

**Anwen Jones Solicitor/Cyfreithiwr**  
*Interim Head of Legal and Democratic Services*  
Pennaeth Dros Dro Gwasanaethau  
Cyfreithiol a Democrataidd



**TO: Councillor: Ian Roberts (Chairman)**  
Councillors: Haydn Bateman, Quentin Dodd, Alison Halford, Billy Mullin, Mike Peers, Peter Pemberton

Your Ref /  
Eich Cyf

Our Ref / Ein Cyf **ST**

Date / Dyddiad 06/12/2011

Ask for / Gofynner am Sharon Thomas

Direct Dial / Rhif Union 01352 702324

Fax / Ffacs

Dear Sir / Madam,

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD** on **WEDNESDAY, 14 DECEMBER 2011** at **14:00** to consider the following items.

Yours faithfully

Democracy and Governance Manager

### **AGENDA**

1. **APOLOGIES**
2. **MINUTES**  
To confirm as a correct record the minutes of the meeting held on 01/11/2011 (copy enclosed).
3. **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
4. **TREASURY MANAGEMENT UPDATE**  
Report of Head of Finance enclosed
5. **HOUSING AND COUNCIL TAX BENEFIT UPDATE REPORT**  
Report of Head of Finance enclosed

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[www.flintshire.gov.uk](http://www.flintshire.gov.uk)  
Neuadd y Sir, Yr Wyddgrug. CH7 6NR  
Ffôn 01352 702400 DX 708591 Mold 4  
[www.siryfflint.gov.uk](http://www.siryfflint.gov.uk)

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

6. REPORTS FROM WALES AUDIT OFFICE  
Report of Head of Finance enclosed
7. FINAL REPORTS AND PERFORMANCE INDICATORS  
Report of Head of Finance enclosed
8. OPERATIONAL AUDIT PLAN AND RECOMMENDATION TRACKING  
Report of Head of Finance enclosed
9. INVESTIGATIONS PROGRESS REPORT  
Report of Head of Finance enclosed
10. GALW GOFAL: FURTHER INFORMATION AND LESSONS LEARNT  
Report of the Director of Community Services TO FOLLOW
11. CONSULTANTS - RECOMMENDATION TRACKING  
Report of Head of Finance enclosed

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - TO CONSIDER THE EXCLUSION OF THE PRESS AND PUBLIC

The following item is considered to be exempt by virtue of Paragraph(s) 14 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

12. CONSULTANTS - ANALYSIS OF SIGNIFICANT EXPENDITURE  
Report of Head of Finance enclosed

**MEETING OF AUDIT COMMITTEE**  
**1 NOVEMBER 2011**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in County Hall, Mold on Tuesday, 1 November 2011

**PRESENT: Councillor I.B. Roberts (Chairman)**

**Councillors:** G.H. Bateman, Q.R.H. Dodd, A.M. Halford, W. Mullin and P.R. Pemberton

**ALSO PRESENT:** Councillors: Eng. K. Armstrong-Braun, J.B. Attridge and D. McFarlane

**APOLOGIES:** Chief Executive and Councillor M.J. Peers

**IN ATTENDANCE:** Head of Finance, Internal Audit Manager, Democracy and Governance Manager

Policy Performance and Partnerships Manager (for minute number 32)

Director of Community Services, Head of Development and Resources, Provider Services Manager and Housing Operations Manager (for minute number 36)

Mr Patrick Green of RSM Tenon Plc

Mr. Ron Parker – Wales Audit Office

**30. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**31. MINUTES**

The minutes of the meeting of the Committee held on 28 September, 2011 were submitted.

**Matters Arising**

Councillor P.R. Pemberton referred to minute number 23 and asked why the overpayments previously made to schools in Flintshire were not detailed within the statement of accounts. The Head of Finance explained that the over allocation was shown in the Council's balance sheet for school reserves and continued to be recovered from each school. Further details on the recovery could be provided to Councillor Pemberton outside of the meeting.

In response to a comment from Councillor A.M. Halford on minute number 23, the Head of Finance reported that a written indication of the number of potential compensation claims arising from these delays would be provided as requested at the last meeting following the information being taken to the Pension Fund Panel on 4 November, 2011.

On minute number 24, Councillor Halford said that she had not received specific information around the winding up of A D Waste from the Chief Executive.

The Democracy and Governance Manager reported that the Chief Executive had asked him to deal with the matter on his behalf.

**RESOLVED:**

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

**32. RISK MANAGEMENT UPDATE**

The Policy, Performance and Partnerships Manager introduced a report to advise and assure Members of the approaches being taken in risk management and the arrangements in place for business continuity.

She reported that Flintshire had experienced severe winters in 2009/10 and 2010/11. Over the last two years Flintshire had developed a more resilient approach to business continuity and during the last year had incorporated severe weather response within its Corporate Business Continuity Plan and Mission Critical Plans. In September, 2010 the organisation tested its response to external incidents to ensure the resilience of the Corporate Business Continuity Plan and Mission Critical Plan. A further exercise to assess the operational capacity of the Mission Critical Plans was carried out on 18 October, 2011 with all planholders and authors invited to attend.

Details were provided around the Strategic Assessment of Risks and Challenges (SARC), attached at Appendix 1 of the report, together with clarification around the one high (red) risk area. During a recent internal audit of Risk Management, Partnership Risk and the integration of the Corporate Risk Management system into the Council's adopted Project Management System were identified as significant issues. This was being addressed and the Risk Management Strategy and the Project Management guidelines would be updated to reflect the outcome, ensuring the two systems were aligned.

Councillor A.M. Halford commented on the backlog of known repairs and maintenance works to school buildings, as detailed in the report. She said that the Welsh Government (WG) had previously promised £357M to address the repairs and maintenance of school buildings and asked what had happened to this money and what the Council could do to encourage the WG to deliver on their promise. She also raised concern on paragraph 3.08 of the report which she felt was difficult to understand.

The Head of Finance explained that it was common among Local Authorities to have a backlog of repairs and maintenance for school buildings. During a recent Member workshop on the Medium Term Financial Strategy (MTFS) it was resolved that further workshops around Fees & Charges, Pressures & Efficiencies and Capital Investment would be held in November/December, 2011 which would give Members the opportunity to consider funding for repairs and maintenance of school buildings alongside other capital priorities.

The Policy, Performance and Partnerships Manager provided clarification on paragraph 3.08 of the report. She explained that following a recent internal

audit of Risk Management the Corporate Risk Management approach was being integrated into the Council's Project Management System using the Voluntary Sector Core Funding Review as a pilot. The pilot would ensure that the Council's methodology to test voluntary core funding arrangements were aligned and workable.

On CL10, decline of town centres, detailed in appendix 1 of the report, the Chairman said that he was surprised that this risk was showing as Green given the current economic climate. The Policy, Performance and Partnerships Manager explained that the risk was around the Council's approach to re-generation of town centres and the mechanism the Council had undertaken to contribute towards tackling the decline of town centres.

Councillor Halford raised concern that a final report on Gypsies and Travellers had not been received from Bangor University. She also referred to page 20 of the report and asked if the Waste Management grant was likely to be withheld. The Policy, Performance and Partnerships Manager reported that representations had been made to Bangor University and the final reports would reflect a regional approach. However, she recognised that it was difficult to progress this matter without the publication of the final report. The Head of Finance reported that clarification around the WG grant for Waste Management could be provided to the Committee by the relevant officers following the meeting.

Councillor G.H. Bateman asked for further information on why National Grants was showing as Amber within the appendix to the report. The Head of Finance reported that the Council received around £35M revenue grant funding from the WG which covered a range of services. Specific details on the level of grant funding for 2012/13 was yet to be received from the WG and there was a possibility that if the level of grant funding was reduced this could impact on service areas.

The Chairman asked for clarification on the meaning of DG and G? as shown in the report. The Policy Performance and Partnerships Manager explained that DG meant that the risk status was Dark Green and G? meant that the risk status was questionable as the document was currently under review.

The Chairman suggested that all G? risk statuses should be amended to Amber until the completion of any review. He also suggested that the use of the word Amber with an arrow upwards to reflect moving forward towards Green status or Amber with an arrow downwards to reflect moving backwards towards a Red status should be considered instead of DG. The Policy Performance and Partnerships Manager said that these suggestions would be considered when producing the Quarter 2 Performance report for the next meeting.

**RESOLVED:**

- (a) That the approach being taken in risk management be endorsed; and
- (b) That the business continuity arrangements in place be noted.

### **33. OPERATIONAL AUDIT PLAN AND RECOMMENDATION TRACKING**

The Internal Audit Manager introduced a report to inform Members of progress made against the operational plan for 2011/12. Details of the plan, a summary of the changes from the original plan, amendment reports to previous Audit Committee meetings and current recommendation tracking since the previous Audit Committee meeting were attached as appendices to the report.

He reported that work had commenced on the 2011/12 plan and would be presented to the Audit Committee at its meeting on 14 December, 2011. A summary of recommendation tracking was attached at Appendix C with the detailed responses received from management shown at Appendix D. Only one uncleared recommendation had been tracked more than five times and it related to the revision of Contract Procedure Rules which were being developed nationally.

Councillor Q.R.H. Dodd commented on paragraph 3.01 of the report and asked for clarification on the restructure of the Finance Department and how it would impact the Operational Plan 2011/12.

The Head of Internal Audit reported that the Finance Department was currently implementing the restructure as part of the Finance Function Review which was supported by the Audit Committee at its meeting in November, 2010. He provided details of the secondments within Internal Audit and explained that funding had been received to appoint a temporary officer to cover one of the seconded positions. The Head of Finance reported that the delivery of the Audit Plan was utmost in officers' minds to ensure that any changes to the plan were prioritised accordingly.

Mr. P. Green, RSM Tenon Plc said that it was important that a revised Audit Plan which would be sufficient to meet regulatory requirements and would target major risk areas was produced. Councillor Dodd praised the quality of the work of the Internal Auditors but was concerned with the volume of work during the restructure of the department.

#### Use of Consultants (pages 35 – 41)

Councillor A.M. Halford raised concern that only four out of ten significant recommendations had been implemented and asked how this was being addressed. Councillor G.H. Bateman asked for an explanation on why six of the ten recommendations had not been implemented.

The Internal Audit Manager explained that six of the ten recommendations had been deferred to a later date and referred Members to the explanations provided from the relevant officers detailed within the reports.

In response to a number of concerns from Members, the Chairman suggested that the Audit Tracking summary for the use of consultants be deferred to the next meeting of the Audit Committee scheduled for 14 December, 2011. The Democracy and Governance Manager suggested that an officer from Human Resources should also be invited to the meeting.

The Committee also agreed that the Chief Executive and all Directors be invited to attend the next meeting for this item.

#### Payroll (pages 63 – 75)

Councillor P.R. Pemberton asked if the late submission of forms to the payroll section had been addressed. The Head of Finance reported that, as detailed in the report, this recommendation had been implemented.

During a discussion around the reporting process, the Internal Audit Manager explained that recommendations that had been implemented were also reported to the Committee to give a balanced view.

#### PCI Compliance Follow Up (pages 76 – 77)

Councillor Halford asked for clarification on the term PCI DSS compliance framework. The Internal Audit Manager said that he would provide this to Councillor Halford following the meeting.

#### Multi-Skilling (pages 94 – 97)

Councillor Bateman believed that mobile working practices within Community Services had been implemented and questioned why this was not reflected in the report. The Director of Community Services reported that a pilot of mobile working had been undertaken and full implementation was scheduled for March, 2012.

#### Section 106 Agreements (pages 106 – 119)

Councillor Halford commented on the recommendations for Section 106 Agreements and asked why the recommendations had not been implemented as she believed that significant progress had been made in this area. The Internal Audit Manager referred Councillor Halford to the explanations received from the relevant officers on why the recommendations had not been implemented, as detailed in the report.

#### Fleet Management (pages 120 – 122)

Councillor Pemberton asked if vehicle tracking as part of the fleet management had been fully implemented which was confirmed by the Internal Audit Manager.

The Chairman suggested that service areas where the recommendations had been implemented not be reported back to the Audit Committee in the future.

Following a discussion, the Committee agreed that consideration be given to submitting details of recommendations that had been implemented in a different format for future reports.

Councillor Halford proposed that the report be noted. When put to the vote, Councillor Q.R.H. Dodd voted against this proposal due to the Audit Tracking summary for the use of consultants being deferred to the next meeting.

**RESOLVED:**

- (a) That the report be noted; and
- (b) That the Audit Tracking summary for Consultants (as shown in appendix D of the report) be deferred to the next meeting of the Audit Committee on 14 December, 2011, which the Chief Executive and all Directors invited to attend for this item.

**34. FINAL REPORTS AND PERFORMANCE INDICATORS**

The Internal Audit Manager introduced a report to inform Members of final reports issued since the last Audit Committee meeting and of Directorate and Internal Audit's performance for responses against targets.

