

Appendix A

Operational Plan 2015/16

Audit	Audit Classification	IA Risk Rating	Plan Days	Actual Days	Proposed quarter / Status
Corporate					
Delivery of the Business Plans	Advisory / VFM	R	40		2
Risk Management	Risk Based	A	10		3
Clwyd Theatre Cymru	Follow Up	A	10	1	WIP
North West Regional Waste Partnership	Risk Based	A	10		3
Corporate Governance	Risk Based	G	5		4
Total Planned Days – Corporate			75	1	
Community and Enterprise					
NEW Homes	Risk Based	R	10	2	WIP
Homelessness	Risk Based	R	15		4
Housing Benefit	System Based	R	15		4
Council Tax and NNDR	System Based	R	20		3
Corporate Debt Management	Risk Based	R	15	1	WIP
Total Planned Days – Community & Enterprise			75	3	
Education and Youth					
Control and Risk Self-Assessment	Risk Based	R	15	9	WIP
Risk based thematic reviews across all schools including central controls	Risk Based	R	45	1	WIP
21 st Century Schools	Risk Based	R	15		3
Grants – Various WG requirement	System Based	R	15	2	WIP
Free school meals - Funding arrangements	System Based	R	15	1	WIP
School closures	Risk Based	G	5		3
Total Planned Days – Education & Youth			110	13	

Audit	Audit Classification	IA Risk Rating	Plan Days	Actual Days	Proposed quarter / Status
Governance					
Chair of the Council's Charity / Trust Fund	Risk Based	R	10	6	WIP
Network Security	Risk Based	R	* See note		4
FOI Requests	Risk Based	R	15	1	WIP
Data Protection	Advisory	R	10	1	WIP
Migration to Microsoft	Risk Based	R	15		4
Disposal of ICT Equipment	Risk Based	A	10		2
PCIDSS	Risk Based	A	20		4
Cloud computing	Risk Based	A	* See note		4
Anti-virus procedures	Risk Based	A	15	1	WIP
E Sourcing (Proactis)	System Based	A	15		4
Select List Including Financial Vetting of Suppliers	System Based	A	20		2
Contract Procedural Rules	Risk Based	A	20	17	WIP
Electoral Register	Advisory	A	5		DELETED
Total Planned Days - Governance			155	26	
Organisational Change 1					
Alternative Delivery Models	VFM	R	20	15	WIP
Leisure Services	System Based	G	20		3
Japanese Youth Exchange	Regulatory	G	5	3	WIP
Total Planned Days – Organisational Change 1			45	18	

Audit	Audit Classification	IA Risk Rating	Plan Days	Actual Days	Proposed quarter / Status
Organisational Change 2					
Electronic stock taking (catering bus plan)	Advisory	A	5		4
21 st Century Schools	Systems Based	A	15		3
CCTV	Risk Based	A	15		4
Total Planned Days – Organisational Change 2			35		
People and Resources					
Payroll	System Based	R	20		3
E-Teach (Supply Staff) – Payroll and Recruitment	VFM	R	20	16	WIP
Use of Relief, Agency and Self Employed Workers	Risk Based	R	20	1	WIP
Agile Working	Advisory	A	20		2
Human Concepts Software	Advisory	G	5		2
Main Accounting – Accounts Receivable (AR)	System Based	R	10		4
Main Accounting – Accounts Payable (AP) / P2P	System Based	R	20		3
Main Accounting – General Ledger (GL)	System Based	R	10		4
Treasury Management	System Based	R	15		3
Capital Programme	Follow Up	R	5	1	WIP
Insurance	Risk Based	R	10		4
Medium Term Financial Strategy	Risk Based	A	10		2
Collaborative Planning	Risk Based	G	5		2
Pensions Administration and Contributions	System Based	G	15		3
Pension Fund Governance	System Based	G	10		4
Total Planned Days – People & Resources			195	18	

Audit	Audit Classification	IA Risk Rating	Plan Days	Actual Days	Proposed quarter / Status
Planning and Environment					
Section 106 Agreements	Risk Based	R	15	2	WIP
Pest Control	Risk Based	A	5		3
Pollution Control	Risk Based	G	15		4
Total Planned Days – Planning & Environment			35	2	
Social Services					
Client Finances / Receivership, including Community Living	Risk Based	R	20		3
Residential Care Homes	Advisory	R	20	1	WIP
Direct Payments	System Based	R	20	18	WIP
PARIS – Finance Module	Advisory	A	5		4
Total Planned Days – Social Services			65	19	
Streetscene and Transportation					
Concessionary Travel	Risk Based	R	20		4
School Transport – Contract Management	Risk Based	R	10		3
Waste Contract Management	Follow up	R	15		3
Waste Management	Follow Up	R	15		3
Integrated Transport	Advisory	R	5		3
Fleet Management	Advisory	A	5		3
Total Planned Days – Streetscene & Transportation			70		

