Framework



- 3.3 As referred to at 2.2, the Audit Committee’s Terms of Reference is split into four main areas referenced A-D. Within tables 1-4 below the Audit Committee demonstrates how it has met and fulfilled its Terms of Reference by receiving, reviewing, challenging and approving the following reports.

Table 1 – Terms of Reference A

TOR A : To review the effectiveness of the Authority's systems of corporate governance, internal control and risk management		
Committee Date	Report Received	Committees Resolution
05/06/2019	Annual Governance Statement (AGS) 2018/19	That the Committee recommends to the Council the AGS 2018/19 to be attached to the Statement of Accounts.
05/06/2019	Internal Audit Annual Report	The report and Internal Audit Annual opinion be noted.
05/06/2019	Internal Audit Progress Report	Report be accepted.
10/07/2019	Risk Management Update	Assured risks are being managed throughout the year; and Mid-year report to be received on the entire Risk Management system.
11/09/2019	Internal Audit Progress Report	Report be accepted.
11/09/2019	Annual Review of Strategic Risks	The Audit Committee is assured by the Council's strategic approach to Risk Management; and That the Committee receives the revision of the Risk Management 2019/20 Strategy at the next meeting.
11/09/2019	Annual Improvement Report (AIR) of the Auditor General for Wales	Assured by the Auditor General for Wales Annual Improvement Report for 2018/19.
20/11/2019	Asset Disposal and Capital Receipts Generated 2018/19	Report be noted.
20/11/2019	Use of Consultants	Committee is assured that expenditure on consultants is being controlled and the Council is achieving value for money. Therefore the Committee no longer require an annual report.
20/11/2019	Risk Management Update	Status of informal overview of Strategic risks for 2019/20 priorities of the Council be noted; and That the committee to receive risk management framework and guidance at January audit committee be noted.
20/11/2019	Contract Management	The Internal Audit service monitor the delivery of portfolio action plans to improve contract management and undertaken a follow up during 2020/21.
20/11/2019	Internal Audit Progress Report	Report is noted; That future progress reports be condensed to include details of overdue actions on only high and medium priority actions and any areas where valid reasons had not been provided for actions older than six months and overdue; and The amber / red reports on Alltami Stores and Highway Cost recovery be referred to the Environment Overview and Scrutiny Committee.
20/01/2020	Code of Corporate Governance	Updated Code of Corporate Governance be endorsed as part of the Council's Constitution.
20/01/2020	Internal Audit Progress Report	The reported be accepted.
20/01/2020	Financial Procedural Regulations	The updated FPRs be endorsed and recommended for submission to Council.

Table 2 – Terms of Reference B

TOR B : To Oversee the reporting of the statutory financial statement's process and review and scrutinise the County Council's financial affairs		
Committee Date	Report Received	Committees Resolution
10/07/2019	Draft Statement of Accounts 2018/19	<ul style="list-style-type: none"> The Draft Statement of Accounts be noted; and Members note the ability to discuss any aspect of the Accounts with officers.
10/07/2019	Supplementary Financial Information to Draft Statement of Accounts 2018/19	Report is noted.
10/07/2019	Draft Clwyd Pension Fund Statement of Accounts 2018/19	Report is noted.
10/07/2019	Treasury Management Annual Report 2018/19	Draft Treasury Management report is noted with no matters to be drawn to the attention of Cabinet on 24 September 2019.
10/07/2019	Treasury Management Quarter 1 Update 2019/20	Report is noted.
11/09/2019	Statement of Accounts 2018/19, including WAO ISA presentation	<ul style="list-style-type: none"> Final version of the Statement of Accounts 2018/19 be recommended for approval by County Council; The WAO ISA presentation be noted; and The letter of representation be recommended for approval by County Council.
20/11/2019	School Reserves Balances Year End 31 March 2019	The School Reserve Balances as at 31/03/2019 be noted.
20/11/2019	Asset Disposal and Capital Receipts Generated 2018/19	Report is noted.
20/11/2019	Treasury Management Mid-Year Review and Quarter 2 Update 2019/20	The Draft Treasury Management Mid-Year Report 2019/20 be recommended to Cabinet on 17 December 2019.
20/11/2019	Use of Consultants	Committee is assured that expenditure on consultants is being controlled and the Council is achieving value for money. Therefore the Committee no longer require an annual report.
20/11/2019	Outcome of Estyn Report Inspection	The Committee receives and acknowledges the findings of the Estyn report on Education Services in Flintshire.
20/11/2019	Certification of Grants and Returns 2018/19	<p>The content of the Grant Claim Certification report 2018/19 be noted;</p> <p>That progress on actions arising from 2017/18 report be noted; and</p> <p>The changes made to the grant external audit process from 2019/20 be noted.</p>
29/01/2020	Treasury Management Strategy 2020/21 and Treasury Management Quarter 3 Update 2019/20	<ul style="list-style-type: none"> After reviewed the draft Treasury Management Strategy 2020/21 the Committee has noted specific issues to be reported to Cabinet on 18 February 2020; and The Treasury Management 2019/20 Quarterly update report be noted.
29/01/2020	Wales Audit Office (WAO) Annual Audit Letter 2018/19	The Wales Audit Officer Annual Audit Letter 2018/19 be noted.

Table 3 – Terms of Reference C

TOR C : To monitor the performance and effectiveness of the internal and external audit functions		
Committee Date	Report Received	Committees Resolution
05/06/2019	Internal Audit Annual Report	The report and Internal Audit Annual opinion be noted.
05/06/2019	Internal Audit Progress Report	The report be accepted.
05/06/2019	Internal Audit Charter	The updated Audit Charter be approved.
11/09/2019	Statement of Accounts 2018/19, including WAO ISA presentation	<ul style="list-style-type: none"> Final version of the Statement of Accounts 2018/19 be recommended for approval by County Council; and The WAO ISA presentation be noted.
11/09/2019	Annual Improvement Report (AIR) of the Auditor General for Wales	Assured by the Auditor General for Wales' Annual Improvement Report for 2018/19.
11/09/2019	Internal Audit Progress Report	Report is accepted
20/11/2019	Internal Audit Progress Report	<p>Report is noted;</p> <p>That future progress reports be condensed to include details of overdue actions on only high and medium priority actions and any areas where valid reasons had not been provided for actions older than six months and overdue; and</p> <p>The amber / red reports on Alltami Stores and Highway Cost recovery be referred to the Environment Overview and Scrutiny Committee.</p>
29/01/2020	Wales Audit Office (WAO) – Annual Audit Letter 2018/19	The Wales Audit Officer Annual Audit Letter 2018/19 be noted.
29/01/2020	Internal Audit Progress Report	The reported be accepted.

Table 4 – Terms of Reference D

TOR D :	To report to the Council annually, summarising the Committee's activities and Recommendations (<i>demonstrating the Committees' effectiveness</i>)	
Date of Committee	Report Received	Committees Resolution
Part D of the Terms of Reference was new to 2018/19.		
11/09/2019	Appointment of Lay Member of Audit Committee	The Audit Committee recommends to full Council that Allan Rainford be appointed to the Audit Committee until the end of December 2021.
11/09/2019	Audit Committee Annual Report	The Audit Committee endorses the Annual Report for 2018/19 prior to its submission to Council for approval on 22 October 2019.

- 3.4 Any actions raised by Audit Committee after reviewing and considering these reports are detailed at Appendix B.
- 3.5 The Committee's Forward Work programme for 2020/21 is detailed at Appendix C.

4 Internal Audit Opinion

- 4.1 The Internal Audit Service to Flintshire County Council is required to provide the Council (through the Audit Committee) with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving that opinion it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The assurance opinion is based on the matters which were identified during the work of Internal Audit and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
- 4.2 The Audit Committee has been given assurance that there has been no limitations made on the scope of Internal Audit coverage during the year.
- 4.3 Due to current pandemic and all committee meetings being cancelled the Internal Audit Manager presented the Annual Internal Audit Report for the year 2019/20 to Audit Committee in September 2020 which includes the following assurance opinion.

For the year ending 31 March 2020, based on the work we have undertaken, my opinion is that Flintshire County Council has an adequate and effective framework of governance, risk management and internal control.

- 4.4 One audit was given a 'Red / Limited' assurance level during the year (2018/19 two audits, 2017/18, three audits, 2016/17 four audits & 2015/16 six audits), where an urgent system revision was required. Whilst this audit indicated areas where controls needed to be improved, they are not significant in the context of the Authority's whole control environment.
- 4.5 Overall 55% of assurance opinions issued were either Green or Amber Green providing the Committee with assurance that in the main there are effective arrangements in place for governance, risk management, financial management and internal control.
- 4.6 In order for the Internal Audit team to be in position to undertake such work and deliver this audit opinion, it has an unfettered high profile role within the Council, and has developed and holds an excellent trusted working relationship with portfolios. The breadth of the work has grown in recent years seeing a significant increase in requests for advisory, consultancy and commissioned work.

5 Audit Committee Membership and Attendance

- 5.1 The Council has determined that the membership of its Audit Committee will consist of seven elected Members and two Independent Lay Members (as required by the Local Governance (Wales) Measure 2011). The Independent Lay Members are appointed for a period of four years and Council Members are reappointed annually. The first lay member was appointed in 2017 and the second in September 2019.
- 5.2 The Committee is serviced by Council Officers, principally the Chief Executive, the Chief Officer, Governance (Council's Monitoring Officer), the Corporate Finance Manager (Section 151 Officer) and the Internal Audit Manager. Representatives from Corporate Finance, Corporate Business and Communications, and Audit Wales also attend Audit Committee.
- 5.3 The Audit Committee met on five separate occasions during 2019/20 as the last meeting of the financial year was cancelled due to the emergency of the pandemic. For each meeting, the Committee were quorate and there were sufficient Elected Members to generate an informed discussion on the matters raised. The attendance by members demonstrates their continued commitment to the Audit Committee.

Table 5 – Audit Committee Meeting 2019/20

Present	05/06/19	10/07/19	11/09/19	20/11/19	29/01/20	25/03/20	Total Meetings Attended
Cllr C Dolphin (Chair)	Yes	Yes	Yes	Yes	Yes	Cancelled due to the Pandemic	5
S Ellis (Independent Member & Vice-Chair)	Yes	Yes	Yes	Yes	Yes		5
Cllr G Collett	Apology	Yes	Yes	Yes	Yes		4
Cllr A Dunbobbin	Yes	Yes	Apology	Apology	Yes		3
Cllr A Holgate	Apology	Apology	Yes	-	-		1
Cllr P Johnson	Yes	Yes	Yes	Yes	Yes		5
Cllr A Woolley	Yes	Yes	Yes	Yes	Yes		5
Cllr P Heesom	Yes	Yes	Yes	Yes	Apology		4
Cllr J Axworthy (new member from Nov 19)	-	-	-	Yes	Yes		2
A Rainford (New Independent Member from Nov 19)	-	-	-	Yes	Yes		2
Cllr C Carver (Substitute)	Yes	Yes	N/A	N/A	N/A		2
Cllr I Dunbar (Substitute)	N/A	N/A	Yes	N/A	N/A		1
Total for Committee	7	8	8	8	8		-
Other Members Present as Observers	5	0	5	2	1		
Attendance Ratio for 2019/20				97.5%			
Attendance Ratio for 2018/19				95.8%			
Attendance Ratio for 2017/18				87.5%			

- 5.4 All members of the Committee, including any substitutes have received the required Audit Committee training prior to attending their first Audit Committee meeting. All meetings were held in open sessions and papers are available on the Council's website. Officers from the Council's External Auditors, Audit Wales (AW) were present at each of the meetings.

6 Self-Assessment, Training & Development

Audit Committee Self-Assessment

- 6.1 In September 2018, the Audit Committee held a self-assessment workshop where the performance and effectiveness of the Committee was reviewed against the best practice set out by CIPFA. The workshop was interactive with a positive discussion taking place regarding the delivery of the Committee's core role and function. Following the self-assessment an action plan (Appendix D) was developed and will be used to monitor performance.
- 6.2 In October 2019, new to Wales, a Chair and Vice Chairs of Audit Committee Network was established and held in Llandrindod Wells. This was attended by the Vice Chair of the Audit Committee and the Internal Audit Manager. In November an update was provided to the Committee on the key aspects of the session. It was agreed that the self-assessment workshop for 2019/20 to be arranged for March would be based on the facilitation work shop held at the network event. Due to the Pandemic this Self-Assessment workshop has not taken place, therefore Appendix D shows the progress against the 2018/19 self-assessment workshop. A further Chair and Vice Chairs of Audit Committee Network will be held in November 2020.

Audit Committee Training and Development

- 6.3 During the year members of the Audit Committee attended and received a number of formal training courses and awareness sessions. Table 6 provides details of this.

Table 6 – Audit Committee Training & Development

Topic	Date	Type of Training	Coverage
Audit Committee Member Training	25/09/2019	Governance; Risk; Financial Control; Fraud Awareness; & External Audit	Training provided to a new substituting member of the Audit Committee.
Chair and Vice Chairs of Audit Committee's Network Seminar	10/10/2019	Overview to Audit Committees; Risk Management and Annual Governance Statement	Full day session covering: Governance and Assurances Risk Management Facilitation Workshop – The Influential Audit Committee.
Chair and Vice Chairs of Audit Committee's Network Seminar	20/11/2019	Governance; Risk Management and Annual Governance Statement	Presentation and explanation of the Chair and Vice Chairs of Audit Committee's Network Seminar attended (above)
Code of Corporate Governance	20/11/2019	Governance	Presentation and explanation of the Code of Corporate Governance and how this feeds into the Governance framework.
Treasury Management	29/01/2020	Financial	Half day external training session provided on the Council's approach to Treasury Management.
Annual Governance Statement	05/06/2020	Governance	Presentation and explanation of the Annual Governance Statement.
Statement of Accounts	05/06/2020	Accounts	Presentation and explanation of the Statement of Accounts.

7 Future Priorities

- 7.1 The Committee's Forward Work Programme (Appendix C) will continue to be reviewed to ensure the contribution to governance, risk management, financial management and internal control is maximised.

Audit Committee's Terms of Reference

Appendix A

7.00 Article 7 - Statement of Purpose:

The terms of reference sets out the Audit Committee's position in the governance structure of the Council.

The Audit Committee is a key component of Flintshire County Council's (the Council's) corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

7.01 Role:

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

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

B. Oversee the reporting of the statutory financial statement's process to ensure the balance, transparency and integrity of published financial information, and to review the financial statements prepared by the authority and recommend them to County Council; and

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

C. Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context.