Response times continued to be monitored by Internal Audit against the target times of 30 days for corporate reports and 20 days for all other reports. The time taken to issue draft and final reports was also monitored. Performance Indicators on issued reports and details and explanations on outstanding draft reports were shown at Appendices B and C of the report.

The Head of Finance reported that the Corporate Finance Manager was consulting widely in Finance on the report findings and recommendations. The delay in responding to the report had been impacted on by the Finance Function Review.

Councillor A.M. Halford asked how many overtime payments had been paid without appropriate authorisation. She also asked if the Information Security Group set up to review Data Protection within schools was represented by Members and whether or not the Group had met. The Internal Audit Manager reported that details around whether the Group had met could be provided to the Committee following the meeting.

The Internal Audit Manager reported that out of a sample of 15 overtime payments, it was found that 11 had been authorised correctly. The Head of Finance added that the recommendation to ensure that overtime payments without appropriate authorisation be rejected had been implemented.

Councillor G.H. Bateman asked for clarification on the term 'grey fleet'. The Internal Audit Manager reported that this term referred to staff that used their own vehicles to carry out Council duties. There needed to be properly documented evidence to support the justification for staff to be given a works vehicle which should be detailed as part of the Fleet Management Strategy.



**RESOLVED:**

That the report be noted

**35. VARIATION IN ORDER OF BUSINESS**

Due to the attendance of officers from Community Services, it was agreed that Item 9 on the agenda, Galw Gofal – Regional Call Monitoring Centre, would be brought forward.

**36. GALW GOFAL – REGIONAL CALL MONITORING CENTRE**

The Chairman invited Councillor C.A. Thomas to join the Audit Committee to consider this item. He explained that during a meeting of the County Council held on 13 September, 2011 it had been resolved that the questions numbered 1 to 4 in the notice of motion, submitted by Councillor Thomas, together with the process by which the decision was made be referred to the Audit Committee for consideration at a future meeting.

Councillor Thomas explained that she had submitted a notice of motion to the County Council at its meeting on 13 September, 2011 due to her concern on the announcement of changes through the operation of the Galw Gofal out of hours service and the implications of those changes. She raised concern that the Galw Gofal Service, which had been free in the past through Care Link, would have implications to the budget of many services including schools maintenance and improvements and the Youth Service. During a Streetscene Task and Finish Group there had been some confusion and misunderstanding from officers on the arrangements with Galw Gofal and its budget implications. Following the Task and Finish Group she had found that a report on the changes to the Care Link Service should have been submitted to a meeting of the Community and Housing Overview and Scrutiny Committee but had been removed from its Forward Work Programme. She believed that there had been teething problems with the Galw Gofal Service and read a letter from a resident within her ward who was concerned about the changes that had been implemented. She thanked the Director of Community Services for the information he had provided her with since the County Council meeting on 13 September, 2011.

The Chairman said that he had been pleased to accept this item for consideration by the Audit Committee as he too had concerns about the changes to the service. He reported that the Care Link Service had been based in his ward and that he had only been informed about the changes by a member of staff who had previously worked for the Care Link Service. He referred to the Assessment of the Wales Audit Office (WAO) which had stated the importance of the Council engaging with service users and outlined examples where residents in his own ward had raised concern on the Galw Gofal Service. He said that Members were interested in the process, how the changes had been implemented and what Member involvement there had been.

The Director of Community Services said that he valued the opportunity to engage with Members and said that lessons had been learnt around future

consultation/communication with Members. He reported that a site visit had taken place on 26 October, 2011 to ensure that Members were fully connected to the Galw Gofal Service as the Council was an equal partner with neighbouring Local Authorities in providing the Service. He said that he, together with colleagues, were committed to ensuring the Galw Gofal Service was as good as it could be and confirmed that a stakeholders' workshop would be scheduled for the New Year which Members would be invited to attend. He also reported that a Regional Telecare Board had been set up to monitor the performance of the Service which provided the opportunity for future concerns to be raised.

The Provider Service Manager reported that the new Service became operational on 1 June, 2011. Flintshire's Carelink and Telecare Service transferred 4,800 connections to Galw Gofal during the period February to June, 2011 which equated to 82,000 calls per year. She said that she was aware of some teething problems and she had written to the Manager of Galw Gofal who would address those concerns. A meeting between officers of this Council and the Senior Manager of Galw Gofal would be held on 7 November, 2011 to discuss the teething problems which had resulted from the re-programming of equipment and transfer of data.

The Chairman asked if there was one point of contact for residents of Flintshire and also if Members could participate in the meeting on 7 November, 2011. The Provider Service Manager explained that there was one telephone number for residents to use. Any residents using the Carelink telephone number would be automatically redirected to Galw Gofal. The Director of Community Services said that he would facilitate a meeting between the senior Manager of Conwy County Borough Council which could form part of the workshops for Members in February, 2012.

Councillor Thomas asked how the changes to the Carelink Service were promoted to Flintshire residents. She also asked if there was Member representation on the Board. The Director of Community Services explained that the Regional Telecare Board reported to the Regional Partnership Board of which Councillor C.A. Ellis, Executive Member for Social Services was a representative. He also confirmed that details of the changes had not been publicised to the residents of Flintshire.

The Chairman asked why Councillor H. Brown, Executive Member for Housing was not a representative on the Regional Partnership Board. The Head of Development and Resources explained that the Regional Board for Social Services and Health regulated the Telecare project. The Executive Member for Housing had however been fully involved in the process.

In response to questions from Members, the Head of Development and Resources provided details of his role in overseeing the changes to the Carelink Service. He also reported that there had been an intention to take a report about Telecare to the Community and Housing Overview and Scrutiny Committee but a report on the regional project had not been ready at that stage.

Councillor P.R. Pemberton raised concern at the lack of Member involvement on the changes to the Carelink Service and asked why a report had not been presented to the Community and Housing Overview and Scrutiny Committee, whether the Council's representation on the Regional Telecare Board was solely at an officer level and how was the figure of £11,000 arrived at and would there be additional costs to be met in the future. He raised concern around the redundancies from the Carelink service and hoped that the changes to the service would be beneficial to all Flintshire residents.

The Director of Community Services reported that future performance reports, including details of the quality of the Service and data response times, would be presented to the relevant Overview and Scrutiny Committee for Members consideration. Further details around the quality of the Service could be provided to Members during the workshop in February, 2012. The Head of Development and Resources reported that the £11,000 cost for the out of hours service calls was based on the estimated number of calls for the Housing Repairs Service and Streetscene Service. This figure could change next year when information around the definite number of calls would be available.

The Democracy and Governance Manager reported that the changes to the Carelink Service were an Executive rather than a Council function. A confidential report was submitted to Executive on 19 October, 2010 and as explained by the Head of Development and Resources information on the regional project had not been ready to present to the Community and Housing Overview and Scrutiny Committee prior to a report being presented to the Executive. He also explained that the decision of the Executive on 19 October, 2010 had not been called-in by Overview and Scrutiny.

Councillor A.M. Halford thanked Councillor C.A. Thomas for bringing this matter to Members attention. She said that the Director of Community Services was not in post during the changes to the Service and proposed that this matter be deferred to the next meeting of the Audit Committee with the Leader of the Council, Executive Member for Housing, Chief Executive and Head of Housing in attendance to provide answers to the Committee. The Democracy and Governance Manager suggested that the matter be referred to the Housing Overview and Scrutiny Committee for consideration. The Chairman suggested that the Housing Overview and Scrutiny Committee be invited to attend a joint meeting with the Audit Committee with appropriate Members and officers present. A number of Members spoke in support of arranging a joint meeting.

Councillor G.H. Bateman thanked the Director of Community Services for the report and asked why the Service was not being provided from Flint. The Head of Development and Resources explained that the technology used at Flint differed from that in Conwy and could not be adapted to accommodate the technology of Galw Gofal.

In response to a question from the Chairman, the Director of Community Services confirmed that lessons had been learnt. He reported that the current Regional Procurement Process for Adult Social Care had recently been presented

to the Social and Health Care Overview and Scrutiny Committee with further reports to be presented at future meetings.

The Democracy and Governance Manager offered to co-ordinate any questions Members has so as to ensure answers were available at the proposed joint meeting.

Councillor Thomas thanked the Committee for considering this matter and said that she hoped a joint meeting of the Audit Committee and Housing Overview and Scrutiny Committee would address issues of why Members were not fully informed of the changes to the Service before its implementation.

The Chairman explained that Councillor Thomas had been co-opted to the Audit Committee for this item and would be invited to participate in the joint meeting.

**RESOLVED:**

That the Housing Overview and Scrutiny Committee be invited to attend a joint meeting.

**37. INVESTIGATIONS PROGRESS REPORT**

The Internal Audit Manager introduced a report outlining ongoing proactive counter fraud work and reactive investigative work.

Councillor Q.R.H. Dodd commented on section 3.02.1 of the report and asked if the employee's relationship with a Council contractor should have been identified by the Manager and not from an anonymous complaint. The Internal Audit Manager agreed and said that recommendations had been implemented to address such issues.

**RESOLVED:**

That the report be noted

**38. THE USE OF CONSULTANTS**

The Internal Audit Manager introduced a report to provide Members with an update on the use of consultants during the second half of 2010/11 as requested during the 29 June, 2011 Audit Committee meeting.

Councillor Q.R.H. Dodd asked if a further report including details of the number of consultants used for Single Status could be provided. He also commented on the high number of consultants employed within the Environment Directorate and raised concern around the total cost for the use of consultants which had increased since last year. The Internal Audit Manager confirmed that the cost for the use of consultants had increased in the first half of 2011 compared to the second half of 2010.

The Head of Finance provided details of the work currently being undertaken by consultants for specialised areas, such as the Regional Waste Project and Unitary Development Plan (UDP) and suggested that a further breakdown of each of the consultants within each Directorate and their roles and also how the consultants were funded, for example, some through specific grant funding could be included in a further report.

The Chairman also asked for information on what Member involvement there had been on the decisions taken for the use of consultants to be included in a further report. The Head of Finance confirmed that this information could be included.

In response to a question from Councillor G.H. Bateman, the Head of Finance reported that the headings for salaries as shown within the statement of accounts 2010/11 were financially prescribed. The cost of consultants as shown within the statement of accounts did not accurately reflect the actual cost to the Council, as details of the cost of a consultant for the period of one year had to be included even if they had only worked a week.

Councillor P.R. Pemberton suggested that to avoid confusion in the future, the remuneration of consultants be included within the statement of accounts under the heading 'fees'.

In response to a comment from Councillor A.M. Halford, the Head of Finance reported that the input of consultants was required, given their specialist knowledge and skill, for larger pieces of work within the Council. She reported that there was a need to ensure that the Council was getting value for money through the use of consultants and agency staff and that the work they were employed to undertake was being delivered. She explained that the cost of consultants to date had been agreed as part of the 2011/12 budget process.

Councillor Bateman asked if the cost for the use of consultants was in line with the costs paid by neighbouring Local Authorities. Mr. P. Green, RSM Tenon Plc said that there were occasions where it was necessary for consultants to be employed for a specialist project and it was right and proper for the Audit Committee to monitor the use of consultants to ensure that the Council was spending its money wisely.

**RESOLVED:**

- (a) That the report be noted; and
- (b) That a further report on Consultants be submitted to the next meeting of the Committee on 14<sup>th</sup> December, 2011.

**39. DURATION OF MEETING**

The meeting commenced at 2.00 p.m. and finished at 5.30 p.m.

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

There was one member of the press in attendance.

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**Chairman**

**SUMMARY OF DECLARATIONS MADE BY MEMBERS**  
**IN ACCORDANCE WITH FLINTSHIRE COUNTY COUNCIL'S**  
**CODE OF CONDUCT**

<b>AUDIT COMMITTEE</b>	<b>DATE: 1 NOVEMBER 2011</b>
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<b>MEMBER</b>	<b>ITEM</b>	<b>MIN. NO. REFERS</b>
NO DECLARATIONS OF INTEREST WERE MADE		

## **FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 4**

**REPORT TO:**      **AUDIT COMMITTEE**  
**DATE :**            **14 DECEMBER 2011**  
**REPORT BY:**    **HEAD OF FINANCE**  
**SUBJECT :**        **TREASURY MANAGEMENT UPDATE**

### **1.00 PURPOSE OF REPORT**

1.01 To provide an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices 2011/12.

### **2.00 BACKGROUND**

2.01 The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of treasury management strategy and policies. The Audit Committee has previously agreed to include Treasury Management as a standing item on each quarterly agenda to receive an update.

### **3.00 CONSIDERATIONS**

#### **Treasury Management Policy and Strategy Statement 2012/13**

3.01 The draft Policy Statement for the new financial year will be presented to the Audit Committee on 30th January 2012. A training session has been arranged for the 17th January 2012 for all Council Members. This is an opportunity both for Members to further understand Treasury Management and discuss the Council's approach. The Chartered Institute of Public Finance and Accountancy (CIPFA) have produced a revised Code of Practice for Treasury Management and these changes will be explained and incorporated in the new Policy Statement.