Investigations, Provisions and Developments		
Provision for investigations and pro-active fraud	111	200
Provision for ad-hoc requests from management		80
Follow up reviews		30
Audit development		20
IDEA		20
Advisory work		40
Total	111	390
Overall Plan Total	210	1250

* Note: It may be necessary to bring in external resource to complete this technical ICT audit

Definitions

Risk based audits

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

Systems based audits

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

Advisory

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

VFM (Value For Money)

Audits examining the efficiency, effectiveness and economy of the area under review.

Follow Up

Audits to follow up recommendations from previous reviews.

Additions

Audits added to the plan at the request of management, time used from the provision for requests.

CHANGES TO THE AUDIT PLAN – SINCE THE LAST MEETING

Audits deleted /deferred from the plan

Governance

Electoral Register – data matching against other databases no longer required.

Audits added to the audit plan

Community and Enterprise

Flying Start – request from new management.

Social Services

Housing Allocations – Controls around the new process

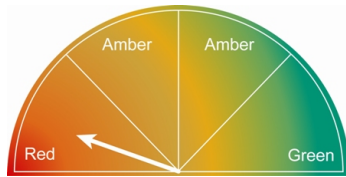
Appendix C

The following reports have been finalised since the last Audit Committee. Action plans are in place to address the weaknesses identified. For reviews which received red assurance a summary of the findings and the Action Plan is attached.

Project Reference	Project Description	Level of Assurance	Recommendations		
			High	Med	Low
12-2014/15	Housing Benefits	Green	0	1	3
IT0101T1	Server Licensing	Amber +	0	1	1
IT161415	IT Helpdesk	Green	0	1	0
19-2014/15	Payroll	Amber -	0	8	6
HR0400T1	Attendance Management	Amber -	0	9	1
HR0800T2	Workforce Consultation Database	Amber -	1	2	5
HR0930U1	Equal Pay Claims	N/A	0	0	0
LL6000U1	Schools Thematic Review	Red	1	12	11
CS1000U1	Financial Assessment & Charging Team	Green	0	2	2
01-2014/15	3 rd Sector Commissioning	Amber -	0	10	4
22-2014/15	Recyclable Materials Follow Up	Some	0	7	6

Levels of Assurance – standard reports.

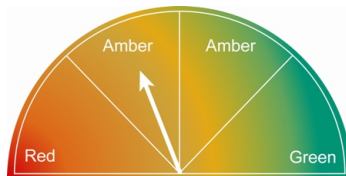
The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation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



Urgent system revision required (one or more of the following)

- 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.

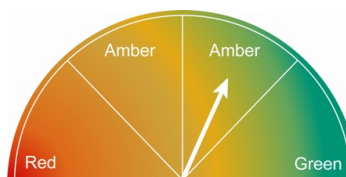
Impact: a lack of adequate or effective controls leading to a high probability of loss, fraud, impropriety, waste, damage to reputation and / or failure to deliver organisational objectives.



Significant improvement in control environment required (one or more of the following)

- 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.

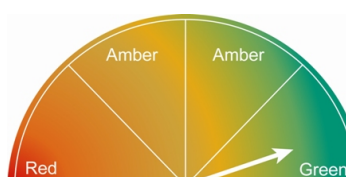
Impact: key controls are generally inadequate or ineffective and there is an increased probability of loss, fraud, impropriety, waste, damage to reputation and / or failure to deliver organisational objectives.



Key Controls in place but some fine tuning required (one or more of the following)

- 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

Impact: key controls generally operating effectively but there remains a potential risk of loss, fraud, impropriety or damage to reputation and / or failure to deliver organisational objectives.



Strong controls in place (all or most of the following)

- 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

Impact: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.

Levels of Assurance – follow up reports.

Substantial. 75%+ of recommendations have been implemented. All high recommendations have been implemented.

Reasonable. 51-75% of recommendations have been implemented. All high recommendations have been implemented.

Some. 30-50% of recommendations have been implemented. Any outstanding high recommendations are in the process of being implemented.