D. Report to the Council annually, summarising the Committee's activities and recommendations.

A. Corporate Governance, Risk Management and Internal Control

1. Evaluate whether Senior Accountable Officers and service teams are setting the appropriate "control culture" by communicating the importance of internal control and risk management.

2. Consider and assure the annual update of the Code of Corporate Governance against the 'Delivering Good Governance Framework (Wales)'.

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

4. Evaluate the overall effective development and operation of the internal control and risk management frameworks and consider whether actions raised by the internal and external auditors have been implemented by Senior Accountable Officers.
5. Review and assure the Risk Management Strategy through regular reports on risk management and business continuity plans, processes and outcomes.
6. Monitor progress in addressing risk related issues reported to the Committee.
7. Consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
8. Keep under review the Council's Anti-Fraud and Corruption Strategy, Fraud Response Plan and Whistleblowing Policy and the assessment of fraud risks and potential harm to the Council from Fraud and Corruption.
9. Consider the Council's arrangements to secure value for money and review assurances and assessment on the effectiveness of these arrangements.
10. Receive reports on all fraud identified and any other special investigations, and action taken.
11. Consider how Senior Accountable Officers are held to account for the security of computer systems and applications to protect against computer fraud or misuse.
12. Ensure the rigorous application of the agreed protocol for the reporting and decision making over business cases for collaborative projects, the management of the transition for approved collaborations, and the subsequent performance management arrangements for the new collaborative services.
13. Obtain regular updates from Senior Accountable Officers and legal advice regarding compliance matters, and be satisfied that all compliance matters have been considered in preparing the financial statements.
14. The Chair and Vice Chair of the Audit Committee together with the Chairs and Vice Chairs of the six Overview and Scrutiny Committees will attend the Chair and Vice Chair Liaison Group with the primary aim to reduce duplication of work, ensure there is a shared coverage of the Council's risk profile and escalate poor performance between respective Committees.

Appendix A of the Audit Charter provides a diagram of the co-ordination of work between the Overview and Scrutiny Committees and Audit Committee.

B. Financial:

Statutory Financial Statements

1. Receive the draft Annual Statement of Accounts, together with the underlying accounting policies for information. Consider and comment on the final

Statement of Accounts following the receipt of the proposed audit opinion from the Wales Audit Office prior to recommending their approval to the Council.

2. Understand the controls and processes implemented by Senior Accountable Officers to ensure the financial statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate review.
3. Meet with management and external auditors to review the financial statements, the key accounting policies and judgements, significant accounting and reporting issues and their impact on financial reports, and the results of the audit.
4. Ensure that significant adjustments, unadjusted differences, disagreements with Senior Accountable Officers and critical accounting policies and practice are discussed with the external auditor.

Financial Affairs

5. Understand the internal control systems implemented by Senior Accountable Officers and service team for the approval of transactions and the recording and processing of financial data.
6. Gain an understanding of the current areas of greatest risk around financial controls and advise and assure on risk management.
7. Keep under review the Council's financial procedure rules, contract procedure rules and all other corporate directions concerning financial control.
8. Review and assure the Treasury Management Strategy and Policy, consider quarterly updates on Treasury Management, and make appropriate recommendations / observations to the Cabinet.

C. Internal and External Audit

1. Keep under review the joint working arrangements of the Council's Internal and External Auditors.

Internal Audit

2. Promote the role of internal audit within the Council, as a key element of its control environment.
3. Review and approve the Internal Audit Charter, outlining the role, scope, independence, authority, responsibility and reporting of the department.
4. Keep under review the organisational structure and resource requirements of the Internal Audit Section and consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Internal Audit Manager. To approve and periodically review safeguards to limit such impairments.

5. Make appropriate enquiries of both Senior Accountable Officers and the Internal Audit Manager to determine if there are any inappropriate scope or resources limitations.
6. Review, approve (but not direct) and monitor the delivery of the risk-based internal audit plan, the approach to using other sources of assurance, and any work required to place reliance upon those other sources. Ensure the plan considers changes arising from Government, Assembly or Council initiatives.
7. Approve significant interim changes to the risk based Internal Audit Plan and resources requirements.
8. Receive summaries of all internal audit reports issued, highlighting key actions with corporate control implications.
9. Consider reports from the Internal Audit Manager on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - Updates on the work of internal audit including key findings, issues of concern including monitoring the implementation of agreed actions contained within internal audit reports, receive report on actions not implemented within agreed timescales and seek explanations from officers where required.
 - Regular reports on the results of the Quality Assurance Improvement Programme (QAIP);
 - Reports on instances where the Internal Audit service does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Governance Advice Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.
10. Receive and consider the Internal Audit Manager's annual report:
 - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of Internal Audit.
 - The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement (AGS).
 - Keep performance indicators under review and evaluate, on an annual basis, the performance and effectiveness of Internal Audit and its compliance with best practice.
11. Consider summaries of specific internal audit reports as requested.
12. Receive reports outlining the action taken where the Internal Audit Manager has concluded that Senior Accountable Officers and service teams have accepted a

level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.

13. Contribute to the Quality Assurance Improvement Programme (QAIP) and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.
14. Meet separately with the Internal Audit Manager to discuss any matters that the Committee or internal auditors believe should be discussed privately.
15. Should the need arise, arbitrate in the event of any failure to agree between a Senior Accountable Officers and Internal Audit.
16. Discuss with the external auditor the standard of work of internal audit.

External Audit and External Regulatory Bodies

External Audit

17. Support the independence of external audit through consideration of the external auditors' annual assessment of its independence.
18. Review the external auditors' proposed audit scope and approach for the current year in the light of the Authority's present circumstances and changes in regulatory and other requirements arising from Government, Assembly or Council initiatives.
19. Ensure that the annual audit is undertaken in compliance with statutory requirements.
20. Receive all audit reports, and the annual audit letter, issued by the external auditor, and ensure that all agreed recommendations are implemented.
21. Consider specific reports as agreed with the external auditor.
22. Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
23. Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately. Ensure the auditors have access to the chair of the Audit Committee when required.
24. Review, annually, the performance of external audit and co-ordinate any feedback requested from the Wales Audit Office.

External Regulation: Performance

25. External arrangements for regulation and assurance are provided by a number of statutorily appointed bodies such as the Wales Audit Office (WAO), Estyn and the Care Inspectorate Wales (CIW), plus a number of other external regulatory bodies. To example how the organisation manages and spends

public money including achieving value in delivery. This work is co-ordinated by the Chief Executive's Business and Communications team and a shared protocol for these working arrangements is in place.

26. To gain assurance and confidence of the Council's response to the external regulatory findings, the Audit Committee will:
 - a) Receive periodic reports from external regulators which will include the Council's response to the reports and ensure that effective processes are in place for setting and monitoring against proportionate and effective action plans.
 - b) Receive an annual report collating external regulatory activity on improvement assessment work which is supplemented by local risk based audit work; and
 - c) Receive the Annual Improvement Report from the Auditor General.

D. Accountability Arrangements

1. Require the attendance at the Committee of any officer or member, or the submission of a report from any officer, to provide further explanation in connection with any of the above Terms of Reference.
2. Evaluate the Committee's own performance, both of individual members and collectively, on a regular basis.
3. The Committee must meet at least once a year and must also do so if the Council decides or if at least a third of the Committee's members require a meeting. Beyond those requirements, the Committee can meet whenever it likes.
4. The Audit Committee will keep the above Terms of Reference under annual review and propose any amendment to the County Council.
5. Report to full council and publish an annual report on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

7.02 Composition

1. The Chair and Vice-Chair of the Audit Committee will be chosen by the Committee itself at its first meeting following each annual general meeting. The Chair and Vice Chair of the Audit Committee will be chosen from amongst the opposition group(s), non-aligned Councillors or lay member on the Council (that is to say from amongst the group(s) none of whose members are included in the Cabinet).
2. The County Council shall appoint two people who is neither a serving Councillor nor an officer of the County Council or any other Council to serve as a lay member of the Committee with full voting rights. The lay member's term of office shall be from the first County Council meeting following the annual general

meeting following the County Council elections until the first County Council meeting after the annual general meeting following the next County Council elections. No more than one member of the Committee shall be on the Council's Cabinet. The Council Leader cannot be a member of the Committee.

3. It is the express wish of the Council that there should be continuity of membership of the Audit Committee so as to build up a body of expertise and maintain a consistency of approach.
4. In recognising the express wish of the Council, but observing the requirements of the legislation for political balance, the Audit Committee will comprise seven Members with the seats allocated in accordance with the legislation to the appropriate political groups and two lay members. Any proposed substitution shall comply with Council Procedure Rule 22.4 and the proposed substitute shall have attended relevant training. Substitutes will only be permitted where the Audit Committee, at the commencement of its meeting, agrees that good reasons exist for substitution.
5. Members will receive induction training on appointment to the Committee. Ongoing training will be provided as necessary to meet the requirements of the Committee, based on the skills and experience of the members.
6. The business of the Committee shall be conducted apolitically.

Audit Committee Actions Raised – 2019/20

Appendix B

Item No.	Report	Action Required	Action Taken	Status
5th June 2019				
6	Annual Governance Statement 2018/19	Para 1.05 2018/19 not 2017/18 (to amend for FCC).	The Annual Governance Statement has been updated to reflect this change.	Closed
6	Annual Governance Statement 2018/19	People Strategy update to be scheduled for Corporate Resources Overview & Scrutiny Committee.	The People Strategy is included on the September Forward Work Plan for Corporate Resources Overview & Scrutiny Committee.	Closed
7	Internal Audit Annual Report	In response to Sally's question, to review the level of audit work in Social Services with the Chief Officer and provide a response to the Committee.	A review of the Audit Plan for Social Services has been performed considering: <ul style="list-style-type: none"> • Benchmarking of plans across North Wales; • Re review of risk assessment undertaken as part of the 19/20 planning process; and • Analysis of historical audit assurance opinions within Social services. The findings of this review were discussed with the Chief Executive and Chief Officer for Social Services on 7 th August. Audit Committee members were emailed the outcome of this review on the 8 th August.	Closed
7	Internal Audit Annual Report	To realign page numbers on index of final version.	Annual Report numbering has been aligned.	Closed
9	Internal Audit Progress Report	To consider follow-up to ensure the ethical behaviour of contractors. To take on board Sally's suggestion to focus on common areas of weakness and lessons learned.	Within standard service contracts, there is a set of clauses which would allow the Council to set off against any future sums due.	Closed
10th July 2019				
16	Draft Statement of	Note 28 (p.45 of accounts)	As the Council is already in talks with BCUHB, the	Closed

Item No.	Report	Action Required	Action Taken	Status
	Accounts 2018/19	To write to BCUHB to raise the Committee’s concerns about the amount owed to the Council.	<p>Chief Executive has requested the Chief Officer, Social Services, and the Revenues Manager to formally share the minuted concerns of the Audit Committee regarding the level of debt owed to the Council by BCUHB. In response to this:</p> <ul style="list-style-type: none"> • Chief Officer, Social Services has advised this will be raised in Flintshire’s Senior Leadership Meeting (quarterly), in the Regional Leadership Meeting (monthly) and in the East Area Strategic Transformation Group (quarterly). • The Corporate Finance Manager has also raised the issue at the North Wales Treasurers meeting a couple of weeks ago with the new Director of Finance, who has requested further details from all colleagues and committed to following up quickly. • The Revenues Manager will provide a comprehensive report showing the breakdown of all outstanding invoices, including the aged-debt analysis for this next meeting. 	
16	Draft Statement of Accounts 2018/19	To highlight with the Audit Committee / Overview & Scrutiny liaison group for the Social & Health Care OSC to monitor the concerns relating to the level of debt owed to the Council by BCUHB.	This has been included within the risks reviewed by the Chair and Vice Chair of the Audit Committee / Overview & Scrutiny Committees Liaison Group.	Closed
16	Draft Statement of Accounts 2018/19	To split the individual amounts owed to the Council by the NWP&CC and NW Fire Authority in the document.	Split out in final version of 2018/19 Statement of Accounts.	Closed
16	Draft Statement of Accounts 2018/19	For the 2019/20 accounts, to expand on footnotes for the three subsidiary companies to reflect high-level activities and risk summary for each.	Additional information has been included in 2019/20 Group Accounts.	Closed

Item No.	Report	Action Required	Action Taken	Status
18	Draft Clwyd Pension Fund Accounts 2018/19	To include a summary of points raised by the Clwyd Pension Fund Committee on the draft accounts in future covering reports to the Audit Committee.	A summary of any issues raised by the Clwyd Pension Fund Committee will be included in future reports.	Closed
18	Draft Clwyd Pension Fund Accounts 2018/19	To circulate the agreed date for the Treasury Management training session.	The provisional Treasury Management training date of 11 th December 2019 has been shared with the Chair and Vice Chair of the Audit Committee.	Closed
18	Draft Clwyd Pension Fund Accounts 2018/19	To share the following points with the Clwyd Pension Fund Committee to satisfy itself with the explanations given: <ul style="list-style-type: none"> • Increase in oversight and governance expenses; • Fund manager diversification; • Monitoring of red risks in the AGS. 	This will be shared at the next Clwyd Pension Fund Committee.	Closed
19	Treasury Management Annual Report 2018/19 and 2019/20 Quarter 1 update	To include more detail on the borrowing strategy in the Treasury Management training session.	Further information on borrowing will be included in the training. This will include type and maturity of borrowing decisions, and relationship with Capital Finance Requirement and Minimum Revenue Provision.	Closed
20	Risk Management update	(b) That a mid-year report be received on the entire risk management system.	A report on the Council's Risk Management System has been included within the Forward Work Programme in September 2019.	Closed
20	Risk Management update	Capital borrowing limits for Council housing (ST155) - to share the outcome of the Welsh Government decision on the borrowing cap with the Committee.	It is confirmed that Welsh Government intend to lift the borrowing cap agreed as part of the original self-financing agreement introduced in April 2014. Work is currently underway, through legal colleagues, to terminate the Voluntary Agreement under which each authority exited the former Housing Revenue Account Subsidy scheme.	Closed
10th September 2019				
26	Internal Audit Progress Report	Alltami Stores Follow-Up to be raised at the next liaison group meeting for referral to the Environment	This will be raised at the next Liaison Group between the Chairs and Vice Chairs.	Closed