#### **Treasury Management Policy and Strategy Statement 2011/12**

3.02 The Sovereign debt crisis continues and our advisors, Sterling, have issued a 'red flag' on credit risk status, suggesting that cash should be kept at 'short notice' in order to react to any sudden deterioration in market conditions. Clearly at this time the balance of managing risk needs to be towards security and liquidity rather than return.

3.03 Since Early September 2011 and in anticipation of a possible deterioration of market conditions, the following treasury practices have been followed for new deposits, which are allowed for within the Policy Statement.

- Money 'on call' with banks
- Deposits with other local authorities
- Use of AAA rated Money Market Funds

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**Date: 06/12/2011**



- Use of the Debt Management Office (DMO) as a last resort

3.04 A schedule setting out the Council's investments as at 30th November 2011 is attached as Appendix 1. A summary of the position as at 30th November 2011 is shown in the table below.

<b>Deposit Type</b>	<b>Value (£m)</b>	<b>Comment</b>
Short Term Deposits	24.7	Includes £3.7m Landsbanki
Money 'on call'	9.20	Interest rate 0.75% - 0.80%
Money Market Funds	20.3	Variable interest rates (0.66% - 0.76%)
Local Authorities	12.0	Long Term 1.3%/Short Term 0.4%+
DMO	0.00	Interest Rate 0.25%
Total	66.2	Average Interest Rate 0.9%

3.05 There have been no changes to the Council's long term borrowing in 2011/12.

#### **Landsbanki**

3.06 Following County Council on 22nd November 2011 where it was confirmed Priority Status had been upheld by the Icelandic Supreme Court for test cases, there has been no confirmation as yet that this decision will apply to non-test cases, of which Flintshire is one.

#### **4.00 RECOMMENDATIONS**

4.01 That Members note the report.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None.

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

6.01 None.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None.

#### **8.00 EQUALITIES IMPACT**

8.01 None.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None.

**10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 Appendix 1 - Investments as at 30th November 2011

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

Treasury Management Policy Statement & Practices 2011/12

Contact Officer: Philip Latham  
Telephone: 01352 702264  
E-Mail: philip\_latham@flintshire.gov.uk

**Flintshire County Council**

**Investments as at 30th November 2011 - by maturity date**

Counterparty Name	Amount £m	Start Date	Maturity	Interest Rate	Interest Earned during investment period	Period to Maturity	£m
LANDSBANKI ISLANDS	1.2	22-Jul-08	17-Oct-08	5.82%	16,646.79	Not Returned	Iceland
LANDSBANKI ISLANDS	1.5	1-Sep-08	14-Nov-08	5.70%	17,334.25	Not Returned	Iceland
LANDSBANKI ISLANDS	1.0	8-Sep-08	18-Nov-08	5.67%	11,029.32	Not Returned	Iceland
SVENSKA HANDELSBANKEN	3.0	31-Mar-11	08-Dec-11	0.75%	15,534.25	1 month or less	
NATIONAL COUNTIES BUILDING SOCIETY	1.5	15-Feb-11	16-Dec-11	1.60%	19,989.04	1 month or less	
COVENTRY BUILDING SOCIETY	1.1	1-Sep-11	16-Dec-11	0.88%	2,811.18	1 month or less	
NOTTINGHAM BUILDING SOCIETY	0.8	1-Sep-11	16-Dec-11	0.85%	1,974.79	1 month or less	
OVERSEA-CHINESE BANKING CORPORATION	1.5	1-Sep-11	16-Dec-11	0.75%	3,267.12	1 month or less	
NATIONAL COUNTIES BUILDING SOCIETY	1.0	2-Sep-11	22-Dec-11	1.00%	3,041.10	1 month or less	
SKIPTON BUILDING SOCIETY	1.3	5-Sep-11	22-Dec-11	0.91%	3,500.38	1 month or less	
YORKSHIRE BUILDING SOCIETY	1.5	5-Sep-11	22-Dec-11	0.50%	2,219.18	1 month or less	
BANK OF SCOTLAND	3.0	31-Mar-11	31-Dec-11	0.75%	16,952.05	1 month or less	
NATIONAL WESTMINSTER BANK	3.2	31-Mar-11	31-Dec-11	0.80%	19,287.67	1 month or less	
SSGA GBP LIQUIDITY FUND	7.0	3-Aug-11	31-Dec-11	0.76%	21,863.01	1 month or less	
DEUTSCHE MANAGED STERLING FUND	7.0	5-Sep-11	31-Dec-11	0.66%	14,809.32	1 month or less	
SWIP GLOBAL LIQUIDITY FUND	6.3	5-Oct-11	31-Dec-11	0.66%	9,910.85	1 month or less	38.2
NOTTINGHAM BUILDING SOCIETY	1.1	7-Jan-11	06-Jan-12	1.75%	19,197.26	1 - 2 months	
CUMBERLAND BUILDING SOCIETY	1.0	1-Jul-11	18-Jan-12	1.17%	6,443.01	1 - 2 months	
CUMBERLAND BUILDING SOCIETY	1.5	7-Jul-11	27-Jan-12	1.08%	9,054.25	1 - 2 months	3.6
NOTTINGHAM BUILDING SOCIETY	1.7	4-May-11	17-Feb-12	1.45%	19,517.40	2 - 3 months	
BIRMINGHAM CITY COUNCIL	3.0	3-Nov-11	17-Feb-12	0.50%	4,356.16	2 - 3 months	
MIDLOTHIAN COUNCIL	1.0	1-Nov-11	22-Feb-12	0.40%	1,238.36	2 - 3 months	
BIRMINGHAM CITY COUNCIL	2.0	1-Nov-11	22-Feb-12	0.45%	2,786.30	2 - 3 months	
BIRMINGHAM CITY COUNCIL	1.0	3-Nov-11	22-Feb-12	0.45%	1,368.49	2 - 3 months	
CUMBERLAND BUILDING SOCIETY	1.0	5-Aug-11	28-Feb-12	1.05%	5,954.79	2 - 3 months	9.7
LANCASHIRE COUNTY COUNCIL	1.0	17-Oct-11	27-Apr-12	0.60%	3,172.60	4 - 5 months	1.0
BARCLAYS BANK	2.0	15-Jun-10	15-Jun-12	1.85%	74,101.37	6 - 7 months	2.0
BANK OF SCOTLAND	2.0	9-May-11	27-Jul-12	2.65%	64,616.44	7 - 8 months	
BANK OF SCOTLAND	2.0	20-May-11	27-Jul-12	2.65%	63,019.18	7 - 8 months	4.0
THE HIGHLAND COUNCIL	2.0	26-Oct-11	24-Oct-12	0.80%	15,956.16	10 - 11 months	2.0
DONCASTER COUNCIL	2.0	3-Oct-11	16-Apr-13	1.30%	39,961.64	over 1 year	2.0
	<b>66.2</b>				<b>510,913.71</b>		<b>66.2</b>
<b>Summary</b>		<b>Total</b>	<b>1 month or less</b>	<b>1 - 3 months</b>	<b>3 months +</b>	<b>12 months +</b>	<b>Iceland</b>
	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
DEBT MANAGEMENT OFFICE (DMO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK	25.7	38.8	13.4	6.3	6.0	0.0	0.0
OVERSEAS	4.5	6.8	4.5	0.0	0.0	0.0	0.0
OTHER LOCAL AUTHORITIES	12.0	18.1	0.0	7.0	3.0	2.0	0.0
ICELAND (LANDSBANKI)	3.7	5.6	0.0	0.0	0.0	0.0	3.7
MONEY MARKET FUNDS	20.3	30.7	20.3	0.0	0.0	0.0	0.0
	<b>66.2</b>		<b>38.2</b>	<b>13.3</b>	<b>9.0</b>	<b>2.0</b>	<b>3.7</b>
		100.0%	57.7%	20.1%	13.6%	3.0%	5.6%

**Flintshire County Council**

**Investments as at 30th November 2011 - by bank**

Counterparty Name	Amount £m	Start Date	Maturity	Interest Rate	Interest Earned during investment period	Period to Maturity	£m
BANK OF SCOTLAND	3.0	31-Mar-11	31-Dec-11	0.75%	16,952.05	1 month or less	
BANK OF SCOTLAND	2.0	9-May-11	27-Jul-12	2.65%	64,616.44	7 - 8 months	
BANK OF SCOTLAND	2.0	20-May-11	27-Jul-12	2.65%	63,019.18	7 - 8 months	7.0
BARCLAYS BANK	2.0	15-Jun-10	15-Jun-12	1.85%	74,101.37	6 - 7 months	2.0
BIRMINGHAM CITY COUNCIL	3.0	3-Nov-11	17-Feb-12	0.50%	4,356.16	2 - 3 months	
BIRMINGHAM CITY COUNCIL	2.0	1-Nov-11	22-Feb-12	0.45%	2,786.30	2 - 3 months	
BIRMINGHAM CITY COUNCIL	1.0	3-Nov-11	22-Feb-12	0.45%	1,368.49	2 - 3 months	6.0
COVENTRY BUILDING SOCIETY	1.1	1-Sep-11	16-Dec-11	0.88%	2,811.18	1 month or less	1.1
CUMBERLAND BUILDING SOCIETY	1.0	1-Jul-11	18-Jan-12	1.17%	6,443.01	1 - 2 months	
CUMBERLAND BUILDING SOCIETY	1.5	7-Jul-11	27-Jan-12	1.08%	9,054.25	1 - 2 months	
CUMBERLAND BUILDING SOCIETY	1.0	5-Aug-11	28-Feb-12	1.05%	5,954.79	2 - 3 months	3.5
DEUTSCHE MANAGED STERLING FUND	7.0	5-Sep-11	31-Dec-11	0.66%	14,809.32	1 month or less	7.0
DONCASTER COUNCIL	2.0	3-Oct-11	16-Apr-13	1.30%	39,961.64	over 1 year	2.0
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	<b>66.2</b>				<b>510,913.71</b>		<b>66.2</b>

ESTIMATED INTEREST FOR 2011/12 AS AT 30th NOVEMBER 2011 £677,219.81

## **FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 5**

**REPORT TO:**        **AUDIT COMMITTEE**  
**DATE :**             **14 DECEMBER 2011**  
**REPORT BY:**      **HEAD OF FINANCE**  
**SUBJECT :**         **HOUSING AND COUNCIL TAX BENEFIT UPDATE REPORT**

### **1.00 PURPOSE OF REPORT**

- 1.01 To update Members on the 2009/10 Housing and Council Tax Benefit Subsidy Audit, to advise on progress with the 2010/11 audit and preparation for the 2011/12 audit.
- 1.02 To update Members with progress on the Benefit Service Action Plan which has been introduced to improve the service and to maximise income to the Council through subsidy payments.
- 1.03 To provide an update on Welfare Reform for information.

### **2.00 BACKGROUND**

- 2.01 In March 2011, we reported the outcomes of the Wales Audit Office (WAO) reports on Overpayments 2008/09 and 2009/10 Housing and Council Tax Benefit Subsidy Audit which highlighted weaknesses in the Benefit Service. An action plan was drawn up to bring the service up to standard and consultants from the Department of Work and Pensions Performance Development Team were invited in to assist with identifying key areas for improvement.

### **3.00 CONSIDERATIONS**

#### **3.01 2009/10 Housing and Council Tax Benefit Subsidy Claim**

This has now been submitted to the DWP and acceptance of the audited claim was received on 1st December 2011. The outcome is that the subsidy reduction associated with Rent Officer referrals has been limited to £10,031 compared to the potential £397,000 previously reported.

#### **3.02 2010/11 Housing and Council Tax Benefit Subsidy Claim**

The audit of the claim has now been completed and agreed and was submitted to the DWP for their approval on 1st December 2011. At this moment in time the audited claim confirms that during 2010/11 the Council did not incur any reduction of subsidy related to overpayments of benefit.

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**Date: 06/12/2011**

**3.03 2011/12 Housing and Council Tax Benefit Subsidy Claim**

We have already commenced work on the current years subsidy claim to ensure that issues are dealt with as they arise. It is planned that subsidy work will be done on a monthly basis so that at the end of the financial year the claim is up to date and minimal checking is needed in readiness for the claim to be submitted and audited. This is important as the deadline for submission of the claim has been brought forward to 30 April from this year onwards (previously end of May).

**3.04 Improvement Plan and Performance Development Team Work**

The improvement plan has been developed over the past months and includes the recommendations made by the DWP Performance Development Team.