Limited. <30% of recommendations have been implemented. Unsatisfactory progress has been made on the implementation of high recommendations.

Categorisation of Recommendations

High, Medium, Low

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

Value For Money

The definition of Internal Audit within the Audit Charter includes 'It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.'

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

Summary of Findings and Action Plan of Reviews with Red Assurance level

Schools Thematic Review – LL6000U1

Seven schools were visited, with the following areas reviewed

- Data Protection, security and acceptable use of IT
- Legal responsibilities of the Governing Body
- The School Development Plan and its approval
- Financial management and budgetary control
- Private school funds
- Pupil statistics produced for funding purposes
- Purchasing procedures and commitment system
- Lettings and income generated by the School

We have made 1 high level recommendation and 12 medium level recommendations, based on the following:

- Governance - the need to have Terms of Reference and minuted meetings, annual Declaration of Interest forms and mandatory training.
- Procurement - the need to have documented systems and to ensure value for money.
- School income – the need to ensure money is held securely.
- School fund – the need to ensure separation of duties.
- Inventory / Assets – the need to maintain an inventory of assets.
- Data Security – the need to have an Information Security Management Policy and an Acceptable Use of IT Policy, to ensure equipment is encrypted, to register with the Information Commissioners Office, and to be aware of guidelines on the retention of documents.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
3.3	<p>All schools should ensure that all committee and sub-committee meetings are minuted, approved and retained.</p> <p>All schools should also ensure that an appropriate Terms of Reference is produced for each committee and sub-committee and these should be approved by the full Governing Body (if not already in place).</p>	Medium	Y	It is the responsibility of the school governing body to determine an effective committee structure. The LA can seek to remind schools of the requirement for appropriate terms of reference for example, at a future meeting of the Flintshire School Governors Association	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager
3.4	<p>All schools should ensure that all Governors complete an annual Declarations of Interest form as soon as possible and arrangements should be made to ensure that declarations are included as a standard agenda item for all governing body committee and sub-committees (if not already in place).</p>	Medium	Y	It is the responsibility of the school governing body to ensure that the regulatory duty is met. The LA can seek to reminder schools of their duty for example, at a future meeting of the Flintshire School Governors Association	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager
3.5	<p>All schools should ensure that all Governors complete the mandatory training in line with the requirements as detailed within the Government of Maintained Schools Regulations 2013 (if not already in place).</p>	Medium	Y	It is the responsibility of the school governing body to ensure that the regulatory duty is met. The LA can seek to reminder schools of their duty for example, at a future meeting of the Flintshire School Governors Association	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager

4.1	All schools should ensure that procedures for operating systems are documented as soon as possible in the event of absence to key personnel (if not already in place).	Medium	Y	It is the responsibility of the school governing body. The LA can seek to reminder schools of their duty for example, at a future meeting of the Flintshire School Governors Association	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager
4.3	<i>To ensure that value for money is being achieved for significant purchases, all schools should be reminded of the requirements to obtain competitive quotations in line with Financial Regulations and Contract Standing Orders (if not already in place).</i>	Medium	Y	Schools will be reminded of the need to comply with Financial Procedures	By 31 December 2015	
5.1	All schools should be reminded of the appropriate arrangements for the security of monies including the insurance limits for cash being held.	Medium	Y	Schools will be reminded of the need to comply with Financial Procedures	By 31 December 2015	
6.3	All schools should ensure that a clear separation of duties exists for the school fund account, in particular for the reconciliation process.	Medium	Y	Schools will be reminded of the need to comply with Financial Procedures	By 31 December 2015	
7.1	<i>All schools should ensure that an appropriate inventory of all school assets is maintained. This should be checked on a defined basis and updated as and when required.</i>	Medium	Y	It is the responsibility of the school governing body. The LA can seek to reminder Headteachers of the operational requirement for example, at a future meeting of the Flintshire Headteachers Federation	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager

8.1	All schools should ensure that the Information Security Management Policy is adopted and complied with, approved by the Governing Body and shared with all members of staff (if not already in place).	Medium	Y	It is the responsibility of the school governing body. The LA can seek to remind Headteachers of the operational requirement for example, at a future meeting of the Flintshire Headteachers Federation	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager
8.2	All schools should be informed of the requirement to ensure that all IT equipment is appropriately encrypted. Personal devices should not be used for storing school data unless the device is encrypted. A record of all encrypted devices to be used should also be maintained by the school and signed for when in use.	Medium	Y	It is the responsibility of the school governing body. The LA can seek to remind Headteachers of the operational requirement for example, at a future meeting of the Flintshire Headteachers Federation	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager
8.4	All schools should ensure that they are registered with the Information Commissioners Officer as a data controller to ensure compliance with the Data Protection Act (if not already in place).	High	Y	It is the responsibility of the school governing body to ensure that the regulatory duty is met. The LA can seek to remind schools of their duty for example, at a future meeting of the Flintshire School Governors Association	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager
8.6	All schools should be informed of the Records Management Society guidance and this should be used to ensure good practice is followed for the retention and disposal of school records.	Medium	Y	It is the responsibility of the school governing body. The LA can seek to remind Headteachers of the operational requirement for example, at a future meeting of the Flintshire Headteachers Federation	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager

8.7	All schools should ensure that an appropriate Acceptable Use of IT Policy is in place and all processes are adhered to (if not already in place).	Medium	Y	It is the responsibility of the school governing body. The LA can seek to remind Headteachers of the operational requirement for example, at a future meeting of the Flintshire Headteachers Federation .	By 31 December 2015	Staffing and Administrator / Governor Development Coordination Manager
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Appendix D

Recommendation Implementation

Status of Recommendations that reached their Implementation Dates in May, June and July 2015

Title	Reference	Date Issued	Response Received	Recommendations		
				Due	Implemented	Not Implemented
CORPORATE						
			Total	0	0	0
GOVERNANCE						
Procurement	CD0070S1	Oct-13	Yes	4	0	4
Mobile Phones & Devices Usage	IT0400U1	Feb-15	Yes	1	0	1
			Total	5	0	5
PEOPLE & RESOURCES						
Safeguarding	HR0300U1	May-15	Yes	6	5	1
Recruitment and Induction	HR0350U1	Jan-15	Yes	9	6	3
			Total	15	11	4
EDUCATION & YOUTH						
			Total	0	0	0
SOCIAL SERVICES						
			Total	0	0	0
COMMUNITY AND ENTERPRISE						
Communities First	EN1000U1	Mar-15	Yes	2	1	1
			Total	2	1	1
PLANNING & ENVIRONMENT						
			Total	0	0	0
STREETSCENE & TRANSPORTATION						
			Total	0	0	0
ORGANISATIONAL CHANGE						
Capital Programme	FD0090P1	Jan-12	Yes	9	0	9
			Total	9	0	9
			Total	31	12	19

Recommendations Not Implemented – Comments from Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
Procurement – CD0070S1	Original Dates: 31.03.14 x 2 30.06.14 31.10.14	Gareth Owens	A report will go to COT in November to outline options regarding future use of approved lists and risks and implications. A task and finish group will be set up to do the review.	In the interim the existing approved list database continues to be used.	Yes
	New Dates: NO RESPONSE				
Mobile Phones & Devices Usage – IT0400U1	Original Dates: 13.03.15	Gareth Owens	This has been too low a priority. I will put arrangements in place to ensure that the policy is reviewed by this date.	The existing policy is on the Infonet. Any queries dealt with as they arise.	Yes
	New Dates: 31.10.15				
Safeguarding – HR0300U1	Original Dates: 31.05.15	Sharon Carney	Yes	The current level of usage is low, the start of the school year.	Yes
	New Dates: 31.10.15				
Recruitment and Induction – HR0350U1	Original Dates: 31.3.15	Sharon Carney	Yes	Updates to policy documents. Current practice has changed to reflect therecommendaions.	Yes
	New Dates: 31.10.15				

Communities First – EN1000U1	Original Dates: 31.05.15	Clare Budden	Yes.	Senior manager prioritising this work with Legal service.	Yes
	New Dates: 30.09.15				
Capital Programme – FD0090P1	Original Dates: Autumn 2012 x 9	Neal Cockerton	Much of the actions relate to the development of a Capital Strategy and Asset Management Plan which continues to be developed. I have therefore put a date of October for this in the context that it would be completed substantially at the end of August 2015, then consulted upon and finally sent into Cabinet October, training would follow on up to December 2015.		Yes. See below
	New Dates: Oct 15 x 7 Dec 15 x 2				