Item No.	Report	Action Required	Action Taken	Status
		Overview & Scrutiny Committee.		
26	Internal Audit Progress Report	Review meeting with CE, LB and Chief Officer on outstanding actions for Alltami Stores follow-up.	A meeting was held on the 4 November between CE, LB and the Chief Officer for Streetscene & Transportation. Following the meeting the Chief Officer has provided a detailed update on the work to date within the service. This update is included within para 1.07 of the covering report for the Internal Audit Progress Report for November 2019 committee.	Closed
26	Internal Audit Progress Report	Review meeting with CE, LB and Chief Officer on outstanding actions for Planning Enforcement. Update to be provided to the Committee, aiming for the November meeting.	A meeting was held on the 4 November between CE, LB and the Chief Officer for Planning, Environment & Economy. Following the meeting, the Chief Officer has provided a detailed update on the work to date within the service. This update is included within para 1.08 of the covering report for the Internal Audit Progress Report for November 2019 committee.	Closed
29	Strategic Risk Management Update	That the Committee receives a revised version of the Risk Management Strategy at the next meeting.	This will be provided to the January 2020 Audit Committee.	Closed
31	Audit Committee Annual Report	That the Committee endorses the annual report for 2018/19 prior to its submission to Council for approval on 22 October 2019.	The Annual Report for Audit Committee was presented to Council on the 22 October where the report was approved.	Closed
20th November 2019				
37	Minutes 11/09/19	To update the Committee on the current debt owed by the Local Health Board.	Accountancy have confirmed that the latest position of the Local Health Board's outstanding debt will be shared with members of the committee prior to the next meeting in January.	Closed
38	School Reserve Balances y/e 31/03/19	To circulate the revised Protocol for Schools in Financial Difficulty to the Audit Committee	The revised protocols for Schools In Financial Difficulty was emailed to all members of the	Closed

Item No.	Report	Action Required	Action Taken	Status
			Committee on 21/11/19.	
38	School Reserve Balances y/e 31/03/19	To formally request that all schools put the revised Protocol for Schools in Financial Difficulty on their next agendas with governing bodies.	All schools were emailed on the 28/11/2019 requesting that the revised Protocol for Schools in Financial Difficulty is included on the agenda for their next Governing Body committee.	Closed
44	Contract Management	That a follow-up report be included in the 2020/21 Audit Plan to be brought back to the Committee as a formal report.	A follow up audit on Contract Management will be include within the 2020/21 Annual Plan and a report will be brought back to committee once completed.	Closed
46	Internal Audit Progress Report	That future progress reports be condensed to include details of overdue actions on only high and medium priority actions and any areas where valid reasons had not been provided for actions older than six months and overdue.	The report for January 2020 has been amended to reflect the changes discussed during the November meeting.	Closed
46	Internal Audit Progress Report	That the amber/red report on Alltami Stores and Highways Cost Recovery be referred to the Environment Overview & Scrutiny Committee.	This request has been referred to Democratic Services for inclusion within the Environment Overview & Scrutiny forward work programme. The Chief Officer for this service has also been updated regarding this request.	Closed
29th January 2020				
52	Treasury Management Strategy 2020/21	To report back to the Committee later in the year on actions to meet the new requirements on non-treasury investments and compliance with disclosures on skills, culture and climate change.	Discussions ongoing with Treasury Management Advisors. Update to be given later in this calendar year.	Closed
52	Treasury Management Strategy 2020/21	To circulate the Capital Strategy with prudential indicators.	Capital Strategy circulated on 05/02/2020.	Closed
52	Treasury Management Strategy 2020/21	To share a previous example where a council had undertaken short-term borrowing from Flintshire.	Oldham example circulated 10/03/2020.	Closed
55	Financial Procedure Rules	To strengthen wording in the first sentence of section	The wording has been revised and will be included	Closed

Item No.	Report	Action Required	Action Taken	Status
		4.3 which currently stated that the requirement for an Internal Audit function was 'implied' by the legislation.	in the report to Constitution Committee 05/03/2020.	
55	Financial Procedure Rules	To soften wording in section 4.1(e) on the admission of liability, incorporating that employees in this situation are encouraged to seek the necessary advice.	The wording has been revised and will be included in the report to Constitution Committee on 05/03/2020.	Closed
57	Action Tracking	To share the latest position on the Health Board's outstanding debt with the Committee.	Members were advised by email on the 07/02/2020 of the latest level of debt owed by the Local Health Board.	Closed

Audit Committee Forward Work Programme – 2020/21

Appendix C

Meeting Date	Agenda Item	Assurance Type	Int. / Ext. Assurance
09/09/2020	Statement of Accounts 2019/20	Accounts	Internal
	Internal Audit Annual Report 2019/20	Governance, Risk, Financial & Control	Internal
	Internal Audit Progress Report 2020/21	Governance, Risk, Financial & Control	Internal
	Audit Wales Annual Audit Plan (AW) 2020	External Audit	External
	Annual Report on External Inspections 2018	Corporate Governance	External
	Certification of Grants and Returns Report (AW)	Financial Management	External
	Quarterly Report on Pandemic Response	Corporate Governance	Internal
	Audit Committee Action Tracking	-	-
Forward Work Programme	-	-	
18/11/2020	School Reserves – Annual Report on School Balances	Financial Management	Internal
	Audit Committee Annual Report	Corporate Governance	Internal
	Asset Disposals and Capital Receipts	Financial Management	Internal
	Treasury Management 2020/21 – Mid Year Report	Financial Management	Internal
	Approach to AGS and Member Involvement	Corporate Governance	Internal
	Risk Management Update – Mid Year Report	Financial Management	Internal
	Report on Pandemic Response	Corporate Governance	Internal
	Internal Audit Progress Report 2020/21	Governance, Risk, Financial & Control	Internal
	Audit Committee Action Tracking	-	-
	Forward Work Programme	-	-
Private Meeting	-	Internal & External	
27/01/2021	Annual Improvement Report (AW) (2019/20)	Corporate Governance	External
	Treasury Management 2020/21 Q3 Update and 2021/22 Strategy	Financial Management	Internal
	Code of Corporate Governance	Corporate Governance	Internal

Meeting Date	Agenda Item	Assurance Type	Int. / Ext. Assurance
	Annual Audit Letter	Accounts	External
	Financial Procedural Rule (FPRs)	Financial Management	Internal
	Report on Pandemic Response	Report on Pandemic Response	Internal
	Internal Audit Charter	Governance, Risk, Financial & Control	Internal
	Internal Audit Progress Report 2020/21	Governance, Risk, Financial & Control	Internal
	Audit Committee Action Tracking	-	-
	Forward Work Programme	-	-
	Risk Management Update	Risk Management	Internal
	Treasury Management 2020/21 Q4 Update	Financial Management	Internal
	Audit Plan (AW)	External Audit	External
	Annual Report on External Inspections 2019	Corporate Governance	External
	Certification of Grants and Returns Report (AW)	Financial Management	External
	Report on Pandemic Response	Report on Pandemic Response	Internal
	Internal Audit Strategic Plan 2021/2024	Internal Audit	Internal
	Public Sector Internal Audit Standards Compliance 2020/21	Internal Audit	Internal
	Internal Audit Progress Report 2020/21	Governance, Risk, Financial & Control	Internal
	Audit Committee Action Tracking	-	-
	Forward Work Programme	-	-
	Private Meeting (AW and Internal Audit)	Corporate Governance	Internal & External

Audit Committee Self-Assessment and Action Plan (based on 2018/19)

Appendix D

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree		
Purpose of Audit Committee:								
1	Each Audit Committee member understands the Committee has different roles and responsibilities to those of Overview & Scrutiny?	2	4	0	0	0	Action: None	Status: Implemented & Ongoing - The joint committee of Chairs and Vice chairs will now assign risks to one of the Overview & Scrutiny Committees.
2	The Audit Committee's Terms of Reference clearly defines and accurately reflects its responsibilities in promoting good governance and acting independent and objective at all times?	2	4	0	0	0	Action: Update and present revised TOR and Charter to the November Audit Committee.	Status: Implemented - Revised TOR and Charter presented to Audit Committee and Constitution and Democratic Services Committee in November and approved by Council in December 2018.
							Action: Review the timing of the meetings should new members join the Committee.	Status: Implemented – Timing of meetings reviews and agreed to remain the same. Also identified the need for an additional lay member to the Committee.
Governance:								
3	The Audit Committee is regarded as being an essential part of the Council's corporate governance framework?	2	2	2	0	0	Action: It was agreed that next year the same question would be ask of Overview & Scrutiny Committees, Cabinet Members and Chief Officers.	Status: Outstanding - This will be undertaken for next year's self-assessment. Due to the Pandemic this did not take place.

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Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree		
4	The Audit Committee provides meaningful assurance to Council and management as to the effectiveness of areas such as Corporate Governance, Risk Management, Financial management and Internal Control?						<p>Action: Given the Audit Committee members are relatively new to the Committee guidance on the areas to consider / focus in relation to the statement of accounts would greatly benefit the members. Any major paper to be presented to AC, a short briefing on the subject is to take place at the Committee meeting before (statement of accounts and AGS).</p>	<p>Status: Implemented – also this continues on an ongoing basis.</p>
		1	2	2	1	0	<p>Action: The Committee discussed the overall assurance opinion determined by the Internal Audit Manager at the year end. The Committee felt that it would be useful to have a cumulative picture of this. It was agreed that the Internal Audit Progress report would provide an on-going summary of the assurance provided throughout the year.</p>	<p>Status: Implemented - The Internal Audit Progress Report has been revised to provide a summary of the assurance opinions given on an ongoing basis.</p>
							<p>Action: The risk profile of the Council was discussed on how the Committee could obtain assurance in relation to those strategic risks which effectively are out of the control of the Council. It was agreed that areas such as the Council's response to continuity plans e.g. BREXIT, could be explored.</p>	<p>Status: Implemented & Ongoing - this forms part of the work of the Joint Chair and Vice Chairs Committee.</p>
							<p>Action: The impact on decision making was discussed and the consequential impact on services and the will do versus the does. This could form part of additional work of IA but it also falls under the responsibility of the O&S committees.</p>	<p>Status: Ongoing - This will be taken up by the Chairs & Vice Chairs of Overview and Scrutiny and Audit Committee Liaison Group.</p>

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree		
							<p>Action: IT Priorities was another topic explored by the Committee as a number of actions appear to be on hold due to IT priorities. The Committee agreed it would be helpful if IT could share with the Committee their approach to demand planning and how management actions fit into this.</p> <p>Action: The Audit Committee commented that sometimes it was difficult to 'see the wood for the trees' with the information they received. Example the AGS is long and wordy when they really need to feel assured. Need to liaise with key officers to share feedback.</p> <p>Action: The Audit Committee also suggested there may be times they need additional information (as and when) to support the subject they are gaining assurance from.</p>	<p>Status: Outstanding.</p> <p>Status: Implemented – presentation of the AGS provided to the Audit Committee.</p> <p>Status: Implemented & Ongoing – training will be provided as and when required on an ongoing basis.</p>
Financial Statements								
5	The Audit Committee obtains sufficient information to provide assurance and make recommendations over the quality and accuracy of the Financial Statements?	0	4	2	0	0	<p>Action: Given the Audit Committee members are relatively new to the Committee guidance on the areas to consider / focus in relation to the statement of accounts would benefit the Committee – it was agreed that any major paper to be presented to AC, a short briefing on the subject to take place the Committee meeting before.</p>	<p>Status: Implemented & Ongoing - Short briefing session on the statement of accounts has been held at the Committee meeting prior to the statement of accounts being presented for consideration.</p>

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree		
Assurance: - Internal Audit								
6	The Audit Committee obtains sufficient assurance over the quality of the Internal Audit service?	1	5	0	0	0	Action: Develop reporting method to demonstrate further the value of work IA undertakes.	Status: Implemented - To be completed as part of the internal Audit annual report.
7	The Audit Committee obtains sufficient assurance over the Council's approach to Counter Fraud?	0	5	1	0	0	Action: None	Status: N/A
Assurance – External Audit								
8	The Audit Committee obtains sufficient assurance over the quality of the External Audit service?	1	4	0	1	0	Action: None	Status: N/A
Audit Committee - Accountability								
9	Each Audit Committee member has a good understanding of the Council's priorities, statutory obligations and how their role as an Audit Committee member supports them?	1	4	1	0	0	Action: None	Status: N/A
10	Audit Committee members are provided with sufficient training and information?	1	3	0	2	0	Action: Due to the technicality of Treasury Management it was questioned why all members attend the session rather than the session being tailored to the needs of the Audit Committee members and for the training to cover both local and national level.	Status: Implemented - all Members are invited as the responsibility for approving the Strategy sits with full Council. However the training could be tailored to meet any training needs of audit committee members.

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree		
							Action: The Committee felt it would be beneficial to have ½ hour training on key topics (ahead of when they are due at AC). 9.30-10.00 is the preferred timing for the training.	Status: Implemented and ongoing. Training sessions provided to the Committee.
11	The Audit Committee collectively possesses an appropriate skills mix to enable it to fulfil its role.	0	2	3	1	0	Action: None	Status: N/A
12	The Audit Committee communicates effectively with Full Council, Scrutiny Committees, the Internal Audit Manager, External Audit and other stakeholders?	0	0	4	1	1	Action: The Audit Committee felt committees do not currently operate as a 'whole' at the moment and welcome the re-establishment of the Chairs / Vice Chair liaison meetings.	Status: Implemented – The Joint Chairs and Vice Charis Group has now been re-established.
							Action: The Committee explored how risks raised by Audit Committee to Chairs / Vice Chairs will be monitored. The Committee was reassured that this would take place through action tracking due to the success with Audit Committees action tracking.	Status: Implemented.
							Action: The Committee raised the need to Overview & Scrutiny Committees, particularly the Cabinet Portfolio holders, to be made aware of any RED / Limited audit reports. It was confirmed that each Chief Officer is advised to present their audit report to O&S prior to attending AC.	Status: Implemented and ongoing – all Chief Officers are advised that their Cabinet Portfolio holder and Overview & Scrutiny are made aware of any Red / Limited assurance reports issued within their portfolio.

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or	Disagree	Strongly Disagree		
							<p>Action: Communicate further with Council – through the annual report the Audit Committee also felt it would be beneficial to meet all members of the Internal Audit team 'Who's Who?' This will be arranged for in an informal setting prior to the next AC meeting.</p> <p>Action: A similar approach to be applied for finance / asset disposals etc limiting this to key officers within the service.</p>	<p>Status: Implemented - the Audit Committee has met all members of the Internal Audit team.</p> <p>Status: Implemented – key members have attended Audit Committee to present such reports.</p>
13	The Audit Committee adequately accounts for how well it undertakes its roles and meets its terms of reference?	0	2	2	2	0	<p>Action: This will be addressed through the Chair presenting the Annual Report to demonstrate their accountability.</p>	<p>Status: Implemented – Draft annual report for Audit Committee presented to September Committee in readiness for Council.</p>
Overall Score		11	41	17	8	1		

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AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 November 2020
Report Subject	Internal Audit Progress Report
Report Author	Internal Audit Manager
Type of Report	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 progress report is attached.