- Management Information - this is continuing to be developed to provide as much information about claims and the increases in volumes of claims and changes of circumstances. For instance we know that from April to the end of October we have had a 23% increase in changes of circumstances, compared with the same period in 2010/11 - this information is important to inform our staffing requirements to deal with this additional demand.
- Performance Management - we have concentrated on quality assurance and accuracy procedures and are recording individual and team performance. During November and December we are trialing a sophisticated software tool to assist with the quality assurance process which is more effective and efficient than current methods.
- Working with Council Tax - this joint working exercise is continuing and is showing efficiencies in cutting down unnecessary work and double handling of claims. We are looking to develop this relationship further to make further efficiencies.
- Scanning and indexing review - this is ongoing and the Performance Development Team are reviewing the whole process and the structure of the team in January 2012
- Work is continuing on speeding up information gathering to support claims which has included using SMS text messaging. A further development of this is some additional software from our supplier Civica which will underpin our 'Claim in a day' campaign.
- Our target for new claims for the year is 22 days and 10 days for changes of circumstances. During the year we have achieved 19.7 days and 9.9 days respectively. In October our turnaround times for new claims was 15.1 days and reflects the improvement as a result of more efficient processes.

- The Benefits Service has a dedicated Take Up Officer who has been responsible for successful take up campaigns which have also involved working with Housing, Housing Advice and Welfare Rights and Citizens Advice Bureau to maximise take up. For 2011/12 year to date, additional Take Up as a result of these activities is estimated to be £1.6m for Housing and Council Tax Benefit awards alone. There will also be awards of other benefits as a direct result of the Take Up Officers work which is not quantifiable as these are awarded by other agencies such as tax credits, attendance allowance and Disability Living Allowance.
- A customer questionnaire was carried out in August 2011 asking a series of questions about the service, in which 89 people were surveyed. Of these people 73% had their queries or benefit dealt with in full and a further 21% were mostly resolved when the questionnaire took place. Customer Standards have been developed and are posted on the website in English and Welsh outlining what a claimant can expect from the service.

### 3.05 **Welfare Reform**

Details on progress on Welfare Reform are continually being released and will be reported to Corporate Resources and Housing Scrutiny Committees. The following information is provided for Audit Committee to provide the wider context within which the improvements to the Benefit Service are being made.

#### **Local Housing Allowance Changes from January 2012**

A pro active approach has been taken to contact those people who will be affected by the January changes during December to assist them with any problems that they may face.

The Authority has received Funding from Welsh Assembly Government to provide support for those people affected by Welfare Reform. This will involve close working between Housing Benefits and Housing Options Officers. This funding includes for a case worker working across North Wales until 2013. The grant was received following a bid made by North Wales Authorities for funding under S180 of the Housing Act 1996 which provides assistance for homelessness.

#### **Council Tax Benefit Changes**

Council Tax Benefit will cease in its current form on 31 March 2013. An all Wales project group has been set up to consider the options available for implementation in April 2013. Design and data capture groups are meeting regularly to analyse data to determine all Wales impact and individual local authority impact. This work has been done in liaison with WLGA and Welsh Assembly Government. It has been flagged that Flintshire is at a significant risk in terms of software used to process Housing and Council Tax Benefit, as we are the only local authority in Wales using this software. As a result it is possible that we may face significant software development and ongoing maintenance costs unless we consider some form of joint

working arrangement. This will be considered in due course as part of the Universal Credit - Statement of Assessment of Risks and Challenges.

Consultation on the proposed scheme for Wales is not due to take place until the spring of 2012 and there are concerns that due to the lateness of the consultation, that delivery of the new scheme faces risks in its design and implementation. Consultation in England is now complete but we are awaiting the outcome of this to provide some direction. Welsh authorities have been proactive in gathering information but to date, have had little guidance from Welsh Assembly Government.

### **Universal Credit**

On 9th November, Flintshire County Council hosted a Department of Work and Pensions visit from their Universal Credit implementation team. The day consisted of a series of workshops attended by staff, members, external partners, private landlords and social housing representatives. The purpose of the visit was to inform and provide an opportunity to ask questions. In turn the DWP representatives were gathering information about how local authorities deliver the service and identifying concerns that there may be about the proposed changes to bring about Universal Credit. In the most recent dialogues with DWP it is becoming more apparent that local authorities will be providing some support in delivering Universal Credit but at this stage it is still not clear how much.

#### **4.00 RECOMMENDATIONS**

- 4.01 That the report be noted and the 2010/11 Housing and Council Tax Benefit Subsidy Claim will be reported at the next Audit Committee together with any further updates on progress and developments on Welfare Reform.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 None arising directly from this report.

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

- 6.01 None arising directly from this report.

#### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 None arising directly from this report.

#### **8.00 EQUALITIES IMPACT**

- 8.01 None arising directly from this report.

#### **9.00 PERSONNEL IMPLICATIONS**

- 9.01 None arising directly from this report.



**10.00 CONSULTATION REQUIRED**

10.01 None arising directly from this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None arising directly from this report.

**12.00 APPENDICES**

12.01 None

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

Benefit Action Plan

Contact Officer: Sally Grieve  
Telephone: 01352 702286  
E-Mail: sally\_grieve@flintshire.gov.uk

## **FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 6**

**REPORT TO:        AUDIT COMMITTEE**  
**DATE :             14 DECEMBER 2011**  
**REPORT BY:        HEAD OF FINANCE**  
**SUBJECT :         REPORTS FROM WALES AUDIT OFFICE**

### **1.00   PURPOSE OF REPORT**

1.01    To provide Members with the following from Wales Audit Office (WAO):-

- (i)   Annual Audit Letter to Members of Flintshire County Council.
- (ii)   Final Accounts Memorandum 2010/11.

### **2.00   BACKGROUND**

2.01    Both of these documents relate to the audit of the Financial Statements for 2010/11. The Final Statement of Accounts for 2010/11 was considered by the Audit Committee on 28th September 2011 and adopted by the County Council on the same day following the recommendation of the Audit Committee.

2.02    The Audit Manager from WAO will be present at the meeting to present the documents.

### **3.00   CONSIDERATIONS**

#### **Annual Audit Letter**

3.01    The Annual Audit Letter is provided for information at this stage. The Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority by the end of January 2012 and some of the issues which were traditionally reported in the Appointed Auditors Annual Audit Letter will be included in that report. The letter which is designed to be a stand alone document containing key messages will also be presented to the Council and the public as part of the Annual Improvement Report.

3.02    The Annual Improvement Report will be presented to Executive and Council in February/March 2012, following receipt from WAO by 31st January 2012.

#### **Final Accounts Memorandum**

3.03    The Final Accounts Memorandum summarises the conclusions on the audit of Flintshire County Council's 2010/11 financial statements.

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Date: 06/12/2011

3.04 On 29th September 2011, the Appointed Auditor issued an unqualified auditor's report on the 2010/11 financial statements. All significant matters arising from the audit were raised in the Audit of Financial Statements report that was presented to the Audit Committee on 28th September 2011. The report sets out other findings from the review of the Council's financial systems including the high-level controls and the issues arising from the audit of the financial statements.

3.05 The issues raised in this report which require action as a result of the audit findings are the subject of review, which in a number of cases have been or are in the process of being implemented, e.g. the Asset Management System. Detailed planning for the closure and subsequent audit of the 2011/12 accounts which will commence in the early new year will also address issues relating to the final accounts process and the publication of the accounts.

#### **4.00 RECOMMENDATIONS**

4.01 Members are asked to note the:-

- (i) Annual Audit Letter to Members of Flintshire County Council.
- (ii) Final Accounts Memorandum 2010/11.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None directly as a result of this report.

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

6.01 None directly as a result of this report.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

#### **8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

#### **10.00 CONSULTATION REQUIRED**

10.01 None directly as a result of this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 A - Annual Audit Letter to Members of Flintshire County Council.  
B - Final Accounts Memorandum 2010/11.

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

Reports from Wales Audit Office.

Contact Officer: Kerry Feather  
Telephone: 01352 702200  
E-Mail: [kerry\\_feather@flintshire.gov.uk](mailto:kerry_feather@flintshire.gov.uk)



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www.wao.gov.uk

**Councillor Arnold Woolley - Leader**  
**Colin Everett – Chief Executive**  
Flintshire County Council  
County Hall  
Mold  
Flintshire  
CH7 6NB

Date 30 November 2011  
Pages 1 of 3  
Our reference 622A2011

Dear Leader and Chief Executive

### **Annual Audit Letter to the Members of Flintshire County Council**

As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority by the end of January 2012 and some of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore I have taken the opportunity to summarise the key messages arising from the Appointed Auditor's statutory responsibilities into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will also be presented to the Council and the public as part of the Annual Improvement Report and therefore discharges my reporting responsibilities under the Code of Audit Practice.

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

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

2. The Public Audit (Wales) Act 2004 requires me to:
  - provide an audit opinion on the accounting statements;
  - review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
  - issue a certificate confirming that I have completed the audit of the accounts.
3. On 29 September 2011 I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Council's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. Whilst my opinion was unqualified, I included an emphasis of matter in my report on the Pension Fund's accounting statements. A number of matters arising from the accounts audit were reported to members in my Audit of Financial Statements reports and further details will be reported in our detailed report in December.
4. From 2010/11 local authorities in Wales are required to produce their accounts on the basis of International Financial Reporting Standards. The introduction of these new standards imposed significant additional demands on the Council's finance staff.
5. The following issues were identified during the audit of the Council's accounts:
  - The Council did not correctly apply its accounting policy in valuing its housing stock resulting in material misstatements to the accounts. As a result the net book value of the stock was reduced by £127.766 million.
  - The integrity of the financial statements was undermined because a number of the primary statements contained balancing entries.
  - There were a number of general presentational issues that related to the quality of the accounts and supporting records.
  - Whilst we were satisfied that the Council set aside a reasonable accounting estimate, in its financial statements, to meet the potential liability for equal pay, some of the assumptions used to support the estimate need to be better underpinned by factual data.
6. The following additional issues were identified regarding the Clwyd Pension Fund accounts:
  - The auditor's report was modified to draw attention to the nature of private equity investments held by the Fund. As part of its investment portfolio, the fund had year-end holdings in private equity investments totalling £218.314 million. Because of the inherent uncertainty associated with the valuation of such investments, arising from the absence of a liquid market, the fair value of these investments may differ

from their realisable values. As the difference could be material I decided to draw attention to the inherent uncertainty.

- Our audit work identified that there are significant delays in the processing of new pensions resulting in delayed payment of lump sum and pension entitlements. As a result, lump sum liabilities contained within the draft financial statements were understated by £1.274 million.
7. My review of the Council's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed as part of the Improvement Assessment under the Local Government Measure (2009). The main findings from this latter work will be set out in the Annual Improvement Report. In addition I also bring the following issues to your attention:
- The Council continues to develop its medium-term financial plan, following adoption of its financial strategy, but considerable work is still required to set a balanced budget for 2012-2013 and beyond. In addition, not all pressures have yet been fully factored into the forecasts to establish the extent of the funding gap over the next three years.
  - The Flintshire Futures programme has been structured to include a mixture of short, medium and longer term projects. However, the financial benefits have yet to be fully quantified and integrated in the financial planning, thereby establishing the contribution of Flintshire Futures to meet the funding gap in the medium term.
8. I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2011.
9. The financial audit fee for 2010/2011 is currently expected to be in line with those set out in the Annual Audit Outline.



John Herniman  
Group Director

For and on behalf of the Appointed Auditor

30 November 2011



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Final Accounts Memorandum 2010-11

## Flintshire County Council

**Audit year:** 2010-11

**Issued:** November 2011

**Document reference:** 639A2011



# Status of report

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This document has been prepared for the internal use of Flintshire County Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

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# Contents

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This Final Accounts Memorandum summarises the conclusions on the audit of Flintshire County Council's 2010-11 financial statements.

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## Summary report

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# Summary Report

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## **In all material respects, Flintshire County Council's financial statements give a true and fair view and were properly prepared**

1. The financial statements are an essential means by which Flintshire County Council (the Council) accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. The Auditor General's Code of Audit Practice identifies that it is the responsibility of the audited body to:
  - put in place systems of internal control to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
  - maintain proper accounting records; and
  - prepare a statement of accounts in accordance with relevant requirements.
2. On 29 September 2011, the Appointed Auditor issued an unqualified auditor's report on the 2010-11 financial statements. All significant matters arising from the audit have been raised in our Audit of the Financial Statements report that was presented to the Audit Committee on 28 September 2011.
3. This report sets out our other findings from our review of the Council's financial systems including the high-level controls and the issues arising from our audit of the financial statements.

## **The Council's significant financial systems including high level accounting and budgetary controls do not contain any material weaknesses, but there remains considerable budgetary pressure**

4. Our review of the Council's financial systems used to produce the financial statements involved obtaining an understanding of its significant financial systems and controls and, where necessary, testing the operation of those controls.

## **The Council's significant financial and accounting systems were appropriately controlled and operating as intended. We have, however, identified some scope to improve controls over fixed assets and payroll**

5. We documented each of the key systems that support production of the financial statements to provide us with a clear understanding of the Council's accounting and internal control systems. The key systems reviewed include fixed assets, payroll, cash and bank, accounts payable, accounts receivable, inventories, pensions and the revenue systems, including housing benefit, council tax, rents and NNDR.