Status of outstanding recommendations that are more than two years old










Title	Reference	Date Issued	Recommendations			Paragraph
			Original Total	Implemented	Outstanding	
GOVERNANCE						
Procurement	CD0070P1	Nov-10	4	3	1	10
Procurement	CD0070R1	Mar-12	8	5	3	8a, 9b, 10c
PEOPLE & RESOURCES						
Main Accounting	FD0080P1	Dec-11	11	10	1	24
Enforcement	FL0300L1	Feb-09	20	18	2	21, 29
ORGANISATIONAL CHANGE						
Capital Programme	FD0090P1	Jan-12	13	4	9	1, 2, 4, 5a, 5b, 6, 8, 9, 10




Current Position

Report	Reference	Recommendation	Current Position
Procurement CD0070P1	10	Central register of contracts	E Sourcing is currently being rolled out. It will include a central record of contracts, to be populated by management as new contracts are awarded using the system.
Procurement CD0070R1	8a	Contractors monitored for performance	A supplier performance questionnaire is included in E sourcing, to be completed by managers. Can be completed by supplier or for each contract
	9b	Satisfaction survey for contractors	Customer satisfaction form also included within E Sourcing
	10c	Central record of framework agreements	As above for register of contracts in E Sourcing.
Main Accounting FD0080P1	24	Protocol for earmarked reserves	Protocol currently being produced. To be brought to Audit Committee in December
Enforcement FL0300L1	21	All invoicing and debtors management systems to feed into Accounts Receivable ledger	New Accounts Receivable system being procured which will deal with this point. Expected to be in place 2016/17.
	29	Assess performance of credit control / debt recovery	Will be covered by the new Accounts Receivable system.
Capital Programme FD0090P1	1	Develop a strategy	Strategy currently being produced, to be completed in November
	2	FPR's include Prudential Code	Prudential Code not included in the new format FPRs, but is included in the Strategy.
	4	Priorities identified and options for funding modelled	Included in the Strategy
	5a	Prudential borrowing policy integrated with capital strategy	Included in the Strategy
	5b	Training to senior officers	Briefing sessions will take place once the Strategy is completed
	6	Training on prudential indicators	Briefing sessions will take place once the Strategy is completed
	8	Long term capital plans produced	Included in the Strategy
	9	Processes to evaluate capital projects	Included in the Strategy
	10	Rigorous entry requirements for the programme	Included in the Strategy.

Appendix E

Internal Audit Performance Indicators

Performance Measure	Q4	Q1	Target	RAG Rating
Internal Audit Departmental Targets				
Audits completed within planned time	78%	54%	80%	 ↓
Average number of days from end of fieldwork to end of debrief meeting	10.08	16.6	20	 ↓
Average number of days from debrief meeting to the issue of draft report	3.77	1.9	2	 ↑
Days for departments to return draft reports	13.85	7.3	3	 ↑
Average number of days from response to issue of final report	1.77	0.9	2	 ↑
Total days from end of fieldwork to issue of final report	29.47	26.7	27	 ↓
Client questionnaires responses as satisfied	100%	100%	95%	 →
Productive audit days	82%	80%	75%	 ↓
Other Targets				
Return of client satisfaction questionnaires	14.29%	53.33	70%	 ↑

Key  Target not achieved  Within 10% of target  Target Achieved

↑ Improving trend → No change ↓ Worsening trend

Appendix F

Investigations

Ref	Date Referred	Investigation Details
1. The following new referrals have been received		
1.1	18.5.2015	A referral has been received concerning the use of monies on a grant funded scheme. This investigation is currently ongoing.
2. The following investigations have been reported to previous committees and are still being investigated		
2.1	05.11.2014	Internal audit have been informed of the alleged theft of money from a Community Network House which has affected three service users. The Police have been informed. No further action is to be taken until the outcome of the police investigation is known.
2.2	12.09.2014	An investigation has been undertaken into suspected fraudulent activity regarding Concessionary Travel by one bus operator. The case has been referred to North Wales Police, who are currently investigating. The contract with this bus operator has been suspended and alternative arrangements have been put in place to ensure a continued service to the public.
3. The following investigations have been completed		
3.1	22.04.2015	An allegation has been received concerning corrupt practices in the operation of a contract for buses. An investigation has been undertaken and was found to be unsubstantiated
3.2	25.06.2015	Internal audit assisted in an investigation into the inappropriate allocation of housing, two members of staff have admitted to inappropriately allocating housing and have been subject to disciplinary action.
3.3	23.02.2015	An investigation has been carried out into potential irregularities for the awarding of school transport contracts, a member of staff has been the subject of a disciplinary investigation. This investigation has now been concluded.