RECOMMENDATIONS

1	To consider and accept the report.
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REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	Internal Audit gives a progress report to the Audit Committee every quarter as part of the usual 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.
1.03	Appendix C provides an oversight to Audit Committee on the cumulative assurance throughout the year; however, it should be noted this will be fluid. A footnote has been included to list those reports issued with a Red / Amber Red assurance.

1.04	<p>Since the last reporting on progress to Committee in January due to the pandemic, there have been no Red / Limited assurance report issued. Appendix D shows those reports with an Amber Red / Some assurance given. Copies of all final reports are available for members if they wish to see them.</p>
1.05	<p>The automated tracking of actions is completed through the use of 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. In the event an action is not completed within the agreed date, a follow up e-mail is sent to the responsible officer, their manager and copied to Chief Officer for awareness. Monthly reports are also sent to Chief Officers informing them of outstanding actions for their teams. The monthly report to Chief Officers now identifies the date of the last update provided (if any) for each action. Each Chief Officer is requested to review this.</p> <p>Appendix E shows the current situation. Of 1,307 actions entered into the system, 1,123 have been implemented and 184 remain live. There are 129 actions overdue. You will see this is higher than previously report however services have needed to prioritise their response to the emergency of the pandemic.</p> <p>As agreed at the November 2019 Audit Committee, only those High or Medium priority actions will be reported to Committee, of which there are 76. These are listed in Appendix F. Appendix G lists those actions that are six months and older from the original due date and where valid reasons have not been provided on progress or how risks are being managed in the interim.</p>
1.06	<p>Appendix H shows the status of current investigations into alleged fraud or irregularities. The table includes the start date of the investigations.</p>
1.07	<p>Appendix I shows the range of performance indicators for the department. Due to the unprecedented nature of the pandemic it should be noted that performance has only been reported on work commenced from the audit plan approved in September.</p> <p>As you will see all performance currently meets our internal targets. There has been a slight reduction in the productive time and this is directly associated with staff absence due to sickness.</p>
1.08	<p>Appendix J shows the current position of work being finalised from the 2019/20 audit plan and Appendix K on the 2020/21 audit plan. The plan will continue to be reviewed on a regular basis and reprioritised to accommodate any new requests for work, or to respond to emerging issues. Since the last committee in September, there have been no new requests for additional work.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Since the last report to Committee in January one of our Senior Auditors has been appointed on a secondment basis to the Principal Auditor vacancy for a period of two years on the condition they complete their professional qualification within this time period. This secondment is working well and the Principal Auditor is already half way through completing their qualification.</p> <p>It had been intended to take a similar approach to backfill the Senior Auditor vacancy however due to the pandemic this has not been possible. A business case has been submitted to the Vacancy Management panel to request that we go out to market via an agency and secure an appointment on a fixed term basis until May 2022. This has been approved and recruitment is due to commence.</p>

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	The work of Internal Audit provides assurance to the Council that adequate and effective controls are in place to mitigate risks.

5.00	APPENDICES
5.01	<p>Appendix A Levels of Audit Assurance</p> <p>Appendix B Final Reports Issued Since March 2020</p> <p>Appendix C Audit Assurance and Priority of Actions</p> <p>Appendix D Amber Red Assurance Provided</p> <p>Appendix E Action Tracking – Portfolio Statistics</p> <p>Appendix F High & Medium Overdue Actions (including actions older than 6 months if overdue)</p> <p>Appendix G Actions older than six months from original due date and not overdue</p> <p>Appendix H Investigation Update</p> <p>Appendix I Performance Indicators</p> <p>Appendix J Operational Plan 2019/20 (Carry Forward)</p> <p>Appendix K Operational Plan 2020/21</p>

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

7.00	GLOSSARY OF TERMS
7.01	<p>Internal Audit: Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</p> <p>Wales Audit Office: 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>Corporate Governance: 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>Operational Plan: the annual plan of work for the Internal Audit team.</p>

Flintshire Internal Audit

Progress Report



November
2020

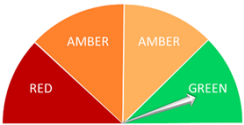
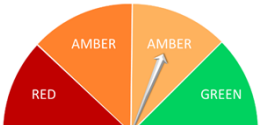
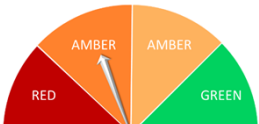

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Levels of Assurance – Standard Audit Reports

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, and summary findings from Amber Red audits will be reported to the Audit Committee.

Level of Assurance	Explanation
<p>Green – Substantial</p> 	<p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <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>Follow Up Audit: 85%+ of actions have been implemented. All high priority actions have been implemented.</p>
<p>Amber Green – Reasonable</p> 	<p>Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: key controls generally operating effectively.</p> <p>Follow Up Audit: 51-85% of actions have been implemented. All high priority actions have been implemented.</p>
<p>Amber Red – Some</p> 	<p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: key controls are generally inadequate or ineffective.</p> <p>Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.</p>
<p>Red – Limited</p> 	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: a lack of adequate or effective controls.</p> <p>Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.</p>
<p>Categorisation of Actions</p>	<p>Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses</p>
<p>Value for Money</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 March 2020

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	Portfolio	Project Description	Audit Type	Level of Assurance	Actions		
					High	Med	Low
02-2019/20	Gov	Payment Card Industry Data Security Standards (PCIDSS)	Risk Based	G	0	0	1
55-2019/20	Gov	Data Protection GDPR Compliance	Risk Based	AG	0	1	1
51-2019/20	E&Y	Early Entitlement	Risk Based	AG	0	3	4
28-2019/20	SS	Foster Care (Payments to Carers)	Risk Based	AG	0	1	2
27-2019/20	P&R	Main Accounting – General Ledger	Annual	AG	0	1	2
34-2019/20	H&A	SARTH Follow Up	Follow Up	AG	0	3	1
08-2019/20	E&Y	School’s Admissions	Risk Based	AG	0	1	1
14-2020/21	Gov	Procurement – Contract Monitoring Follow Up	Follow Up	AG	0	2	0
19-2020/21	P&R	Main Accounting – Accounts Payable	Annual	AG	-	1	-
70-2019/20	E&Y	Risk Based Thematic Reviews – Maes Garmon	Risk Based	AR	2	2	1
67-2019/20	E&Y	Risk Based Thematic Reviews – Connah’s Quay	Risk Based	AR	2	2	3
67-2019/20	E&Y	Risk Based Thematic Reviews – Croes Atti	Risk Based	AR	2	1	3
60-2019/20	PE&E	Climate Change	Advisory	Advisory	-	-	-

Project Reference	Portfolio	Project Description	Audit Type	Level of Assurance	Actions		
					High	Med	Low
AC12-2019/20	S&T	Concessionary Travel	Advisory	Advisory	-	-	-
AC17-2019/20	E&Y	Schools Budgeted Licenced Deficit - Part 1	Advisory	Advisory	-	-	-
21-2019/20	SS	Supervision of Contact Visits	Advisory	Advisory	-	-	-
65-2019/20	PE&E	Planning Enforcement – Ombudsman Report	Advisory	Advisory	-	-	-
AC01-2020/21	SS	C19 – Social Services CCAS System and Double Funding Risk	Advisory	Advisory	-	-	-
AC03-2020/21	Corp	C19 – Emergency Assurance from Management Reviews	Advisory	Advisory	-	-	-
AC02-2020/21	Corp	C19 – Five Key Financial Decisions	Advisory	Advisory	-	-	-
AC04-2020/21	Corp	Risk Method Statements	Advisory	Advisory	-	-	-
01-2020/21	H&A	Support People Grant Certification	Grant	Grant	-	-	-
02-2020/21	E&Y	PDG Grant Certification	Grant	Grant	-	-	-
03-2020/21	E&Y	EIG Grant Certification	Grant	Grant	-	-	-
C19 Work	Covid 19	C19 – Role out of Hybrid Mail	Covid 19	-	-	-	-
C19 Work	Covid 19	C19 – Revenue Support – new Grants for Businesses	Covid 19	-	-	-	-
C19 Work	Covid 19	C19 – Deliver Logging for Tactical Groups	Covid 19	-	-	-	-
C19 Work	Covid 19	C19 – Support Test Trace and Protect	Covid 19	-	-	-	-
C19 Work	Covid 19	C19 – Support Temporary Hospital Capacity	Covid 19	-	-	-	-

Audit Assurance Summary for 2020/21

Appendix C

Portfolio	Number of Reports & Assurance						Priority & Number of Agreed Actions			
	Red	Amber Red	Amber Green	Green	Advisory / Grant - No Opinion Given	In Total	High	Medium	Low	In Total
Corporate					3	3				
Education & Youth		3	2		3	8	6	9	12	27
Governance			2	1		3		3	2	5
Housing & Assets			1		1	2		3	1	4
People & Resources			2			2		2	2	4
Planning, Environment & Economy					2	2				
Social Services			1		2	3		1	2	3
Streetscene & Transportation					1	1				
External										
Response to Covid 19					5	5				
Total		3	8	1	17	29	6	18	19	43

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Footnote:	
Red Assurance:	-
Amber Red Assurance:	Risk Based Thematic Reviews: Maes Garmon High; Connah's Quay High and Croes Atti Primary Schools

Amber Red Assurance Opinions

Appendix D

Ysgol Maes Garmon : School Audit – 70-2019/20

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Areas Managed Well	Areas Identified for Further Improvement
<ul style="list-style-type: none"> • The School Development Plan is in place. • The structure of the schools committees is appropriate. • Scheme for Financing Schools and Schools Financial Procedures are in place. • The schools charging and letting policy is in place and adequate. • The licenced deficit plan is approved and in place. • The process of placing orders and receiving goods is appropriate. • Lease agreements are appropriate. • The school is registered with the ICO. • The school has a Record Keeping policy in place which details categories of records held and retention periods in line with the Records Management Society. • An Acceptable Use Policy is in place which is included as part of the welcome pack for staff and students. • All IT systems are protected by password which are changed on a regular basis and updated if staff leave. • The operation of CCTV at the school is managed effectively. • The school has both an Anti-fraud and 	<p>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The school has provided a comprehensive action plan which contains the agreed actions, responsible officer and individual due dates to address the areas listed below.</p> <ul style="list-style-type: none"> • School Fund <ul style="list-style-type: none"> - The School does not have control over the PTA fundraising account. Due date for this action: November 2020 - The Auditor for the schools holding account is not independent. Due date for this action: September 2020 - The bank mandate for the holding account is not up-to-date. Due date for this action: Implemented - Personal monies are held within an official school bank account. Due date for this action: Implemented - There are no documented School Fund procedures in place. Due date for this action: September 2020 • Financial Governance <ul style="list-style-type: none"> - An approved Scheme of Delegation is not in place. Due date for this action: November 2020 - There is no separation of duties for the management of school income. Due date for this action: Implemented - A skills matrix for Governors has not been produced. Due date for this action: November 2020 - An appropriate Terms of Reference is not in place for all school committees. Due date for this action: November 2020 - Staff with financial responsibility do not complete declarations of interest. Due date for this action: September 2020 - Declarations of Interest are not a standard item for all committees. Due date for this action: Implemented - A Gifts and Hospitality register is not in place. Due date for this action: September 2020 • Performance Management <ul style="list-style-type: none"> - The schools Performance Management policy is inadequate. Due date for this action: November 2020 - Governors have not received formal training on Performance Management. Due date for this action: November 2020 • Information Governance <ul style="list-style-type: none"> - The schools Data Protection service level agreement has expired. Due date for this action: September 2020

Areas Managed Well	Areas Identified for Further Improvement
<p>Corruption policy and Whistleblowing policy in place.</p> <ul style="list-style-type: none"> The school is aware of fraud and has some measures in place to mitigate this. 	<ul style="list-style-type: none"> - There is no Information Asset Register in place. Due date for this action: September 2020 - The schools Privacy Notice requires amendment. Due date for this action: Implemented

Connah’s Quay High School : School Audit – 67-2019/20

Areas Managed Well	Areas Identified for Further Improvement
<ul style="list-style-type: none"> • The School Development Plan is managed effectively. • Documented Terms of Reference for Schools committees are in place. • The schools breakfast club is being managed effectively. • Monitoring of the schools budget is effective. • School purchases are within defined authorisation limits. • The schools Data Protection arrangements are appropriate. • Suitable controls are place for the retention of documents. • The School Fund account is independently audited. • Declarations of Interest form for all School Governors are retained by the Clerk. 	<p>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The school has provided a comprehensive action plan which contains the agreed actions, responsible officer and individual due dates to address the areas listed below.</p> <ul style="list-style-type: none"> • Performance Management <ul style="list-style-type: none"> - Governors have not received formal training on Performance Management. Due date for this action: November 2020 - A terms of reference is not in place for the Appraisal Panel. Due date for this action: November 2020 • Financial Governance <ul style="list-style-type: none"> - The current committee structure should continue to be reviewed through to completion. Due date for this action: Implemented - Minutes should be recorded for all committee meetings undertaken. Due date for this action: Implemented - A Scheme of Delegation should be produced and approved. Due date for this action: November 2020 - The school is not fully using the Councils Guidance on Schools Financial Procedures. Due date for this action: November 2020 - Annual Declarations of Interest have not been completed for staff with financial responsibility. Due date for this action: Implemented - A Gifts and Hospitality register is not in place. Due date for this action: Implemented • Procurement <ul style="list-style-type: none"> - All lease agreements should be reviewed and approved by governors. Due date for this action: Implemented • Information Governance <ul style="list-style-type: none"> - Registration with the Information Commissioners Office is required. Due date for this action: Implemented - CCTV signage should be displayed when work has been completed. Due date for this action: Implemented - The Schools Privacy Notice requires amendment. Due date for this action: Implemented • School Fund <ul style="list-style-type: none"> - School Fund procedures and constitution are not in place. Due date for this action: November 2020

Areas Managed Well	Areas Identified for Further Improvement
	<ul style="list-style-type: none"> - The School Fund account is not shared with the governing body on a regular basis. Due date for this action: October 2020 - The School Fund bank mandate has not been checked for accuracy. Due date for this action: November 2020 - Purchases from the School Fund are not in line with regulations. Due date for this action: November 2020 - Purchases from the School Fund are not evidenced as approved. Due date for this action: Implemented - The School Fund is not shared through the Head teacher reports. Due date for this action: Implemented • Counter Fraud <ul style="list-style-type: none"> - An Anti-Fraud and Corruption policy is not in place. Due date for this action: November 2020