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6. It has previously been identified that the Council does not have a dedicated asset management system. This is particularly important because of the implementation of IFRS. Although the Council has been considering a new system, the position has not been significantly progressed since last year. In the absence of an appropriate system the Council must ensure it maintains adequate records to comply with IFRS. It is noted that the purchase of the new system has now been progressed (October 2011) with implementation planned for the closure of the 2011-12 accounts.
  7. The Council continues to have some issues in respect of overpayments to employees through the payroll system. This has been reviewed by Internal Audit and recommendations made and we will monitor the response and progress made to resolve the issues related with overpayments.

**Budgetary control and monitoring arrangements are sufficiently robust to provide us with material assurance on the financial statements, however there remain significant budgetary pressures**

8. Effective budgetary control arrangements are critical in enabling us to obtain assurance that the outputs generated by the Council's main accounting system, and in particular the financial statements, are not materially misstated.
9. We are satisfied that the Council's arrangements were sufficiently robust to provide us with material assurance upon the financial statements, although there remain significant budgetary pressures for the Council to manage, particularly in relation to savings targets.
10. At the end of the financial year, the Council reported an under spend, on the revenue budget of £868,000.
11. In terms of the capital programme, internal audit had reviewed progress and identified capital slippage of around £13 million. Internal audit have made a number of recommendations to resolve this and we will monitor progress in the coming year by reviewing the capital budget performance.
12. The Council has set a savings target, of £6 million, which they achieved in 2010-11. There are ongoing pressures to achieve savings in future years and this will provide a significant challenge for the Council.

**A comprehensive closedown plan was prepared and adhered to, ensuring that the draft accounts were prepared to a satisfactory standard**

13. The Council needs effective closedown procedures to ensure that it compiles financial information accurately and promptly at the year-end and reports it properly within the financial statements.

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14. As part of our 2010-11 interim audit we completed an assessment of how the Council proposed to manage the process for the production of the 2010-11 financial statements. We are pleased to report that our work identified that:
- detailed closedown plans and associated guidance existed;
  - arrangements were in place to delegate the work required to produce the accounts;
  - the overall closedown process was monitored closely; and
  - key audit and deliverable dates were agreed using an Audit Deliverables document, agreed between the Council and Wales Audit Office.
15. However, the draft accounts were not prepared by the statutory deadline, albeit they were just a day late. The majority of documents were supplied by the agreed timescales but there were two areas where documents were not supplied on time, and this needs to be resolved going forward.

**The draft financial statements were prepared to a satisfactory standard. We have identified some opportunities to further strengthen the accounts preparation processes**

16. In 2009-10, we made a number of recommendations to improve the quality and timeliness of the draft financial statements, most of which have been addressed.
17. As part of the 2010-11 audit we identified some further opportunities to strengthen the accounts preparation process, as set out in the following paragraphs.

**Not all of the required Code of Practice on Local Authority Accounting disclosures were made in the draft accounts**

18. From our initial review of the draft accounts, we identified a number of areas where the accounts did not fully comply with the SoRP. This resulted in a number of adjustments, which amended or added additional disclosures.

**The Council should review the process for authorising journals**

19. From a review of material journals, we identified that some journals raised had not been authorised by a separate member of staff. The Council should ensure that there is a consistent approach for completing journals, which includes appropriate review and authorisation.

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### **The review of creditors identified some issues**

20. Testing of creditors identified a prepayment that had been incorrectly accounted for, with a value of £4,500.
21. There were two cases where accruals had been overstated, one for the Camera Safety Partnership for £14,138 and one for road works for £37,494. In both cases, the Council confirmed that this resulted from the late receipt of information. The Council needs to ensure that arrangements are put in place to obtain information required to prepare its accounting estimates on a timely basis.

### **A review of the controls relating to earmarked reserves was performed by internal audit and recommendations made**

22. Internal audit performed a review of the controls around earmarked reserves and have made a number of recommendations to improve the controls. We will monitor the progress in relation to the agreed action plan to resolve the issues identified.

### **The Annual Governance Statement did not fully comply with best practice guidance**

23. The Council had made a number of improvements to its annual governance statement and its underlying arrangements since 2009-10, but had not fully complied with the most recent guidance.
24. In particular, our review identified that:
  - Whilst the statement set out the systems and procedures in place, the Council could not provide sufficient evidence to demonstrate that they were operating effectively.
  - The matters reported in the section on significant governance issues did not fully link back to the Council's risk register. As a result, the Council amended the governance statement in the final accounts to address this issue.
  - The Audit Committee did not review and approve the annual governance statement as a discreet agenda item, but instead considered it as part of a review of the draft statements where there was no explicit mention of its importance.

### **The Council approved its accounts by the statutory deadline of 30 September but did not put adequate arrangements in place to publish its accounts by that date**

25. The Accounts and Audit (Wales) Regulations 2005 (amended 2010) requires that Councils publish its statement of accounts by 30 September in any year. Whilst publication does not require any preparation beyond the statements nor the distribution of copies of the statement of accounts to persons who have not expressed an interest in receiving them, it does require positive action.

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- 26.** It is not sufficient for the statements to be available via committee papers or by providing copies to enquirers on demand. We would expect, in line with other Councils across Wales, that the accounts would be publically available via the Council's website.
  - 27.** I am aware that this is the Council's intention, but because of the requirements for website content to be bilingual, the publication of the statements is delayed until December in any one year.
  - 28.** This arrangement is inadequate and the Council needs to ensure that the statements are available for publication by the statutory deadline in future years.







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## **FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 7**

**REPORT TO:**      **AUDIT COMMITTEE**  
**DATE :**           **14 DECEMBER 2011**  
**REPORT BY:**    **HEAD OF FINANCE**  
**SUBJECT :**       **FINAL REPORTS AND PERFORMANCE INDICATORS**

### **1.00 PURPOSE OF REPORT**

1.01 To inform Members of final reports issued since the last Audit Committee (Appendix A), and of Directorates and Internal Audit's performance for responses against target (Appendix B and Appendix C).

### **2.00 BACKGROUND**

2.01 Internal Audit is required to prepare a report detailing the outcome of all audit work and report performance against a range of indicators.

### **3.00 CONSIDERATIONS**

3.01 This report details the outcomes of all reports finalised since the last Audit Committee - Appendix A. The Appendix also includes details of the limited assurance reports issued in that time. These reports now include details of the findings that gave rise to the recommendations.

3.02 Response times continue to be monitored by the audit department against the target times of 30 days for corporate reports and 20 days for all other reports. The time taken to issue draft and final reports is also monitored.

3.03 For indicators with a result outside the target times, an explanation has been gained and is noted in Appendix B. Delays have mostly been caused by the need for further discussions.

3.04 Details are also given of three draft reports currently outstanding outside the target times. Reasons for the delays have been obtained.

### **4.00 RECOMMENDATIONS**

4.01 The Committee is requested to note this report.

### **5.00 FINANCIAL IMPLICATIONS**

5.01 None.

### **6.00 ANTI POVERTY IMPACT**

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Date: 06/12/2011

6.01 None.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None.

**8.00 EQUALITIES IMPACT**

8.01 None.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None.

**10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 Final Reports Issued  
PI's on issued reports  
Outstanding Draft Reports

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

None.

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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 limited or little assurance a summary of the findings and the Action Plan is attached.

Project Reference	Project Description	Level of Assurance	Recommendations		
			F	S	MA
FD0140R1	Insurance	Adequate	0	5	5
FD0040R1	MTFS	N/A	1	7	1
FL0080P1	Main Accounting	Limited	1	10	17
LD0220P1	Data Protection	Limited	2	3	0
LL1010P1	School Budgetary Control	Limited	0	3	6
CS0040R1	Childcare Development and Family Information Service	Adequate	0	3	5
CS0130R1	Registration of Charges follow up	Good	0	2	1
EN0120R1	Rural Dev Plan – Rural Flintshire Tourism Grant	n/a	0	4	0

### **Levels of Assurance – standard reports.**

Substantial – A robust framework of controls ensures objectives are likely to be achieved. In addition, controls are applied continuously or with minor lapses.

Adequate – A sufficient framework of key controls for the object to be achieved, but the control framework could be stronger. Or, controls are applied but with some lapses.

Limited – There is a risk of objectives not being achieved due to the absence of key controls. Or, there is significant breakdown in the application of controls.

### **Levels of Assurance – follow up reports.**

Good. 80%+ of recommendations have been implemented. All fundamental recommendations have been implemented.

Reasonable. 50-80% of recommendations have been implemented. Any outstanding fundamental recommendations are in the process of being implemented.

Little. Less than 50% of recommendations have been implemented. Unsatisfactory progress has been made on the implementation of fundamental recommendations.

### **Categorisation of Recommendations**

F - Fundamental

S - Significant

MA - Merits Attention

Fundamental – action is imperative to ensure that the objectives for the area under review are met.

Significant – requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

Merits Attention – action advised to enhance control or improve operational efficiency.

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

### Medium Term Financial Strategy

We have made one fundamental and seven significant recommendations arising from the following:

- Risk management needs to be incorporated more fully into the Medium Term Financial Plan (MTFP).
- The Authority's key objectives need to be included in the Medium Term Financial Strategy.
- A full analysis of the financial implications of collaborative working needs to be completed.
- Much work is still to be completed on funding levels and requirements for schools.
- The pressures of Single Status and Supporting People Grant need to be incorporated in the Medium Term Financial Plan (MTFP).
- Assumptions used in the current MTFP require more detailed work and analysis.
- The budget process and service plans need to be prepare concurrently.
- More effective financial management of the MTFS and MTFP will be gained by the implementation of the recognised changes required to the budget process.

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
9	The MTFS makes reference under Business Processes within the Council Governance Framework, to risk management including the Strategic Assessment of Risks and Challenges (SARC). The MTFS does not give a comprehensive financial risk assessment for the	The MTFS would be enhanced by the inclusion of a full risk assessment to include key issues such as: - future available resources less than planned - pay awards and price inflation higher than assumed	Fundamental	As part of the ongoing budget strategy our approach has been to undertake trend and sensitivity analysis, and also to utilise national, regional and local intelligence.  The inclusion of pressures in the MTFP has been done on risk management basis.	July 2012	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>Revenue and Capital Budget setting process to ensure that all risks and uncertainties affecting the Authority's financial position are identified.</p> <p>The MTFP as it currently stands does not incorporate risk management, but under the new process of using the corporate templates for recording pressures and efficiencies, assessments of risk are included and these will feed and update the MTFP.</p> <p>It is one of the key indicators for success within the Audit Commissions Good Practice checklist for 'Strategic financial management in councils' that a local authority has the ability to anticipate changing circumstances and manage financial risks. One characteristic that will demonstrate this is to have scenario plans which consider the best and worst case options and covers a wide range of financial and social challenges. One of the potential problems of failing to do this is that financial risks will only be managed in the short term.</p>	<ul style="list-style-type: none"> <li>- future spending plans underestimated</li> <li>- anticipated efficiencies not achieved</li> <li>- revenue implications of capital programmes not fully anticipated.</li> </ul> <p>The MTFP would benefit from the modelling of different scenarios using risk management and sensitivity analysis in order to clarify potential areas of funding/shortfall using different assumptions.</p>		<p>More formal inclusion of the above in the MTFS document can be considered as part of the agreed annual review.</p>		

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
3	<p>The draft MTFS produced in May 2011 detailed the Authority's ten key priorities. Subsequent to the comments raised in the Corporate Resources Overview &amp; Scrutiny Committee, the updated MTFS does not contain the detail of the priorities but rather how they are set. The June 2011 version of the MTFS states that a revised set of priorities has been considered and will be classed as the 'Improvement Objectives'. These will be set out within the Improvement Plan and that performance against them will be evaluated and reported on twice yearly.</p> <p>Much work is currently being undertaken on the Directorate Plans which underpin the objective of achieving the Authority's priorities. The new templates for recording the pressures and efficiencies for each directorate require details of the contribution to the Council Plan, Service Plans and SARC. The template for pressures require the description of each pressure and intended objective/outcome of implementation, estimated</p>	<p>We recommend that the Authority's key priorities be re-stated in the MTFS to ensure a clear and integrated strategy that can demonstrate in financial terms how the Authority's key objectives can be delivered over the medium term.</p>	Significant	<p>Key priorities were not agreed in time for inclusion into the current MTFS as agreed by Council. The MTFS will be published annually and the approved list of Council Ppriorities can then be included.</p>	July 2012	Corporate Finance Manager



Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>costs over the next three years including employees cost implications and a risk assessment of alternative options ( including 'Do Nothing'). The template for efficiencies requires a description of the efficiency and intended objective/ outcome of implementation, the estimated efficiency over the next three years and any revenue cost implications of the implementation of the efficiency. The template also asks for any one-off capital costs of implementation if applicable and details of any employee cost efficiency. Details are required of impacts on other Directorates or Services and any identifiable risks associated with achieving the efficiency.</p>					

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
7	<p>Under the Schools Forum (Wales) Regulations 2003, every local authority must have a local schools budget forum, known as a schools forum. These are key to developing informed and confident dialogue between authorities and their schools on budgetary issues including schools' funding levels for the coming years, pressures on future years' budgets, changes to funding formula and reviewing contracts/service level agreements for services to schools. In addition the Authority has a delegated school service plan which feeds information to the MTFP.</p> <p>In terms of the current MTFP, it was reported that there is still detailed work to be carried out in this area which has been hindered in part by long term sickness issues. No assumptions have been made on reductions on budgets for schools.</p>	It is recommended that work on funding levels for schools and financial projections in this area are completed as soon as possible to ensure the MTFP is relevant and up to date.	Significant	<p>Work is underway to assess the Council's requirement to protect schools by 1% above the Block Grant amount transferred to the Welsh Government from Central Government.</p> <p>The MTFP is a live document and is regularly updated as changes are made to projections and assumptions.</p>	March 2012	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
8	<p>Opportunities for collaborative working are listed in the MTFS but the Acting Head of Service Accounting reported that it is considered too early to project figures. These will be fed in to the MTFP when various projects are culminated, such as fees and charges and procurement for shared services. The management response to our recommendation in our Report of April 2011 that the MTFS should incorporate details of joint plans was that 'progress with joint plans and policy development will be driven by the North Wales Collaboration Programme Boards and the Flintshire Futures work plan this will be more medium to longer term.'</p>	<p>It is recommended that opportunities for collaborative working and a full analysis of the financial implications are completed as soon as possible to further enhance the MTFP and ensure that the projected medium term figures encompass all scenarios.</p>	Significant	<p>The Flintshire Futures Programme includes a list of all the local, regional and national collaborative opportunities being looked at. The financial implications of these initiatives will be built into the MTFP as soon as they are available.</p>	July 2012	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
10	<p>The Medium Term Financial Strategy as at June 2011 details the importance of monitoring and delivering the MTFS under paragraph 9. This is set out as a three way process:</p> <ul style="list-style-type: none"> <li>- Regular reviews of the MTFS and the forecasts within the MTFP.</li> <li>- Achieving and demonstrating Value for Money.</li> <li>- Effective financial management.</li> </ul> <p>Pivotal to the reviews are the forecasts of resources pressures and efficiencies emanating from the Directorates and the Service Plans. These are to be continually reviewed to ensure the projected figures are as accurate as possible. The new corporate templates for recording and assessing have just been completed by all the directorates and have been collated by the Acting Head of Service Accounting and reported at the CMT budget meeting on 4th July 2011. A further review of the findings is to be completed to ensure consistency of recording and a refined list of pressures and efficiencies is scheduled to be finalised.</p>	<p>In order to ensure the financial strategy underpinning the MTFS can be delivered effectively to achieve the key priorities, the Authority must ensure that stronger budgetary processes are enforced as soon as possible.</p>	Significant	<p>It is anticipated that the implementation of the new finance structure will assist with this recommendation.</p>	Ongoing	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>by the end of July 2011.</p> <p>Achieving and demonstrating value for money is more difficult. The MTFS sets out a model to use incorporating the three components of Economy, Efficiency and Effectiveness. It states that wherever possible, the Authority should always be striving to provide Optimum Service (High Performance and Low Cost).</p> <p>The MTFS describes having in place effective arrangements for financial management whilst recognising that improvements need to be made to the budget processes. Capacity to ensure that the strategy can be delivered through effective financial management is hoped to be achieved by the implementation of the Finance Function Review by the early autumn of 2011.</p>					

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
11	<p>The first draft of the MTFP excluded the pressures of Single Status and Supporting People Grant.</p> <p>Detailed costings on Single Status have still to be undertaken. An assumption of 5% of the current pay bill has been taken in line with other authorities.</p> <p>Indications on the level of funding for the Supporting People Grant have now been received (July 2011) and work has now to be completed including looking at the formulae and how it will work for the Authority.</p>	<p>Single Status and Supporting People are significant pressures that will have a significant impact on the MTFP. These need to be modelled with different scenarios to ensure that the Authority has adequately assessed the potential financial impacts.</p>	Significant	<p>Financial Modelling has already been done regarding a potential reduction in Supporting People Funding.</p> <p>Work has begun on single status financial modelling and this will be completed when the implementation date is finalised.</p>	July 2012	Corporate Finance Manager
14	<p>A fees and charges policy is currently being developed which when finalised will be incorporated within an updated MTFS.</p>	<p>A fees and charges policy needs to be formulated as soon as possible in order to facilitate the projections in the MTFP. The policy will need to be able to demonstrate how fees are to be optimised.</p>	Significant	<p>Deloitte's have been commissioned and have started work on the Fees and Charges Flintshire Futures Project.</p> <p>This project includes the production of a draft fees and charges policy.</p>	March 2012	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
15	The setting of the annual budgets and the completion of the Directorate Service Plans are not prepared concurrently. As the information contained within the service plans is key to how the budgets are to be directed, this does not facilitate an effective budget process. The new corporate templates for highlighting all pressures and efficiencies are comprehensive and very informative but these need to be completed by the beginning of the budget process to ensure a smooth and efficient planning system rather than having to revisit and update plans unnecessarily.	It is recommended that budgets and service plans are developed concurrently to further enhance financial management.	Significant	Improvements continue to be made on linking service planning and financial planning.  However, to fully integrate them would require significant changes corporately regarding service planning/budget process arrangements.	Ongoing	Corporate Finance Manager

## Main Accounting FL0080P1

We have made one fundamental and ten significant recommendations arising from the following:

- The Authority does not have documented protocols for effective management and control of its earmarked (specific) reserves.
- There is limited evidence to support the monitoring of earmarked reserves for relevancy and adequacy.
- Current processes in place for monitoring income collection and the performance of credit control/debt recovery are not adequate.
- Payments made to contractors within the Construction Industry Scheme (CIS) are not fulfilling the necessary requirements.
- Journals are not all being correctly authorised prior to processing.
- Invoices passed for payment are not being checked thoroughly to avoid duplication.
- Historic data is not in place to justify and support each of the recovery rates used within the new bad debt provision.
- The new database for managing the write off of bad debts has not been implemented.
- Executive approval is not always requested for the use of all earmarked reserves.
- Executive approval is not always in place for all earmarked service balance carry forwards at the year end.
- Monitoring and reporting is not consistent around earmarked service balances.

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
20	A sample of 21 outstanding balances on the aged debtors' ledger was reviewed to ensure the appropriateness of the recovery action taken. The sample included 4 balances recommended for write off	The adequacy of the current processes in place for monitoring income collection and the performance of credit control / debt recovery within the authority should be assessed. The resource issues around the recovery of aged debtor balances	Fundamental	Within the Flintshire Futures Programme is a review of the Council's Corporate Debt arrangements.  Deloitte are undertaking this piece of work and will be producing a report	31 <sup>st</sup> March 12	Revenues and Benefits Manager



Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>(WOF) and 7 balances on which recovery action had been suppressed at the request of the invoice issuing department.</p> <p>Testing identified;</p> <ul style="list-style-type: none"> <li>- timely recovery action had not been taken against 8 of the 21 balances reviewed. As a result 4 of these balances had been recommended for write off by the Corporate Debt Recovery team;</li> <li>- inappropriate account suppressions were in place for 4 of the 21 balances reviewed (including an inappropriate 'Stop' marker);</li> <li>- Corporate Debt Recovery has limited information to enable effective collection of 1 of the 22 balances reviewed (salary overpayment).</li> <li>- 2 of the 22 invoices reviewed were considered to have been inappropriately raised and as such were considered to be unrecoverable.</li> </ul> <p>In addition the review of outstanding balances identified inadequate periodic</p>	<p>less than 97 days old need to be resolved as a matter of priority.</p> <p>A statement of policy and an operational procedure should be developed for the management of suppressed accounts, which sets out;</p> <ul style="list-style-type: none"> <li>- The criteria for suppressing an account;</li> <li>- The arrangements for monitoring and managing suppressed accounts;</li> </ul> <p>The documentation that should be retained to ensure an adequate audit trail.</p> <p>All suppressed invoices should be reviewed by the Directorate Finance Officers as a matter of priority to determine whether the decision to suppress recovery action remains appropriate.</p> <p>All accounts with a Stop marker should be reviewed by the Directorate Finance Officers to determine whether the decision to suppress recovery action on all current and future invoices remains appropriate. A statement of policy and an operational procedure should be developed for the management of accounts with Stop Markers, which sets</p>		<p>on findings and making recommendations where appropriate.</p>		

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>review of suppressed accounts; inadequate action taken to recover aged debtors less than £500 (with resources being directed towards 'quick wins', i.e. amounts over £500) and a high level of manual intervention required to correct ledger balances as a result of the inability of the system to accept direct debit payments for the payment of Community Services debt.</p>	<p>out;</p> <ul style="list-style-type: none"> <li>-The criteria for placing a Stop marker on an account;</li> <li>-The arrangements for monitoring and managing accounts with Stop markers;</li> <li>-The documentation that should be retained to ensure an adequate audit trail.</li> </ul> <p><i>This is the same recommendation as made in September 2010.</i></p> <p><i>Management response:</i></p> <p><i>Since this audit was carried out, we have recruited a full-time member of staff to work alongside the current Corporate Debt Recovery Officer.</i></p> <p><i>We are also reviewing a large number of existing processes in order to deliver a more efficient, effective service.</i></p> <p><i>Resource requirements will be reviewed in full as part of the wider Finance Function Review.</i></p> <p><i>Operational procedures will be developed and circulated and include clarification on the circumstances in which a 'stop' or suppression may be applied to an account, outlining the</i></p>				

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
		<p><i>process for doing so and detailing future monitoring arrangements.</i></p> <p><i>Departments will be requested to carry out regular reviews of suppressed invoices and stop codes.</i></p> <p><i>Implementation Date:</i> <i>31/3/2011</i></p>				
2	<p>A sample of 10 construction payments was tested at random. The test confirmed: -</p> <p>-3/10 had a VAT invoice which would be classed as the authenticated receipt.</p> <p>-7/10 did not have an authenticated receipt or VAT invoice.</p> <p>The payments were checked to masterpiece and the VAT sub ledger and confirmed that payments had been made to each contractor and the VAT had been reclaimed.</p> <p>Failure to provide an authenticated receipt or VAT invoice is an offence. The authenticated receipt procedure allows a supplier to issue an authenticated receipt for payment and</p>	<p>A full review should be undertaken of payments made to contractors via authenticated receipts within the Construction Industry Scheme to ensure compliance with HMRC VAT Notice 708.</p> <p><i>This is the same recommendation as made in September 2010.</i></p> <p><i>Management Response:</i> <i>A review of procedures will be undertaken and appropriate (refresher) guidance provided to staff involved in related procedures.</i></p> <p><i>Implementation date:</i> <i>31/10/2010</i></p>	Significant	Disappointed that, despite the work that has been done in this area, the rules relating to VAT invoices and authenticated receipts are not being correctly applied. Will review the procedures followed in the Directorates.	31 <sup>st</sup> March 12	Strategy & Technical

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>removes the requirement to issue a normal VAT invoice. The procedure works by customers preparing receipts for supplies they receive and forwarding them to their suppliers with payment. The receipts are only valid for VAT purposes when the supplier has authenticated them.</p> <p>This issue was raised in our last review in 2009/10 and it was agreed that Management was to undertake a full review of the process. This appears not to have taken place.</p> <p>A review of the system highlighted the following concerns:</p> <p>There is a risk that input tax is claimed without authenticated receipts being obtained and not in compliance with HMRC VAT Notice 708. Officers in the directorates involved in the process do not have adequate knowledge of the process</p>					
5	We selected a random sample of 20 journals taken from an AP report of journals	All journals should be appropriately authorised prior to processing and show a clear	Significant	As part of the implementation of the new Corporate Finance structure the Finance Officer's Group has been	31 <sup>st</sup> December 11	Corporate Finance Management

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>processed in the last quarter of the financial year. The results of our testing are as follows:</p> <ul style="list-style-type: none"> <li>- 11/20 journals did not have any evidence of the correct authorisation and segregation of duties. These journals were initiated from departments not using the standard Authority General Ledger Header Sheet.</li> <li>- 9/20 journals were correctly authorised and had clear separation of duties evidenced.</li> <li>- 18/20 journals were supported by backing documentation, although in 2 of these cases the full documentation to support the total journal amount was not present.</li> <li>- 2/20 journals had no supporting documentation attached, These related to an XJ journal in Finance and a TJ journal in the Environment directorate.</li> <li>- All journals tested agreed to the details in the General Ledger.</li> </ul>	<p>segregation of duties to ensure the integrity of information uploaded to the general ledger. Where header sheets are not used the journal should contain 2 signatures to show originator and processor.</p> <p>There should be an appropriate audit trail of information to support journals processed.</p> <p><i>The recommendation made in our previous report of September 2010 was;</i></p> <p><i>Manual journal forms must be fully completed and appropriately authorised by a senior officer before they can be processed on Masterpiece to ensure the reliability and integrity of information produced.</i></p> <p><i>The Council should also decide whether the use of a standard manual journal form is compulsory or up to the discretion of each directorate.</i></p> <p><i>Management Response;</i></p> <p><i>Agreed – this should be done as a matter of course. A reminder will be given to the Finance Officer Group.</i></p> <p><i>The issue of standard journal forms will also be debated and a recommendation made.</i></p>		<p>disbanded and replaced by the Corporate Finance Management Team. This team will be supplemented by an Accountant Practitioners Group.</p> <p>A reminder on the authorisation process and the need for clear working papers will be provided through (CFMT). A review of the adequacy of the manual journal form will be progressed through the Practitioners Group.</p>	30 <sup>th</sup> June 12	Team