Croes Atti Primary School : School Audit – 66-2019/20

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Areas Managed Well	Areas Identified for Further Improvement
<ul style="list-style-type: none"> • The school has a charging and lettings policy in place. • The schools breakfast and after school clubs are being managed effectively. • Monitoring of the schools budget is effective. • The schools budget was approved by the governing body and submitted to the Council within the deadline. • The school manages all outstanding debts appropriately. • School purchases are within defined authorisation limits. • Lease agreements are effectively managed. • The school is registered with the Data Protection Registrar. • The school has appropriate procedures in place to deal with Fraud and Whistleblowing. 	<p>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The school has provided a comprehensive action plan which contains the agreed actions, responsible officer and individual due dates to address the areas listed below.</p> <ul style="list-style-type: none"> • Strategic Planning <ul style="list-style-type: none"> - The School Development Plan does not include information on staffing development. Due date for this action: September 2020 • Performance Management <ul style="list-style-type: none"> - Governors have not received formal training on Performance Management. Due date for this action: September 2020 - A terms of reference is not in place for the Appraisal Panel. Due date for this action: September 2020 - The School's Performance Management policy should be amended to included reference to the appeals process. Due date for this action: September 2020 • Financial Governance <ul style="list-style-type: none"> - There are no separation of duties for the management of school income. Due date for this action: Implemented - Governors meeting minutes are not always produced. Due date for this action: Implemented - A skills matrix has not been produced for governors. Due date for this action: September 2020 - The Scheme of Delegation requires updating. Due date for this action: September 2020 - The school is not fully using the Councils Guidance on Schools Financial Procedures. Due date for this action: Implemented - Annual Declarations of Interest have not been completed for staff with financial responsibility. Due date for this action: September 2020 - A Gifts and Hospitality register is not in place. Due date for this action: September 2020 - Written approval is not obtained for purchases at the school. Due date for this action: Implemented

Areas Managed Well	Areas Identified for Further Improvement
	<ul style="list-style-type: none"> • Budget Management <ul style="list-style-type: none"> - The schools licenced deficit plan is yet to be agreed with the Council. Due date for this action: September 2020 • Information Governance <ul style="list-style-type: none"> - The school was unable to determine if a Data Protection Agreement was in place. Due date for this action: December 2020 - Data Protection training for staff had not been undertaken. Due date for this action: December 2020 - An Information Asset Register is not in place in line with Data Protection requirements. Due date for this action: December 2020 - Data held on the onsite server is not backed up on a regular basis. Due date for this action: Implemented • School Fund <ul style="list-style-type: none"> - The School Fund account is not separately verified on a regular basis. Due date for this action: September 2020 - Details of income and expenditure from the School Fund account is not shared with the governing body on a regular basis. Due date for this action: Implemented - Purchases from the School Fund are not in line with regulations. Due date for this action: Implemented - School Fund procedures and constitution not in place. Due date for this action: Implemented - School Fund Audit Certificates not shared with the governing body. Due date for this action: September 2020 - School Fund purchases not always approved or evidenced. Due date for this action: Implemented - School Fund account not summarised within the Head teachers report. Due date for this action: Implemented

Action Tracking – Portfolio Performance Statistics

Appendix E

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Portfolio	November 2020 Statistics			Live Actions – November 2020				Actions beyond <u>Original</u> due date		
	Number of Actions Raised Since January 2016	Actions Implemented since Jan 2016 <i>(including Actions No Longer Valid)</i>	% of Actions Cleared To Date	Live Actions	Actions Beyond Due Date <i>(excludes Actions with revised due date)</i>			Actions with a Revised Due Date	Actions between 6 & 12 months	Actions Greater than 12 Months (13+)
					H	M	L		<i>See Appendix F & G</i>	
Chief Executives *	53	44	86%	9	-	5	4	-	8	-
Education & Youth	96	88		8	-	2	-	1	2	1
Governance *	156	136		20	2	10	1	11	8	7
Housing & Assets *	176	162		14	-	1	4	5	2	3
People & Resources	230	209		21	5	6	8	10	8	8
Planning, Environment & Economy *	85	69		16	3	12	1	8	8	8
Social Services	127	119		8	-	-	-	8	-	-
Streetscene & Transportation	116	108		8	1	4	3	4	8	-
External *	32	27		5	-	-	-	-	-	-
Individual Schools	236	161		75	1	21	35	7	11	11
Total	1307	1123		184	12	61	56	54	55	38
					129					

* Actions removed and relocated within External e.g. Clwyd Pension Fund

* Actions removed from Community & Enterprise and reallocated between Governance, Housing & Assets and Strategic Programmes & Planning, Environment & Economy

High and Medium Actions Overdue

Appendix F

Audit	Ref	Action	Priority	Original Due Date	Revised Due Date	Age of Action from Original Due Date (Months)	Last Update Provided	Reason for Revised Due Date and Current Position	How Risk is Being Managed
Chief Executives									
Voluntary Sector Grants - 2019/20	2765	A formal signed agreement will be put in place between the Council and the relevant third party organisation which defines the roles and responsibilities of all parties in administering the individual grant schemes, including any fees and charges to be paid to the administrating organisation.	M	31/03/2020	-	7	-	No update	No update
Voluntary Sector Grants - 2019/20	2806	A system will be put in place to ensure a reconciliation between FLVC's and Council's accounting data of the monies awarded and paid in respect of Community Chest grants and the fees. This reconciliation should be performed quarterly and signed off by the Policy Performance and Partnerships Manager	M	31/03/2020	-	7	-	No update	No update
Voluntary Sector Grants - 2019/20	2807	Invoices or equivalent documentation will be requested to support the fees and charges levied by the CFiW. All fees and charges levied by the CFiW in respect of investing our fund monies and administering the grant scheme will be checked as being accurate	M	31/03/2020	-	7	-	No update	No update
Procurement Contract Management 2018/19	2771	Chief Officers will develop Action Plans for each of their portfolios to ensure any issues identified in the reviews carried out are appropriately addressed.	M	31/12/2019	29/02/2020	10	04/11/2020	Each portfolio agreed to review contract management arrangements across their services and develop an action plan to address issues identified (if any).	

Procurement Contract Management 2018/19	2778	Contract Management outcomes around high / medium risk contracts to feed into Portfolio management reporting structures.	M	31/12/2019	-	10	04/11/2020	No Update	No Update
Education & Youth									
Procurement Contract Management 2018/19	2773	Chief Officers will develop Action Plans for each of their portfolios to ensure any issues identified in the reviews carried out (above) are appropriately addressed.	M	31/12/2019	-	10	04/11/2020	No update	No update
Procurement Contract Management 2018/19	2780	Contract Management outcomes around high / medium risk contracts to feed into Portfolio management reporting structures.	M	31/12/2019	-	10	04/11/2020	No update	No update
Governance									
Procurement Contract Management 2018/19	2713	There is a risk of inadequate contract management around higher risk contracts, and lack of appropriate awareness and monitoring of the risks inherent in the delivery of these contract	M	31/12/2019		10	04/11/2020	No update	No update
Procurement Contract Management 2018/19	2772	Aspects of contractor performance (financial performance; operational performance, etc.) are not always considered as part of the contract management process as performance management frameworks / performance data requirements are not being routinely built into contracts	M	31/12/2019	28/02/2020	10	04/11/2020		
Procurement Contract Management 2018/19	2779	There is a risk of inadequate contract management around higher risk contracts, and lack of appropriate awareness and monitoring of the risks inherent in the delivery of these contracts.	M	31/12/2019	-	10	04/11/2020	No update	Chief officers will each need to ensure that their high risk contracts. Which are already defined within their business continuity management plans, are being properly

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									managed as part of the action plan for their portfolio.
Procurement Contract Management 2018/19	2722	In addition to delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1) and the development of Contract Management training agreed at finding (8); Review of the new processes for the approval of PO's over £25k by Procurement Business Partners to consider if they are robust and effective.	M	31/12/2019	28/02/2020	10	04/11/202	Current processes for the approval of PO's over £25k by Procurement Business Partners have not been reviewed by management since completion of the October 2019 audit. Management has yet to identify ways of enhancing controls and addressing the weaknesses identified in the 2019 audit report	PO's over £25k will only be approved by Procurement Business Partners on receipt of a copy contract from the service.
Legal Case Management System 2017/18 Procedural Guidance	2212	Procedural guidance specific to the way the system operates for the Section in 2018 should be compiled and issued to the users of the system.	M	31/03/2019	31/03/2020	19	13/01/2020	The iken upgrade was implemented early Nov but it has created a vast amount of user issues. We are trying to resolve these issues and we are unable to create user guidance until these are resolved as the same will depend on the resolution and the system working correctly.	There is a iken user guide which is point of reference but for the internal protocol the issues need to be resolved.
Legal Case Management System 2017/18 Procedural Guidance	2230	To document the objectives and purposes for the use of the Iken System. These objectives should be incorporated into the new procedure notes.	M	31/01/219	31/03/2020	19	13/01/2020	The iken case management system has recently been upgraded by the legal services collaboration. This however has created some user issues which has had to take priority. I along with the project manager will question the objectives with the collaboration once the	

								user issues have been resolved.	
Legal Case Management System 2017/18 Procedural Guidance	2361	GDPR Compliance	M	30/11/2018	31/03/2020	23	13/01/2020	The upgrade to the iken case management system has now taken place, however there are ongoing user issues which need to be resolved.	
Deferred Charges on Properties 2018/19	2412	A spreadsheet will be set up which records all legal charges that relate to the Council.	M	31/07/2019	31/03/2020	15	13/01/2020	This needs to be prioritised.	In the meantime notification of completed charges are retained on the legal file and also client departments as notified.
Data Protection Act Compliance 2018/19	2594	Guidance on drafting a Privacy Notice is available to all staff via the Infonet. When requested and as part of the Data Protection Impact Assessment process, the Information Governance Team review Privacy Notices.	M	31/12/2019	31/07/2020	10	20/10/2020	The initial review found that there were a high number of out of date forms, a review is required by the owners of those forms to identify if they are still required. It would not be a good use of resources to draft privacy notices for forms that are no longer used. Once the business has confirmed that the forms are still required, a review of the privacy notices will then be undertaken	This is being run as a project reporting to IT Business Services Manager.
Data Protection Act Compliance 2018/19	2595	The fact Open Housing is delivered by Citrix is not relevant to the application being non-compliant. As part of the GDPR project, workshops were held with System Administrators to test their systems. Test sheets were provided and the intention was the test sheets would be returned to	H	31/03/2020	-	7	-	No update	No update

		demonstrate compliance. This information was then entered into the spreadsheet to provide assurances to the GDPR Project Board. This is a standing agenda item on all GDPR Project Board minutes. The individual rights listed in GDPR are not absolute and certain individual rights only apply to certain law basis for processing. This means that not all systems will need the functionality for all individual rights. By far the Right of Access is the most frequently right exercised and there have been no issued to date with extracting the information from any of the systems. Further analysis of each system would be required to identify the applicable rights to allow further targeted testing to be completed.							
Data Protection Act Compliance 2018/19	2596	At the June 2019 Information Compliance Operational Group it was agreed that Data Protection training should be recorded against post and not person	H	31/12/2019	31/03/2020	10	20/10/2020	Agreed at GDPR Project Board. Work already well underway however not all Portfolio's have provided the information back.	
GDPR 2019/20	3013	Monthly Information Governance Reports to Chief Officers to be expanded to allow Chief Officers to specifically target areas of non-compliance within their portfolios.	M	31/10/2020	-	0	04/11/2020	No update	No update
Housing & Assets									
Procurement Contract Management 2018/19	2784	There is a risk of inadequate contract management around higher risk contracts, and lack of appropriate awareness and monitoring of the risks inherent in the delivery of these contract	M	31/12/2019	28/02/2020	10	04/11/2020	Whilst there is anecdotal evidence that contract management outcomes around higher risk contracts are discussed on an exception basis at portfolio senior management meetings, without a formal mechanism for the identification of these contracts (see URN 2713	N/A

								above) we cannot provide assurance around appropriate awareness and monitoring of the risks inherent in the delivery of these high and medium risk contracts.	
People and Resources									
Main Accounting AP &P2P 2017/18	2620	A new system of management oversight will be introduced to review the duplicate process and the performance of the revised systems put in place.	H	30/09/2019	01/10/2019	13	03/10/2019	Discussion time required to ensure the response is attainable and manageable	
Main Accounting AP&P2P 2017/18	2621	Council no longer publish this data but it is available and from 2019/20 it will be included in the Key Performance Indicators reported as part of the MTFs.	M	30/09/2019	01/10/2019	13	03/10/2019	Needs to be discussed further with the Service Managers	
Payroll 2017/18	2218	Midland have advised functionality is in place to allow for the removal of all required information to comply with GDPR requirements. Internal testing will be completed to provide assurance over this anticipated functionality.	H	30/09/2018	31/01/2020	25	17/01/2020	The functionality still requires testing, further issues/defects may be found during testing and would need reporting to MHR for their investigation. I have requested 30.04.18	
AP & P2P 2018/19	2660	Piece of work to be carried out to determine the approach to be taken to address the issues identified at paragraphs 1, 2 and 3, recognising that these issues are a consequence of poor practice within services around the implementation and management of purchase ordering processes. In determining the approach to be taken the Corporate Finance Manager will liaise with the Chief Officer Team to make them aware of the issues and to ensure Chief Officer support in the delivery of the agreed	M	29/02/2020	-	8	-	No update	No update