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
		<i>Implementation Date:30/6/2010</i>				
14	<p>Idea software was used to produce a report of any potential duplication. The report highlighted a number of possible duplicate payments. Of the 10 selected to review we found that all were duplications and that 8 of these had been corrected. The total value of the duplications found amounted to £19,163.23. The total not as yet corrected amounts to £1,453.31.</p> <p>The reasons for the duplications are many. In some cases the wrong vendor ID has been incorrectly entered, copy invoices have been paid without proper checks on the original payment, the same vendor with different addresses have been paid and vendors with the same post code (for instance vendors located on the same industrial estates).</p> <p>In one case a payment has been made of the same invoice to two separate vendors that both deal with awards under the Duke of</p>	<p>Departments need to be reminded of their responsibilities of the importance of the thoroughness of checks on invoices passed for payment. All copy invoices should have the appropriate checks to ensure they haven't been paid previously .The coding of invoices to the correct vendor needs to be properly checked.</p>	Significant	<p>A reminder of the checks required will be sent to all Directorates. Responsibility for Accounts Payable will be transferred to Corporate Finance as part of the Finance Function Review.</p>	31 <sup>st</sup> March 12	Corporate Accounting and Systems.

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>Edinburgh Scheme. This payment was for £55.00 and paid to the Duke of Edinburgh scheme and Award Scheme Ltd.</p> <p>During the year the Authority has purchased new software from Fiscal Technologies to identify duplicate payments, duplicate vendors and highlight VAT irregularities. This was installed in March 2011 and the Systems and Performance Team are currently working on the reports produced covering the last two years' payments. This should be a useful tool in the future to track and correct duplicate payments. However it is important to keep focussed on the need to try and prevent duplications arising in the first instance and stricter departmental controls are required to minimise the risks.</p>					
22	<p>The methodology used by the Authority for bad debt provisioning has been revised during 2010/11.</p> <p>Initially a Consultant was brought in to review bad debt provisioning resulting in the</p>	<p>Historic data should be in place to justify and support each of the recovery rates used within the new bad debt provision providing a sound rationale for the change in the basis of calculation.</p>	Significant	<p>This will be considered as part of the corporate debt review assisted by Deloitte as per 20 above.</p>	31 <sup>st</sup> March 12	Revenues and Benefits Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>development of a methodology which met the requirements outlined by PwC in the ISA 260 report. The revised methodology involved a detailed and systematic review of invoices greater than 183 days overdue where aggregate account balances were greater than £2k (approximately 700 invoices) with specific provisions being assigned according to the level of impairment and risk profile (level of impairment objectively evaluated through information held on the Corporate Debt recovery system). Aggregate balances lower than £2k were then grouped together based on risk characteristics and age of the debt and collectively assessed for impairment based on estimates of historic recovery rates.</p> <p>Systems and Performance are now responsible for the management of the bad debt provision and the calculation of the figures for the 2010/11 year end. The methodology</p>					



Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>suggested by the Consultant has not been implemented in full as it is considered that there are inadequate resources to carry out a review of all aggregate account balances greater than £2k.</p> <p>Review of the actual bad debt provisioning methodology to be introduced at the 2010/11 year end confirms that the provision is not based on objective evidence of impairment and does not consider assets individually (the new methodology is instead based on anticipated recovery levels based on groups of balances with similar risk characteristics and general provisions based on overdue risk profiles).</p> <p>The basis of the new methodology was discussed with Wales Audit Office to ascertain whether it met the requirements of the Code of Practice on Local Authority Accounting in the UK (which has now superseded the SORP and associated</p>					

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>Financial Reporting Standards referred to by PwC).</p> <p>Wales Audit Office's main concern is that the calculation of the bad debt provision under the new methodology may be significantly different to the calculation on the historic basis, and if so they would expect to see a sound rationale for the change backed up by historic data to support each of the recovery rates used within the provision.</p>					
23	<p>PwC made reference to the difficulties in reconciling write offs on the write off register to the general ledger as a result of actual amounts being written off the ledger differing from the amount approved for write off by the Head of Finance (actual amounts written off may sometimes be lower than the level of authorised write off due to additional monies being received between the date of authorisation and the date of write off).</p> <p>Discussion with the Principal Systems and Performance</p>	<p>In accordance with the recommendations made by PwC following the 08/09 year end audit it should be ensured that the new database for managing the write off of bad debts is implemented.</p> <p><i>This is the same recommendation made in our previous report.</i></p> <p><i>Management Response;</i></p> <p><i>The write off system is in its latter development stages. The system will be implemented as soon as the development has been signed off and once all relevant parties are happy that it</i></p>	Significant	<p>Implementation of this database has been delayed due to ongoing commitments re FFR and the requirement for the Head of Finance to have a demo of the system.</p> <p>Implementing this system will not address the risk highlighted in this audit report but the implementation and adherence by all to a Corporate Debt Policy will - this is due for a full review as per the work undertaken by Deloitte referred to above.</p>	Ongoing	Revenues and Benefits Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>Officer during the 2009/10 audit confirmed that the new database for the management of bad debt write offs was under development. The system is intended to automate the bad debt write off process, and will include a system of electronic authorisations and the generation of cash transfer (journal) sheets for electronic transfer to cashiers.</p> <p>At March 2011 the database is still not operational.</p>	<p><i>meets all requirements.</i> <i>Implementation Date: 31/3/2011</i></p>				
24	<p>There are no formally documented protocols in place to support the management and control of the specific reserve accounts balances (totalling £20.7m, including the single status / unequal pay reserve of £16.6m) on the March 2010 Balance Sheet.</p> <p>The Financial Procedure Rules do not make any reference to earmarked (specific) reserves or earmarked service balances</p>	<p>For each earmarked (specific) reserve held by the Authority there should be a clear protocol setting out:</p> <p>The reason for / purpose of the reserve;</p> <p>How and when the reserve can be used;</p> <p>Procedures for the reserve's management and control; and</p> <p>A process and timescale for review of the reserve to ensure continuing relevance and adequacy.</p>	Significant	<p>A summary of all Earmarked Reserves is provided in the annual Budget Reports to Executive, in which the Head of Finance has to confirm that the level held is appropriate.</p> <p>Reference within the Finance Procedure rules will be looked at as part of the annual review.</p>	31 <sup>st</sup> March 12	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	carried forward.	Detailed procedures and guidance for the creation, management and control of earmarked reserves should be included in the Financial Procedure Rules. In addition the Financial Procedure Rules should include references to the controls around the year end carry forward and subsequent spend of earmarked service balances.				
25	<p>Detailed testing of a sample of the earmarked (specific) reserve account balances on the March 2010 Balance Sheet confirmed that detailed analysis is in place to support each of the main balances (Insurance reserve - £1.45m; Supporting People reserve £1.026m; Waste Disposal reserve £0.894m).</p> <p>Whilst the adequacy of the Flintshire Insurance reserve (£1.3m) has been considered by the Authority's insurance brokers (Heath Lambert) and the Supporting People reserve is based on actual under spend of grant funding per the general ledger, there is limited evidence in place to show that some of the</p>	<p>Each earmarked (specific) reserve account balance should be reviewed and formally considered for continuing relevance and adequacy at each Balance Sheet date.</p> <p>Any earmarked reserve account balances which are no longer considered to be relevant should be transferred to the general un-earmarked fund.</p>	Significant	A critical review of all reserves held has been undertaken in recent budget processes and a significant amount was transferred back to revenue. The relevance of all reserves will continue to be closely monitored as part of budget monitoring arrangements. To facilitate this, a reminder will be given to CFMT.	31 <sup>ST</sup> March 12	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>smaller insurance reserve balances and the Waste Disposal reserve balance have been considered for continuing relevance or adequacy.</p> <p>The Insurance Fund reserve includes balances for Clwyd County Council £25k; Insurance reserve £40k and Environment 3rd party Insurance Claims £87k, these balances are not based on anticipated future costs against the funds / there is no formula in place for the determination of these balances, and there is no evidence that any of these balances have been formally considered for continuing relevance or adequacy at the Balance Sheet date.</p> <p>The Waste Disposal reserve was set up to meet the future costs of disposal of residual waste and stands at approximately £0.628m at 31/3/11. The reserve has been used to fund the costs of bringing AD Waste back in house and to fund the set up costs of the Residual Waste Treatment Partnership. Calculations provided by</p>					

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>Service Accounting suggest that once the AD Waste and Residual Waste Treatment Partnership costs have been met the balance on the reserve account will remain at circa £0.5m.</p> <p>Whilst it is acknowledged that this residual balance will be used to fund future general and strategic waste related costs, there is no evidence that the residual element of the balance has been considered for continuing relevance at the 2010 or 2011 year end.</p>					
26	<p>The Insurance reserve (£1.45m at March 2010) is used to meet the cost of agreed excesses on Flintshire (and Clwyd County Council) insurance policies. The reserve has been in place since 1996 and represents the balance sheet value of the financial accounts prepared for each of the insurance funds. Due to the nature of the reserve Executive are not required to approve expenditure on a payment by payment basis.</p> <p>The Supporting People</p>	<p>Executive approval should be requested for the use of all earmarked (specific) reserves.</p> <p>Executive should be made aware of the use of the Waste Disposal reserve to fund circa £.300m of costs relating to the transfer of AD Waste.</p>	Significant	Executive approval is sought when a specific reserve is set up. It is not deemed necessary to request further approval to utilise the reserve. The use of the waste reserve will be incorporated into the final report to Executive when the liquidation of AD Waste is finalised.	30 <sup>th</sup> June 2012	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>reserve (£1.026m) represents the accumulative under spend of the Supporting People grant. The under spend has been set aside to meet the potential claw back of the unspent grant funding by WAG. To date this reserve has not been used.</p> <p>The Waste Disposal Reserve (£0.894m) is a reserve set up to meet the future costs of disposal of residual waste. The reserve has been used to fund the costs of bringing AD Waste back in house, and to fund Flintshire's contribution to the set up costs of the North Wales Residual Waste Treatment Partnership</p> <p>Executive approved use of the Waste Disposal reserve to fund Flintshire's share of the set up costs of the North Wales Residual Waste Treatment Partnership at a meeting on 19/2/2008.</p> <p>There is no evidence that Executive have approved the use of the Waste Disposal reserve to fund the costs of bringing AD Waste back in house. At March 2011 the AD</p>					

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	Waste costs funded through the Waste Disposal reserve were in the region of £0.300m.					
27	<p>A sample of earmarked service balances included in general reserves on the March 2010 Balance Sheet were reviewed.</p> <p>Environment earmarked service balances at March 2010 totalled £1.232m; evidence was found in the Executive reports of requests for approval of carry forward for £0.206m of this balance.</p> <p>There was no evidence in the Executive reports (at the March 2010 year end) to suggest that requests had been submitted to Executive to carry forward the remaining £1.026m of this balance.</p> <p>Corporate Strategy earmarked service balances at March 2010 totalled £0.270m; evidence was found in the Executive reports of requests for approval of carry forward for £0.233m of this balance.</p>	Executive approval should be in place for all earmarked service balances carried forward at the year end (including unspent balances carried forward from previous year ends).	Significant	Requests for carry forward will be reported through the monthly budget monitoring report.	Ongoing	Finance Manager Corporate Accounting & Systems



Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>There was no evidence in the Executive reports (at the March 2010 year end) to suggest that requests had been submitted to Executive to carry forward the remaining £0.037m of this balance.</p> <p>It was noted that the unapproved carry forwards of £1.026m (Environment) and £0.037 (Corporate Strategy) were made up of unspent carry forward from previous years plus under spend of 2009/10 budget. There was evidence that Directorate Finance Managers had submitted carry forward requests to Service Accounting, but there was no evidence that these requests had been included in the monthly budget monitoring reports to Executive.</p>					
28	<p>Executive are not required to approve specific items of spend against earmarked service balances brought forward (as when Executive approve the carry forward they approve it for a specific purpose; the Directorate Finance Managers are then</p>	<p>Guidance should be provided to Directorate Finance Officers re the level of monitoring and reporting which is required around earmarked service balances.</p> <p>This would ensure there is a clear audit trail of spend against earmarked service balances (in</p>	Significant	This will be progressed through CFMT.	31 <sup>st</sup> March 12	Corporate Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>responsible for ensuring that spend of earmarked service balances brought forward is in accordance with the Executive approval).</p> <p>Review of a sample of earmarked service balances carried forward at March 2010 identified a lack of consistency in the way that earmarked service balances are treated and monitored by the individual Directorate Finance Managers on carry forward into the new financial year.</p> <p>Directorate Finance Managers are required to transfer any earmarked service balances which are no longer required back to the general (un-earmarked) fund. There do not appear to be any controls in place to ensure that this happens, as a result earmarked services balances carried forward may be used to 'prop up' other areas of Directorate budget.</p> <p>There are no policies or procedures in place around the use of earmarked service balances and no guidance provided to Directorate</p>	<p>accordance with the Executive approval) and ensure that any under spend against earmarked service balances is appropriately transferred back to the general (unearmarked) reserve.</p>				

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	Finance Officers around the treatment of earmarked service balances or the level of monitoring and reporting that is required around these balances.					