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		<p>Action Plan (to be developed following agreement of the 'approach' to be taken).</p> <p>In developing the Action Plan it is recognised that a piece of work will need to be carried out to understand the extent of duplicate purchase ordering within P2P, and the impact on the accuracy of year end commitment accounting.</p>							
Annual Leave - 2018/19	2428	<p>"A review should be carried out to ascertain which officers are not using electronic systems to administer and record their annual leave with a view to ensuring that these officers, where possible, will do so in the future.</p> <p>For the remaining officers who use manual systems to administer and record their annual leave, scope out the guidance required to ensure that it is consistent with electronic systems and a consistent set of controls to include an annual return to HR."</p>	M	31/03/2020	-	7	-	No update	No update
	2734	<p>Write offs will be recommended and actioned on a quarterly basis to ensure the Council can track BDP and adjust provision where necessary. To ensure there are adequate management controls and separation of duties, responsibility for recommending the write offs will remain in the Corporate Debt Team but carrying out the write off transactions will revert back to Corporate Finance.</p>	M	31/03/2020	-	7	31/01/2020	<p>Gary supports that the Write Off process should be transferred back to Finance and his thinking is that it is best suited in Accountancy. He was going to speak to Dave Ledsham. I will discuss again with Gary during me next 1 to 1 dated 28.01.20 at 10 am</p>	
	2744	<p>An officer within Corporate Finance needs to be elected to oversee the whole process of the provision for Bad Debt to ensure the accounts are not compromised due to there being a shortfall in the provision.</p>	M	31/01/2020	30/04/2020	9	31/01/2020	<p>The Quarter 3 Bad Debt Report has just been published on 30/01/20 so this will be reviewed by Principal Accountants and the latest bad debt provision updated for their own portfolio areas and</p>	

								adjusted accordingly within future monthly monitoring figures. The provision will be further adjusted in line with the recommended level as part of the year end financial position for 2019/20 by 30/04/20. The provisions will then be updated quarterly through 2020/21.	
Corporate Grants 19/20	2794	Separate arrangements are currently in place for the recording of information in relation to grant management activity. The merits of continuing to use of the CGD will be reviewed by Management and with a view to developing an alternative solution for use from 2020/21.	H	30/06/2020	-	4	-		
Corporate Grants 19/20	2802	The necessary training will be provided with the new alternative CGD solution. e.g. Manager Grants Database workshops. Communication and awareness to be provided to relevant officers in the Portfolios to ensure the requirements for grant funding/bids are known and shared with Finance. Consideration of grant funding streams already forms part of the normal budget monitoring process involving finance and the service lead.	M	30/06/2020	-	4	-		
Corporate Grants 19/20	2803	Separate arrangements are currently in place for the recording of information in relation to grant management activity. The merits of continuing to use of the CGD will be reviewed by Management and with a view to developing an alternative solution for use from 2020/21. The current CGD has too many system glitches and poor functionality, hence the reason to move to the new alternative solution as soon as	H	30/06/2020	-	4	-		

		possible. The excel spreadsheet has been created for all Capital Grants. Management Accounting officers are currently working with the Capital Team to progress rolling this out for Revenue Grants.							
Corporate Grants 19/20	2862	Grant Checklists have been completed and signed prior to submission to Wales Audit Office as part of the external audit process. All grant checklists will be retained by grants contacts for keeping on file. Separate arrangements are currently in place for the recording of information in relation to grant management activity. The merits of continuing to use of the CGD will be reviewed by Management and with a view to developing an alternative solution for use from 2020/21. The manual records provided with the grant claim to WAO currently provide them with sufficient information to substantiate the grant claim.	H	30/06/2020	-	4	-		
Planning, Environment and Economy									
Minerals & Waste Planning 2018/19	2439	As this is a shared service it is important to be able to evidence time spent on specific projects, demonstrating transparency and the ability to reconcile to annual charges / fee charges under PAYG invoicing. This will be especially important where the service seeks to expand into other authorities. The time recording system was replaced in December 2018 due to the decommissioning of an old lotus notes system. Testing of the new system identified that only one out of the six officer is currently completing timesheets and using the new time recording system.	H	31/05/2019	31/12/2019	17	25/06/2019	No Update	No Update

		<p>There are recognised IT issues and complications with the two members of staff located in Gwynedd County Council who are not currently using the system, one being a Flintshire County Council member of employee and the other a seconded post from Gwynedd County Council to Flintshire County Council. The seconded post does not have access to Flintshire County Council IT systems.</p> <p>However, IT have confirmed that it is possible to raise a helpdesk request to enable collaborative access via the North Wales portal to log into Flintshire County Council IT applications. This will ensure that all team members have access to input the time spent against each project delivered to each partner authority.</p> <p>The Service Manager is unable to use the information within the time recording system to assist in generating invoices, as evidence of actual time spent is not recorded and therefore unavailable. The NWPOG used to receive management information relating to time and cost analysis but this has not been produced since 2012.</p> <p>If the intention of the service is to expand and offer the services to other councils, then an accurate time recording system which clearly identifies the amount of time spent and by whom is fundamental to ensure recharging is accurate and efficient and Flintshire County Council is at the minimum recouping its costs.</p>							
Minerals & Waste Planning 2018/19	2467	<p>There are two types of charge the fixed contributions and the Pay as you go (PAYG) service.</p> <p>The service is using two PAYG rates currently, these are £250 for PAYG</p>	H	31/10/2019	-	12	09/03/2020	No Update	No Update

		Partners & £350 per day for non-PAYG Partners and more recently procured work and specialist planning appeal work. We are unable to provide assurance whether Flintshire County Council may be subsidising the service financially as there is no meaningful data to be reconciled, to ensure the fees charged actually cover the cost of delivering the service. There is a risk that as there is no auditable evidence of how the team spend their time on individual work across the Partner Authorities, the current invoicing may be inaccurate and Partners may be under or over charged.							
Minerals & Waste Planning 2018/19	2488	Currently there is no live Service Level Agreement or Contract in place which details the relationship between the partners, how service will be delivered and costs managed. In particular there is nothing in place to secure the level of contribution made by individual partners nor manage the consequences of these not being paid or reduced. There is a risk that without formal contractual arrangements in place and if partners fail to pay any contributions the service may collapse and Flintshire County Council would be left with staffing and financial issues to deal with.	H	31/12/2019	-	10	09/03/2020	Draft SLA & BP circulated to partner members for comment with the intention that following and corrections, the SLA can be signed for the new financial year at a NWCO group meeting to be held on 27/03/2020.	No Update
Minerals & Waste Planning 2018/19	2489	A new contract the "The North Wales Regional Minerals and Waste Service Contract" is currently being written which will include a Business Plan. If the foundations of the service are not detailed in writing then the service may fail and the collaboration may collapse. This would leave Flintshire County Council with staffing and financial burdens. A business plan detailing the objectives of	M	31/12/2019	-	10	-	Business plan circulated with draft SLA for consideration by the collaboration partners to be agreed at a meeting of the North Wales Chief Officers on 27th March 2020 for the new financial year.	No Update

		<p>the service, its costs and performance measures is useful to ensure strategic objectives are met. This is especially important where a service is seeking to amend or expand its offer. Current partners and potential new clients should be clear as to the services, charges and how the contractual relationship will be managed.</p> <p>There is also a risk that when the partners are informed of the proposed changes, they may decide to leave the shared service.</p>							
Minerals & Waste Planning 2018/19	2498	<p>Under the current informal arrangement two members of the team have been based in Gwynedd County Council offices since 2011 due to the geographical nature and distance between Gwynedd and Flintshire. Gwynedd County Council's financial contribution towards the shared service is that they cover the salary costs for their seconded member of staff.</p> <p>The Gwynedd member of staff works to Flintshire County Council's terms and conditions. Gwynedd charge Flintshire County Council for the use of the accommodation by the two members of the team which in 2017/18 cost £12,140.00. This charge has increased since 2011.</p>	M	31/07/2019	31/12/2019	15	25/06/2019	<p>A meeting was held between the Service Manager and Head of Planning, Gwynedd Council. The recharge was discussed. The salary uplift remains subject to the Job Evaluation "Single Status" outcome for the Shared Service and neither GCC or FCC has carried out a new job evaluation exercise since the recharge was first calculated. FCC has recently amended its Pay Scales, but is unaltered for the grade assigned to the Senior Planning Officer positions. Given the differential between the GCC and FCC pay rates, the recharge for the uplift from GCC to FCC pay rates is still required. The accommodation and IT hardware/support remains unaltered. Following an office rationalisation, the loss of</p>	

								a specific room for the two officers previously based in Bangor has been replaced by alternative office accommodation in Caernarfon, with two dedicated workstations and full GCC IT support. The rate paid was capped for 2018/19 and not uplift was applied. The historic uplift rate by CPI inflation was discussed, given that the overall charge for the Service has not increased by CPI. This was accepted, and any salary uplift recharge moving forward will be by an agreed CPI or a fixed rate for the duration of the new SLA period, and the salary component should only be uplifted in light of nationally agreed pay settlements. This will be set out in the SLA documentation and communications between the Service Manager and GCC Head of Planning.	
Section 106 2015/16	285	Some update is required to this LPGN to include references to other Supplementary Planning Guidance which has been put in place since the guidance note was adopted (in particular Supplementary Planning Guidance 23 - Developer Contributions to Education). Planning are aware of the need for update, but will need to wait for the outcome of the consultation on the updated Local and Supplementary Planning Guidance Notes and the adoption of this updated guidance before reviewing	M	31/062016	30/06/2019	52	18/12/2018	Clearly 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	

		LPGN 23.						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.	
Section 106 2015/16	313	The specifications for on-site play equipment are often challenged by developers, with developers sometimes keen to substitute cheaper equipment (which consequently has an impact on maintenance budgets once the site has been adopted by the Authority). The resulting negotiation of a position acceptable to both the Authority and the developer has an obvious impact on resources within Leisure services. This issue is caused by ambiguity around equipment specifications within LPGN 13, Open Space Requirements.	M	31/07/2016	30/09/2019	52	13/03/2019	The revised SPG has not been completed whilst work on the production of the LDP is prioritised.	
Procurement Contract Management 2018/19	2783	There is a risk of inadequate contract management around higher risk contracts, and lack of appropriate awareness and monitoring of the risks inherent in the delivery of these contracts.	M	31/12/2019	-	10	-	No Update	No Update
Deferred Charges on Properties 2018/19	2459	There was no formalised and evidenced reconciliation carried out by the Regeneration Programme Lead between the Civica System (or equivalent financial system), the Grants & Loans spreadsheet and Land Registry charge extracts to confirm a charge was in place for all relevant properties.	M	30/04/2019	-	18	25/10/2019	Following the recommendations of Internal Audit a monitoring spreadsheet was created to record Houses to Homes loan application documents. In addition, improved processes have	

		<p>Testing was undertaken to ensure that there was a charge in place for all 2018 grants and loans (this was verified via Internal Audit obtaining Land Registry extracts for all the properties detailed on the Grants and Loans spreadsheet.</p> <p>A formalised and evidenced reconciliation against Land Registry extracts would provide assurances that charges are in place against all relevant properties.</p> <p>This service has transferred over to Community and Business Protection (part of the Planning, Environment and Economy Portfolio) on 1st January 2019.</p> <p>Under these new arrangements the operational responsibilities have been assigned to the Health and Safety Team Leader.</p>						<p>been set up to record and monitor financial information. The monitoring spreadsheet was approved by colleagues from IA and is now being used as template to monitor other property assistance loans products that are provided by FCC.</p>	
Houses to Homes 2019	2810	A documented procedure will be developed in relation to the management of the Houses to Homes scheme and training should be provided to relevant staff.	M	29/02/2020	-	8	-	No update	No update
Houses to Homes 2019	2811	Information on the Council's website to be updated to reflect current with Housing grants and loans and its criteria.	M	31/03/2020	-	7	-	No update	No update
Houses to Homes 2019	2815	A quarterly reconciliation to take place between service area Houses to Homes tracker, the information available on the CIVICA system for the Houses to Homes Loans and the finance budget information.	M	31/03/2020	-	7	-	No update	No update
Houses to Homes 2019	2816	Rationalisation of all budget codes utilised for Houses to Homes Loans to facilitate monthly budget reconciliation to include separate code for the loan and application fee.	M	31/03/2020	-	7	-	No update	No update

Houses to Homes 2019	2818	An annual review of the fee structure should be conducted to provide evidence of how the amount charged covers the administration costs.	M	31/03/2020	-	7	-	No update	No update
Section 106 Follow Up report 17/18	2232	Consideration will be given to alternative sources of funding for a new over-arching back office system for the Planning, Environment & Economy portfolio, which will include an integrated module for the management and reporting of s106 balances.	M	31/10/2018	30/09/2020	24	13/03/2019	Business case for the new back office has been developed and procurement is underway with a view to implementing in September 2020.	
Corporate Health and Safety-Use of Plant, Machinery and Equipment 2018/19	2468	"Job specific training requirements are clearly shown on the safe method of work document for each Streetscene task to ensure that operatives only undertake roles for which they are trained. HAV's awareness training attendance has now been recorded on the current skills matrix and documented on the individuals training file. Implement the migration of all training records to itrent to ensure data security and prompt reporting."	M	31/12/2019	01/04/2020	10	-	No update	No update
Streetscene & Transport									
01/11/201	2287	Submissions from new suppliers can be sent at any time during the six year DPS project. There is an obligation to evaluate these responses within 10 working days. If a company is successful they are added into the contract and will automatically receive notifications of mini competitions or RFQ's going forward. The respective service area will be notified of all suppliers who have been approved and it will be their responsibility to ensure that the suppliers have been added to the	M	30/06/2019	-	16		No update	No Update

		contract.							
ITU Procurement of Contracts 2017/18	2278	<p>This action is to be addressed by ITU in undertaking future DPS project and adequate timescales will be provided for the project.</p> <p>Whilst the existing DPS will end in 22/23 the contracts let under the current arrangement will have varying end dates. This will reduce the impact on the service and allow a staggered introduction of routes under the new DPS.</p> <p>The operators will also be more used to completed the necessary documentation prior to inclusion on the new DPS which will ensure this element of the next procurement will be completed more quickly.</p>	H	30/06/2019	29/02/2020	16	01/11/2019	<p>Planning meeting scheduled to discuss preparation & timescales of the renewal of the DPS Meeting scheduled 12.02.2020</p>	No update
Highways Cost Recovery 2019/20	2717	<p>The schedule of rates will be updated on an annual basis to ensure that actual costs can be recovered and are accurate.</p>	M	31/12/2019	29/02/2020	10	04/02/2020	<p>The schedule of rates used to identify costs incurred, and which is the basis for the rechargeable works has been simplified. Work is on-going to include this schedule in the Council's 'Fees and Charges' which will be reviewed annually going forward.</p>	<p>The schedule of rates used to identify costs incurred, and which is the basis for the rechargeable works has been simplified. Work is on-going to include this schedule in the Council's 'Fees and Charges' which will be reviewed annually going forward.</p>
Highways Cost Recovery 2019/20	2719	<p>"The procedures will be updated to include the process for managing incidents where costs are non-recoverable, including the approval to write-off costs, and all costs incurred will be calculated and reported.</p> <p>Consideration will also be given to reviewing the costs incurred for incidents</p>	M	31/03/2020	-	7	04/02/2020	<p>All costs are now recorded regardless of whether are recharge is ultimately made. Non-recoverable costs are reported within the Spreadsheet. Portfolio Finance Manager is in informed of non-recoverable incidents due</p>	

		involving fatalities."						to lack of identifying information of the culpable party. A report is going to February 2020 Environment Overview and Scrutiny requesting their support of the approach taken to identify the County's response to incidents that result in fatalities as non-recoverable costs.	
Schools									
School Fund – Broughton Primary 2018/19	2682	School fund mandate to be reviewed and updated prior to personnel leaving the role/school. Only one cheque book to be used at a time and this should be kept in a locked safe.	H	30/09/2019	-	13	-	No update	No update
Risk Based Thematic Review 2018/19 - Ysgol Merllyn	2524	The school will ensure that an appropriate person is appointed to the role of Data Protection Officer in line with the Act.	M	31/07/2019	-	15	29/01/2020	The school is trying to contact a DP specialist	No DPO in place
Risk Based Thematic Review 2018/19	2548	The school will contact their Data Protection Officer and arrange for an Information Asset Register to be in place.	M	31/10/2019	-	12	-	No update	No update
School Fund – Ewloe Green 2018/19	2672	The lack of prescription in the Regulations and absence of procedural documents at the schools means there is a risk staff are not clear as to the key controls which need to be in place to ensure the school fund is being used appropriately particularly in the event a business manager/secretary were absent or due to leave the post.	M	31/12/2019	-	10	29/01/2020	This was a single oversight which was due to be reclaimed via budget. School is clear about what expenditure is permitted. New regulations for the school fund expenditure to be presented to Governors at the next Finance Meeting. This will be along with our	No Update

								own operational/procedural documents.	
School Fund – Broughton Primary 2018/19	2683	There is a risk that the school fund is not being effectively scrutinised by the head teachers nor reported regularly to Governing Body or parents across the school year.	M	31/12/2019	-	10	-	No Update	No Update
School Fund – Broughton Primary 2018/19	2684	Broughton Primary school to document the procedures followed in relation to the management of the school fund. This should include actions completed, owners, reporting and reconciliation requirements as well as approval mandates.	M	30/09/2019	-	13	-	No update	No update
School Fund – Gwynedd School 2018/19	2689	The absence of procedural documents at the school means there is a risk that roles and responsibilities are not clearly understood and school staff are not clear as to the key controls which need to be in place to ensure the school fund is being used appropriately particularly in the event a business manager/secretary were absent or due to leave the post.	M	31/12/2019	-	10	-	No Update	No Update
School Fund – Ewloe Green 2018/19	2671	The balance of the School Fund to be reported to the governing body regularly as well as parents. Head teachers to review the reconciliation of the funds accounts on a monthly basis and to sign and date the statements and income and expenditure forms reviewed.	M	31/10/2019	-	12	26/01/2020	Ongoing - due to long absence of HT in Autumn term. Process initiated this month (Jan 2020) 2. Governors presented with SF account and will continue to be a standing agenda item. 3. SF balance to be communicated to parents within annual report.	No update
School Fund Gwynedd 2018/19	2689	To document the procedures followed in relation to the management of the school fund. This should include actions completed, owners, reporting and	M	31/12/2019	-	10	09/01/2020	No update	No update

		reconciliation requirements as well as approval mandates.							
Schools Audit 2019/20 – St Winefrides Primary	2841	All governors and staff with financial responsibility will complete an annual declarations of interest form.	M	30/09/2020	-	1	28/09/2020	All governors and staff with financial responsibility have been given 2020-2021 declaration of interest forms. Staff forms are all completed and returned. Awaiting governors but all to be returned as soon as possible.	This will be monitored, and if required followed up over the next week or two until all are returned.
Schools Audit 2019/20 - Croes Atti Primary	2847	The school fund account will be verified on a defined basis.	M	03/09/2020	-	1	-	No update	No update
Schools Audit 2019/20 – St Winefrides Primary	2853	The controls for the management of all cash income will be reviewed to ensure that a clear separation of duties exists and that all risks are minimised.	M	30/09/2020	-	1	29/09/2020	A policy and collection of cash form has now been produced. This ensures that two members of staff or committee members are present to first count the money and complete the paying in bank slip. Both these documents will be formally adopted at the first finance meeting of the autumn term. This would have been adopted at the May meeting, however, this did not take place due to lockdown.	As explained at Audit, very little cash is brought into school now by children due to the implementation of School Gateway/Comms, an online system.
Schools Audit 2019/20 – St Winefrides Primary	2856	These lease agreements will be shared with the Governing Body and approval will be sought for any future leases prior to agreement being obtained.	M	30/09/2020	-	1	29/09/2020	Please note that the new Canda copying lease was discussed with governors over video during lockdown, but will be formally shared at the next Finance governors	Other companies etc were looked at and out ICT specialist made comparisons with other companies and what other Flintshire schools are paying to ensure we have the best deal

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								meeting.	financially.
Schools Audit 2019/20 – St Winefrides Primary	2858	The school will ensure that an Information Asset Register is created for the school in line with Data Protection regulations as soon as possible.	M	30/09/2020	-	1			
Schools Audit 2019/20 – St Winefrides Primary	2865	The income and expenditure of the school fund account to be shared with the Governing Body on a regular basis.	M	30/09/2020	-	1	28/09/2020	The school fund is now included as part of each Headteacher report to governors (termly). This will also be an agenda item on each Finance governors meeting, detailing the balance and any large amounts of income and expenditure. The school fund spreadsheet will also be shared with governors on the finance and personnel committee.	
Schools Audit 2019/20 - Castell Alun High	2915	The School will obtain the Councils Schools Financial Procedures and these will be adopted by the governing body.	M	30/04/2020	-	6	08/09/2020	The latest version of the Schools' Financial Procedures has been adopted by the Governors Finance Committee. This will now be ratified at Full Governors on Thursday 3rd December.	
Schools Audit 2019/20 - Castell Alun High	2918	The controls for the management of all cash income will be reviewed to ensure that a clear separation of duties exists and that all risks are minimised.	M	30/04/2020	-	6	31/05/2020	Due to WG guidance and Covid-19 restrictions, the next Finance Governors' meeting will now take place as a 'virtual' online meeting on 11th June.	The recently developed protocol for a separation of duties for managing school fund income will be presented at this meeting for discussion.
Schools Audit 2019/20 - Castell Alun	2931	The school will finalise a comprehensive Information Asset Register and comply with the proximities detailed.	M	31/07/2020	-	3	25/09/2020	Due to Covid-19 there has been a delay in the Data Manager completing the	

High								IAR. This will be done by end of Sept 2020.	
Schools Audit 2019/20 - Castell Alun High	2936	Consideration will be given to changing the use of bank cards for the school fund account. Online access to the account will also be appropriately shared to allow for the account to be effectively monitored.	M	30/06/2020	-	4	23/09/2020		
Schools Audit 2019/20 - Maes Garmon	2946	The school will ensure that a suitable Data Protection Officer is appointed as soon as possible to comply with the regulations.	M	30/09/2020	-	1	-	No update	No update
Schools Audit 2019/20 - Maes Garmon	2947	The school will arrange for an Information Asset Register to be in place as soon as possible.	M	30/09/2020	-	1	-	No update	No update
Schools Audit 2019/20 - Maes Garmon	2951	The school will review the arrangements for auditing the school fund account and will ensure that the regulations are complied with.	M	30/09/2020	-	1	-	No update	No update

Actions with a Revised Due Date Six Months Beyond Original Due Date and Not Overdue

Appendix G

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Governance									
Joint Corporate Procurement Unit 2017/18	2253	Our review of Governance arrangements identified; <ul style="list-style-type: none"> There is inadequate scrutiny of JCPU objectives and outcomes by Joint Procurement Board (JPB) and by relevant Council committees to address lack of progress with achieving the primary objectives of the JCPU business case around Efficiency, Capacity and Markets (1.1). Delays in the alignment of procurement strategy and procurement activity across the two Councils. Recent changes, e.g. board membership and corporate priorities, means that the strategy contains out of date information (1.2). Limited processes in place for measuring and recording efficiency savings achieved through collaborative procurement. There is no evidence that efficiency savings and benefits have been reported to the JPB 	M	31/10/2018	31/03/2021	9/03/2020	CPRs - these have been re drafted further following leaving with a deal. The current regulations stay in place until the UK government amends them, and there is a transition period for 6 months after 31 Dec 2020 to protect any on gong procurements eg EU regime will apply. I have not taken this any further due to lack of capacity and so this task is outstanding and is probably at risk of not meeting 30 June deadline.	CPRs have been re drafted and are being considered by Chief Officer Governance	Final draft of CPR's is done. I am waiting for the Brexit legislation to come out to confirm the position for the transitional 12 months. It was agreed that until the results of the election we would hold fire because we did not know whether we would even be leaving the EU or if we left would it be with a deal. It seems likely that we will have a transition of 12 months and then leave, and break away from the EYU rules on procurement, in which case the revised CPR's need some changes to reflect this and also to allow consequential changes to be made by the Chief Officer

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Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Page 203		(1.3). <ul style="list-style-type: none"> • Limited evidence of reporting of KPI's to the JPB / no robust targets in place for KPI's (1.4). • Insufficient systems for recording and monitoring the split of procurement staff time across the two Councils (1.5). • Meetings of the JPB not taking place on a regular basis, agendas for the JPB meetings not prepared and circulated in advance of meetings and JPB minutes not available for all meetings / minutes not circulated on a timely basis (1.6). • Limited monitoring and evaluation of expenditure by category and aggregated spend (across services and/or Councils) by the JCPU to ensure opportunities for efficiency savings through collaborative procurement exercises are identified (1.7). • Due to limited availability of data, monitoring of contract end dates by the JCPU cannot take place to ensure opportunities for efficiency savings through collaborative procurement or alternative procurement models are appropriately explored (1.8). 							for Governance upon the UK leaving the EU for good.
	Joint	2262	Action (Ref) 2.2:	M	31/03/2019	31/03/2021	19/03/2020	Due to the unprecedented	This has not been

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Corporate Procurement Unit 17/18		<p>CPU Business Partners will attend Service Senior Management Team meetings quarterly.</p> <p>The Legal and Procurement Operations Manager will attend Senior Leadership Team/Chief Officer Team six monthly.</p> <p>The Legal and Procurement Operations Manager will consider marketing options that are available at each of the Councils to promote the CPU.</p>					<p>events occurring as are result of CIOVID19 this will have to be put back as priority of future work is currently unknown.</p> <p>Follow up report has now been issued (October 2019) - MK needs to reflect the content of that report, so this agreed action (previously included as implemented) has had to be re-opened to reflect the 1 x o/s point re marketing.</p>	<p>actioned to date due to availability of resources.</p>	
Procurement Contract Management 2018/19	2726	<p>"In addition to delivery of the Action Plans developed by Chief Officers following the portfolio reviews agreed at finding (1);</p> <p>Development of a formal training programme for contract managers to ensure;</p> <p>Appropriate awareness of the issues to be considered in ensuring effective delivery of Community Benefits / Social Value.</p> <p>Appropriate awareness of the risks around the use of sub-contractors in the delivery of contracts & understanding of the activity which should be carried out as part of the contract management process to ensure terms and conditions around the use of sub-contractors are being</p>	M	31/03/2020	31/03/2021	03/11/2020	<p>Sandy Burrows has been tasked with providing training and this was to commence in March but due to Covid has been delayed.</p>	<p>The COG has started to complete a training programme for the delivery of Contract Management trg across FCC.</p>	<p>Sally Gee and I met with Sandy Burrows in Sept and he went through in some detail the package or trg he wanted to deliver and this has altered somewhat as he will be delivering this over the internet, Web Ex currently.</p> <p>Sally and I provided some advice where we felt necessary and Sandy said he would alter the slides and incorporate them into the trg.</p>

Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date	Current Status	How Risk is Being Managed
Page 205		<p>complied with.</p> <p>Appropriate awareness of the use of performance indicators / performance data requirements within contract terms and conditions & the robustness of processes in place for the validation and monitoring of performance data.</p> <p>Appropriate awareness of the requirement to include all contracts on the Proactis Contract Register and to ensure a robust understanding of the processes for uploading signed contracts onto Proactis.</p> <p>Use of the Proactis Contract Management module."</p>							
	Education & Youth								
Youth Justice 2016/17	2045	<p>"Devise a contingency business case to identify and mitigate risks against statutory and non statutory grants to assist with the business continuity.</p> <p>Review opportunities identified by the external review to develop a succession plan. Approval to be obtained for both of these initiatives from the Chief Executive."</p>	M	31/03/2018	31/12/2020	06/11/2020	Interviews 3.12.20. Expect to fill the post by 31.12.20	Staff consultation completed, post has now been graded and is out to internal advert.	

Investigation Update

Appendix H

Ref	Date Referred	Investigation Details
1. New Referrals		
1.1	25/06/2020	Internal Audit was requested to investigate a Notice of intended prosecution received by Cllr in relation to a traffic offence in an FCC fleet vehicle.
1.2	08/09/2020	Internal Audit was requested to investigate the fraudulent request to change to supplier bank account details actioned by AP team.
2. Reported to Previous Committees and still being Investigated		
2.1	25/05/2019	A referral had been received in relation to a license agreement. Findings have been reported to management. The case is with management for further action.
2.2	25/05/2019	Planning Application. The investigation is ongoing.
3. Investigation Completed		
3.1	An allegation has been received concerning the governance arrangement of the Governance Body at a School. The investigation is complete	
3.2	A referral was received concerning the job evaluation of a position. The investigation is complete. No case to answer with 1 suggestion re update of JEQ's.	
3.3	A complaint was received concerning the awarding of contracts where there is a potential conflict of interest of a member of staff with a contractor. The investigation is complete. A report was issued to management for improvements to be made to the control environment	
3.4	An allegation was received concerning the awarding of work to a company being run by a former employee of the Authority. The investigation is complete. Findings have been reported to management..	
3.5	An allegation has been received over an employee using Council owned assets for personal gain. The investigation is complete. Unable to substantiate allegation however, report issued to management for improvements to be made to the control environment.	
3.6	Internal Audit investigated a Notice of intended prosecution received by Cllr in relation to a traffic offence in an FCC fleet vehicle. The investigation is complete. Issue resolved with NWP and the Notice of Intended Prosecution has now been withdrawn. Findings have been reported to management	
3.7	Internal Audit was requested to investigate the fraudulent request to change to supplier bank account details actioned by AP team. The investigation is complete. Findings have been reported to management for improvements to be made to the control environment.	

Internal Audit Performance Indicators

Appendix I

Performance Measure	19/2	Qtr 1 20/21	Qtr 2 20/21	Qtr 3 20/21 (Oct – 11 Nov)	Qtr 4 20/21	Target	RAG Rating	
Audits completed within planned time	84%	-	-	100%		80%	G	↑
Average number of days from end of fieldwork to debrief meeting	8	-	-	3		20	G	↑
Average number of days from debrief meeting to the issue of draft report	7	-	-	1		5	G	↑
Days for departments to return draft reports	7	-	-	3		7	G	↑
Average number of days from response to issue of final report	2	-	-	1		2	G	↑
Total days from end of fieldwork to issue of final report	26	-	-	6		34	G	↑
Productive audit days	76%	-	-	71%		75%	A	↓
Client questionnaires responses as satisfied	97%	-	-	100%		95%	G	↑
Return of Client Satisfaction Questionnaires to date	47%	-	-	100%		80%	G	↓

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

Internal Audit Operational Plan 2019/20

Appendix J

Audit – 2019/20	Priority	Status of Work	Supporting Narrative
Education & Youth			
Schools Admissions, Allocation, Unfilled Places, Change in Demographics	H	Complete	
Schools Budgeted Licenced Deficit	H	Complete	
Early Entitlement	M	Complete	
Risk Based Thematic Reviews (5 School Audits)	Annual	Complete	
Governance			
PCIDSS Compliance - Follow Up	Follow Up	Complete	
Data Protection (GDPR) Compliance	Annual	Complete	
Housing & Assets			
Right to Buy (buyback) / Home Loans	M	No Longer Relevant	No longer Relevant
Housing Benefits (including Subsidy Grant)	Annual	Deferred	Deferred to 20/21
SARTH	Follow Up	Complete	
People & Resources			
Capital Programme	H	Deferred	Deferred to 21/22 Plan
Main Accounting - General Ledger (GL)	Annual	Complete	
Organisational Ethics and Values	M	In Progress	
Planning, Environment & Economy			
Climate Change / Carbon Reduction	M	Complete	
Planning Enforcement – Governance & Regulatory Procedures	New	Complete	
Social Services			
Foster Care (Payments to Carers)	H	Complete	
Sessional work (Supervision of Contact Work)_	H	Complete	
Client Finance, (Deputyship) Receivership & including Community Living	M	No Longer Relevant	No longer relevant
Streetscene & Transportation			
Concessionary Travel including Bus Services Support (grant)	H	Complete	
School Bus Passes	H	No Longer Relevant	No longer relevant

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Audit – 2019/20	Priority	Status of Work	Supporting Narrative
Community Transport	M	Deferred	Deferred to 2022/23 Plan
External			
SLA - NEWydd - 10 days	Annual	Deferred	Deferred to 20/21 Plan

Internal Audit Operational Plan 2020/21

Appendix K

Audit – 2020/21	Priority	Status of Work	Supporting Narrative
Corporate			
COVID19 - Emergency Management Assurance	H	Complete	
COVID19 - 5 Key Financial Decisions review	H	Complete	
COVID19 - Risk Method Statement - challenge and improve	H	Complete	
Education & Youth			
Risk Based Thematic Reviews of Schools	H	Not Started	Quarter 4
Attendance, Exclusions and Disengagement of Young People	H	Not Started	Quarter 4
Schools Grant Funding / Budgeted Licence Deficit	H	Not Started	Quarter 4
Education Grants - Professional Development Grant (PDG)	Annual	Complete	
Governance			
COVID19 - Business Support Grants	H	Complete	
Procurement - Hardware and Software	H	In Progress	
Subject Access Requests	M	In Progress	
Procurement - Contract Monitoring – Follow Up Audit	Follow Up	Complete	
Data Protection (GDPR)	Annual	Not Started	Quarter 4
Housing & Assets			
Rough Sleeping	M	Deferred	At the request of Management
Data Analysis – Cost of Homelessness	Advisory	In Progress	
Housing Benefits - Emerging Risks	Annual	In Progress	
Supporting People Grant	Annual	Complete	
People & Resources			
Cost and reclaim for COVID	H	In Progress	
Business wide Income and Arrears from COVID	H	In Progress	
Collaborative Planning	H	In Progress	
Corporate Grants Database – Follow Up	Follow Up	Not Started	Quarter 4
Corporate Grants (Replacement of WAO Work)	Annual	Not Started	Quarter 4
Main Accounting - Accounts Payable (AP) and P2P	Annual	Complete	
COVID19 – Test, Trace and Protect	H	Ongoing	
Health & Safety and Wellbeing of Employees	H	In Progress	

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Audit – 2020/21	Priority	Status of Work	Supporting Narrative
Payroll	Annual	In Progress	
Planning, Environment & Economy			
Houses of Multiple Occupancy	H	In Progress	
Home Improvement Loans	M	Not Started	Quarter 3
Planning Enforcement - Ombudsman Report Compliance	Advisory	Complete	
Social Services			
COVID19 – Early Entitlement	H	Complete	
Adoption Services	H	In Progress	
Continuing Health Care	H	In Progress	
Quality Assurance	M	In Progress	
Social Services Complaints, Comments, Compliments	M	Not Started	Quarter 4
Direct Payment - Financial control	M	Not Started	Quarter 4
Streetscene & Transportation			
Bus Transport Operator supply chain risks	H	In progress	
Parc Adfer - Contract Management and Associated Risks	H	In progress	
Procurement & Contract Management /Monitoring	H	Not Started	Quarter 4
Loss of O Licence	M	Not Started	Quarter 4
Highways Structures (Bridges)	M	Not Started	Quarter 4
External			
Pensions Investment, Management & Accounting	H	Not Started	Quarter 4
SLA - Aura - 17 days	Annual	Not Started	Quarter 4
SLA - NEWydd - 19 days	Annual	Not Started	Quarter 4
Advisory / Project Groups			
COVID19 - TTP Regional Planning Group	Ongoing	Ongoing	
COVID19 – TTP Flintshire Project Group	Ongoing	Ongoing	Now FCC Oversight Group
COVID19 – TTP Workforce Workstream	Ongoing	Ongoing	Now HR / TTP Leads Group with the 6 LAs
COVID19 – Bronze Group - Postal	Ongoing	Complete	
COVID19 – Temporary Hospital Provision	Ongoing	Complete	
COVID19 – Emergency Management Response Team	Ongoing	Complete	
COVID19 – Emergency Response for Local Businesses Silver Tactical Group	Ongoing	Complete	
COVID19 – Governance and Legal Silver Tactical Group	Ongoing	Complete	

Audit – 2020/21	Priority	Status of Work	Supporting Narrative
COVID19 – Organisational Recovery Group	Ongoing	Ongoing	
COVID19 – Business Compliance Group	Ongoing	Ongoing	
COVID19 – Logging at Tactical Group	Ongoing	Ongoing	
New Flare System Development Group	Ongoing	Ongoing	
GDPR Project Board	Ongoing	Ongoing	
Digital Strategy Board	Ongoing	Ongoing	
Corporate Governance Working Group	Ongoing	Ongoing	
Accounts Governance Group	Ongoing	Ongoing	
Wales Chief Internal Auditors Group	Ongoing	Ongoing	
Programme Coordinating Group	Ongoing	Ongoing	
Corporate Health & Safety Group	Ongoing	Ongoing	
Corporate Data Protection Group	Ongoing	Ongoing	
Financial System	Ongoing	Not Started	
Dementia Friendly Council Steering Group	Ongoing	Ongoing	

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Glossary	
Risk Based Audits	Work based on strategic and operational risks identified by the organisation in the Improvement Plan and Service Plans. Risks are linked to the organisation’s objectives and represent the possibility that the objectives will not be achieved.
Annual (System Based) Audits	Work in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.
Advice & Consultancy	Participation in various projects and developments in order to ensure that controls are in place.
VFM (Value For Money)	Audits examining the efficiency, effectiveness and economy of the area under review.
Follow Up	Audits to follow up actions from previous reviews.
New to Plan	Audits added to the plan at the request of management. All new audits to the plan are highlighted in red.
Audits to be Deferred	Medium priority audits deferred. These audits are highlighted in green within the plan.



AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 th November 2020
Report Subject	Action Tracking
Report Author	Internal Audit Manager
Category	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

1.00	EXPLAINING THE ACTION TRACKING REPORT
1.01	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. Full action tracking details within Appendix A.
2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

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

4.00	RISK MANAGEMENT
4.01	None as a result of this report.

5.00	APPENDICES
5.01	Appendix A – Action Points.

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

7.00	GLOSSARY OF TERMS
7.01	None.

AUDIT COMMITTEE – ACTION SHEETPresented Wednesday, 18th November 2020

10 th September 2019				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
29	Strategic Risk Management Update	That the Committee receives a revised version of the Risk Management Strategy at the next meeting.	C Everett and J Davies	Due to the pandemic emergency the March committee did not take place however a verbal update was provided at the July Committee over the risk management arrangements and a copy of the risk registers will be sent to Audit Committee members prior to the September meeting. A copy of the risk registers was shared with Audit Committee members on 17/09/2020.

29 th January 2020				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
52	Treasury Management Strategy 2020/21	To report back to the Committee later in the year on actions to meet the new requirements on non-treasury investments and compliance with disclosures on skills, culture and climate change.	L. Thomas	Discussions ongoing with Treasury Management Advisors. Update to be given later in this calendar year.

23 rd July 2020				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
64	Annual Governance Statement 2019/20	That the Annual Governance Statement 2019/20 includes the commitment to increase Member involvement from next year, and be endorsed and attached to the Statement of Accounts for adoption. The process and timescale for more Member involvement on the AGS during Q4 to be shared with the Committee in the Autumn.	R Robins G Owens / L Brownbill	This will be provided to members at the November 2020 Audit Committee meeting.
		To share the six recovery risk registers and business plans with the Committee.	C Everett / G Owens	These were circulated to the Audit Committee members on 17/09/2020.

9 th September 2020				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
76.	PSIAS	To ensure that benchmarking data against other authorities is shown in future PSIAS reports.	L Brownbill	Benchmarking data to be included in future PSIAS reports.

79.	Quarterly update on response to the pandemic	Presentation slides from Cabinet 15/09/20 to be shared with the Audit Committee.	J Pierce	These were circulated to the Audit Committee members on 17/09/2020.
79.	Quarterly update on response to the pandemic	Updated risk registers to be shared with the Audit Committee later in the month.	J Pierce	These were circulated to the Audit Committee members on 17/09/2020.

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AUDIT COMMITTEE

Date of Meeting	Wednesday, 18 th November 2020
Report Subject	Forward Work Programme
Report Author	Internal Audit Manager
Category	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 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

1.00	EXPLAINING THE FORWARD WORK PROGRAMME
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"> 1. Will the review contribute to the Council's priorities and/or objectives? 2. Is it an area of major change or risk? 3. Are there issues of concern in governance, risk management or internal control? 4. Is it relevant to the financial statements or financial affairs of the Council? 5. Is there new government guidance or legislation? 6. Is it prompted by the work carried out by Regulators/Internal Audit? 		
1.03	<p>Following the Committee meeting in September there has been a need to move one item in the forward work programme due to the timing of the report. This is reflected below;</p>		
	Report	Reason for Movement	New Report Date
	Annual Improvement Report (AW) (2019/20)	The AIR report will not be ready until after the November committee.	January 2021

2.00	RESOURCE IMPLICATIONS
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2.01	None as a result of this report.
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3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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3.01	Publication of this report constitutes consultation.
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4.00	RISK MANAGEMENT
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4.01	None as a result of this report.
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5.00	APPENDICES
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5.01	Appendix A - Draft Forward Work Programme.
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	<p>None.</p> <p>Contact Officer: Lisa Brownbill Internal Audit Manager</p> <p>Telephone: 01352 702231</p> <p>E-mail: lisa.brownbill@flintshire.gov.uk</p>
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7.00	GLOSSARY OF TERMS
7.01	<p>Governance - 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>Risk Management - The process of identifying risks, evaluating their potential consequences 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 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> <p>Internal Control - Appropriate procedures and processes are in place to mitigate any risk which may prevent the organisation from achieving its objectives and service delivery.</p> <p>Financial Management - The planning, organising, directing and control of the financial activities of the Council to ensure sufficient resources are available to delivery its intended outcomes.</p> <p>Audit Wales - 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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AUDIT COMMITTEE - FORWARD WORK PROGRAMME 2020/21Presented to Committee – Wednesday, 18th November 2020

Meeting Date	Agenda Item	Author
18th November 2020	Treasury Management 2019/20 Q4 Update	Paul Vaughan
	Treasury Management 2020/21 Q1 Update and Annual Report 2019/20 and Mid-Year report	Paul Vaughan
	Risk Management update 2020/21 and Mid-Year report	Jay Davies
	School Reserves – Annual Report on School Balances	Claire Homard / Lucy Morris
	Audit Committee Annual Report	Cllr Chris Dolphin / Lisa Brownbill
	Approach to 2020/21 AGS with Member involvement	Robert Robins / Lisa Brownbill
	Asset Disposals and Capital Receipts	Neal Cockerton
	Grant Claim Certification	Gary Ferguson
	Internal Audit Progress Report 2020/21	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
Private Meeting (AW and Internal Audit)	Lisa Brownbill	

Meeting Date	Agenda Item	Author
27th January 2021	Annual Improvement Report (AW) (2019/20) Quarterly Report on the Pandemic Response Treasury Management 2020/21 Q3 Update and 2021/22 Strategy Code of Corporate Governance Financial Procedural Rules (Biennial) Annual Audit Letter Audit Charter Internal Audit Progress Report 2020/21 Audit Committee Action Tracking Forward Work Programme	Jay Davies Colin Everett Paul Vaughan Lisa Brownbill Gary Ferguson / Sara Dulson Gary Ferguson Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
24th March 2021	Quarterly Report on the Pandemic Response Treasury Management 2020/21 Q4 Update Risk Management Update Audit Plan (AW) Annual Report on External Inspections 2019	Colin Everett Paul Vaughan Jay Davies AW Jay Davies

Meeting Date	Agenda Item	Author
	Certification of Grants and Returns Report (WAO) Internal Audit Strategic Plan 2021/2024 Public Sector Internal Audit Standards Compliance 2020/21 Internal Audit Progress Report 2020/21 Audit Committee Action Tracking Forward Work Programme Private Meeting (AW and Internal Audit)	Gary Ferguson Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
June 2021	Draft Annual Governance Statement Internal Audit Annual Report 2020/21 Internal Audit Progress Report 2021/22 Audit Committee Terms of Reference Audit Committee Action Tracking Forward Work Programme	Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill Lisa Brownbill
September 2021	Statement of Accounts 2020/21 Internal Audit Progress Report 2021/22 Audit Committee Action Tracking	Gary Ferguson Lisa Brownbill Lisa Brownbill

Meeting Date	Agenda Item	Author
	Forward Work Programme	Lisa Brownbill

Biennial Reviews

Meeting Date	Agenda Item	Author
January 2021	Anti-Fraud and Corruption Strategy & Fraud Response Plan	Lisa Brownbill
January 2021	Whistleblowing Policy	Lisa Brownbill
January 2021	Financial Procedural Rules (Biennial)	Sara Dulson