## Data Protection LD0220P1

We have made two fundamental and three significant recommendations arising from the following:

- Introduce guidelines for the removal of confidential records.
- Ensure filing and archiving is up to date.
- All staff to receive data protection training.
- Standardised approach to the identification of files and review of the file movement cards.
- Inform Senior Managers across the Authority of their responsibilities with regard to the policy on Security of Documents containing Personal Information.

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
4	The case recording policy has been reviewed, although the procedure for the removal of confidential records has not been included. The Service Manager (Fieldwork) has made amendments to the policy. The policy has not been updated to reflect the amendments, but the Social Work Team Managers have been made aware of the amendments and it is their responsibility to inform their staff.	A procedure or guidelines should be introduced immediately for staff to follow when removing confidential records from the office environment.  This has been recommended previously and it is important that it is introduced immediately.	Fundamental	Was discussed at SMT on 15/10/11, Officers identified the requirement for the addition of the guidelines and their implementation.	March 2012	Peter Robson & Liz Roberts

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	The Auditor noted that the amendments required updating to include a version and a date, this was mentioned in an email issued to the Service Manager (Fieldwork), dated 26.07.11.					
3	<p>The Children's Services Offices are due to be closed during December 2011.</p> <p>The future arrangements are yet to be finalised and the future location of the service is yet to be confirmed.</p> <p>At present the Neighbourhood Housing Manager is still responsible for the Management of the staff who file and archive the Children's files located at Connah's Quay.</p>	As Connah's Quay Offices are due to be closed in December 2011, it is fundamental that the filing and archiving is fully up to date, prior to the closure of the Offices.	Fundamental	Part of the closure plan.	Dec 2011	Peter Robson & Liz Roberts
5	<p>At present only a handful of Social Workers based at Connah's Quay have received data protection training.</p> <p>The nature of the work and resulting documentation of Social Services staff is highly confidential and data protection issues and awareness are fundamental to the staff.</p>	All Children's staff should be trained and kept up to date with current data protection issues. All new staff should be fully trained in data protection and a rolling programme should be in place for all existing staff.	Significant	All staff have been issued with details of training and instructed to attend the data protection training as soon as possible.	Ongoing	Peter Robson & Liz Roberts

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
6	<p>The Administration staff at Connah's Quay are still having difficulty in identifying information from the files that require filing and archiving due to inadequate information being supplied on the front of files. The previous audit recommended that all files should take a standardised approach and the Service Manager (Fieldwork) agreed to implement a self adhesive label which should be attached to the front of each file generated. This has not yet been implemented although the date for implementation, November 2010 has since passed.</p> <p>The pink file movement cards had not been reviewed for some time due to lack of time and resources.</p>	<p>The immediate introduction of a standardised approach to the identification of files should now be introduced. This will increase the control surrounding the archiving of files which needs to be up to date before the closure of Connah's Quay Offices.</p> <p>It is essential that a review is carried out of the file movement cards. All files removed from the filing system should be immediately returned once finished with.</p>	Significant	There has been an amendment to the labels devised by Helen Rees and the new labels are now used.	Implemented	Peter Robson & Liz Roberts

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
1	<p>The Data Protection Lead Officer, has recently written and introduced a policy on the security of documents containing personal information.</p> <p>The policy was agreed by the Corporate Management Team (CMT) on 11th January 2011.</p> <p>The policy was available as a draft version on the infonet prior to approval at CMT.</p> <p>The Head of Children's Services has been informed of the policy via a direct email issued to her from the Lead Officer Data Protection. The Lead Officer had also issued the document as a news release item There have been no training sessions with Managers or instructions on when or with whom to complete the assessment.</p> <p>The Auditor contacted nine Service Managers from across the Authority who have access for staff who deal with personal data and who would need to complete the risk assessment or have staff who would need to complete it. From the nine Managers contacted, four were aware of the existence of the</p>	<p>It is recommended that the Data Protection Lead Officer provides corporate advice and guidance to Directors and Head of Service advising them to make all Senior managers within their area's aware of the policy (Security of documents containing personal information) and their responsibilities to ensure their staff complete an annual risk assessment if the Department has access to personal data.</p>	Significant	<p>The policy was put on the Data Protection part of the Infonet and by e-mail of the 5 August 2011 the Lead Officer drew it to the attention of all Heads of Service. Following this audit a further e-mail will be sent to Directors and Heads of Service reminding them of the policy and of the need to ensure that their appropriate staff are aware of it and implement it.</p>	Oct 2011	Democracy & Governance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>policy and none had completed the risk assessment. It was evident from discussing the policy with Managers that there is a lack of commitment from Senior Management. The Managers that were aware of the policy had either been notified of its existence following a Data Security Breach, following the workforce news message or via the Data Protection Team.</p>					



## School Budgetary Control, LL1010P1

We have made no fundamental and three significant recommendations arising from the following:

- The service should ensure that all service level agreements are reviewed at an appropriate time in order to provide a continuous service between parties.
- The current scheme for financing schools should be fully revised and issued as soon as possible.
- Based on the information received the service should consider discussing the use of projected pupil numbers with schools and determine a way forward.

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
6	<p>A discussion was held with the Education Finance Resource Manager and it was established that all service level agreements have been revised and are awaiting agreement from schools for the 2011/12 school year. These agreements include one for the schools accounting service and one for financial services which both assist with school budgetary control and detail the requirements for both the Authority and the School to adhere to.</p> <p>There has also been an increase in the number of agreements available this time and the revised versions have increased from eight to sixteen.</p>	<p>The service should ensure that all service level agreements are reviewed at an appropriate time in order to provide a continuous service between parties.</p>	Significant	<p>It is accepted that sufficient time was not allowed to prepare and circulate new Service Level Agreements at the September 2010 renewal. The opportunity was taken therefore to extend the scope of the Agreements from 8 to 16 and to move the renewal to September 2011. The agreements for the renewal at September 2014 will be available and sent to Headteachers by the end of December 2013 even though it is likely that the scheme will be extended again.</p>	31/12/2013	Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>A sample of schools was selected to identify their arrangements regarding budgetary control and service level agreements and it was established that the existing agreements expired in March 2010. Schools were not provided with any revised versions until October 2010. It was also noted that schools were not informed of any extension to the agreements until late 2010, when the revised agreements were issued.</p> <p>These concerns were discussed with the Education Finance Resource Manager and it was established that significant delays occurred in revising the agreements and this resulted in the new agreements not being publicised until November 2011.</p> <p>In respect of the revised agreements, all schools were provided with the opportunity to comment on the draft versions and Head teachers were invited to attend presentations.</p> <p>It was also established that the schools have been provided with notifications of the revised versions including costings and the agreements have been published on the schools</p>					

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>community website (Moodle). Formal agreement from the schools is not required by the authority until May 2011 for implementation to be made in September 2011.</p> <p>Evidence was seen of communication with the schools visited and appropriate actions have been taken to involve each school with agreeing the content of the new agreements. However, the authority needs to ensure that these service level agreements are reviewed at the appropriate time to allow for schools to review the agreements and provide a continuous service between both parties.</p>					
10	<p>A review of the current scheme was undertaken in line with the School Funding Regulations 2010 to determine if the schools have been provided with accurate information.</p> <p>As stated previously, the current version was last revised in 2005. The Schools Funding Regulations was issued in 2010 and will need to be considered when revising the current version. It was identified that additional changes to the current version</p>	The current scheme for financing schools should be fully revised and issued as soon as possible.	Significant	The scheme will be revised in line with the School Funding regulations issued in 2010.	31/03/2012	Finance Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>were requested from both the Principal Accountant and Internal Audit.</p> <p>In line with the outstanding issues identified, the current version will be to be fully revised and issued to all schools as soon as possible.</p>					
21	<p>A discussion was held with the Performance Information Manager and it was identified that population projections have not been issued to schools for the current financial year. This has been due to a number of factors mainly being the lack of resources available. Compiling this information is complex and requires a full time role which has not previously been available; however a position is currently being considered as part of the job evaluation review. The last exercise was undertaken by the service 18 months ago and all secondary schools were issued with population projections, however no exercise was undertaken for primary schools at this time.</p>	<p>Based on the information received the service should consider discussing the use of projected pupil numbers with schools and determine a way forward.</p>	Significant	<p>It is not clear that statistical information on potential pupil numbers based on demographical areas is really useful to Schools as pupil numbers are also affected by other factors, such as parental choice and county boundaries.</p> <p>Demographic projections forward have been shared with all Schools as part of the School Modernisation information and will be available to Schools from now on.</p>	Ongoing	Performance Information Manager

Para	Findings	Recommendation	Category	Management comment	Implementation date	Manager responsible
	<p>Communications were also held with all secondary school head teachers to establish the usefulness of the information provided.</p> <p>At the time of reporting three responses have been received to date and all comment on the inaccuracies in the data received. Further checks had to be undertaken by the head teachers in order to obtain the correct information.</p> <p>The consensus so far indicates that the use of population projections would be useful for the schools however assurances would be required on the accuracy of data received.</p>					

## Performance Indicators

<b>CORPORATE</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for Audit Committee 1 Nov 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	8	0
Time from issue of draft report to receipt of management response	20 days	63	0
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0	0
Time from receipt of management response to issue of final report	5 days	4	0

<b>FINANCE</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 1 Nov 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	12	11
Time from issue of draft report to receipt of management response	20 days	22	80*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0	0
Time from receipt of management response to issue of final report	5 days	1	1

\* Insurance, Main Accounting, and MTFS all overdue. Delayed by FFR and budgeting

## Performance Indicators

<b>LEGAL AND DEMOCRATIC</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for Audit Committee 1 Nov 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	0	24*
Time from issue of draft report to receipt of management response	20 days	0	7
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0	0
Time from receipt of management response to issue of final report	5 days	0	20

\*Data Protection Further discussions with management

<b>HUMAN RESOURCES</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 1 Nov 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	25	0
Time from issue of draft report to receipt of management response	20 days	17	0
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0	0
Time from receipt of management response to issue of final report	5 days	3	0

## Performance Indicators

<b>INFORMATION TECHNOLOGY</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 1 Nov 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	19	0
Time from issue of draft report to receipt of management response	20 days	42	0
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0	0
Time from receipt of management response to issue of final report	5 days	2	0

<b>LIFELONG LEARNING</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 1 Nov 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	3	14
Time from issue of draft report to receipt of management response	20 days	18	49*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0	0
Time from receipt of management response to issue of final report	5 days	4	11

\*School Budgetary Control. Change of management.



## Performance Indicators

<b>COMMUNITY SERVICES</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for Audit Committee 1 Nov 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	19	1
Time from issue of draft report to receipt of management response	20 days	12	35*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0	0
Time from receipt of management response to issue of final report	5 days	9	1

\*Registration of charges follow up.

<b>ENVIRONMENT</b>			
<b>Performance Indicator</b>	<b>Target Number of Days</b>	<b>Reports Finalised for the Audit Committee 1 Nov 2011</b>	<b>Reports Finalised for this Audit Committee</b>
Time from completion of fieldwork to issue of draft	20 days	13	6
Time from issue of draft report to receipt of management response	20 days	1	31*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0	0
Time from receipt of management response to issue of final report	5 days	102	1

\*Rural Flintshire Development Grant. Further discussions with management.

## Performance Indicators

### Current outstanding reports where number of days from issue of draft report to receipt of Management Response exceeds the target

Directorate	Project Code	Title	Number of days	Target number of days	Level of Assurance
Finance	FD0090P1	Capital Programme	29	20	Limited
Corporate	CD0070R1	Procurement (Approved List)	66	30	Limited
HR	HR0210R1	Absence Management	31	20	Adequate

Capital Programme – Further management discussions

Procurement – Referred to CMT. Further meetings held with management

Absence Management – Management change within HR delaying response. Now received.

## **FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 8**

**REPORT TO:**        **AUDIT COMMITTEE**  
**DATE :**             **14 DECEMBER 2011**  
**REPORT BY:**      **HEAD OF FINANCE**  
**SUBJECT :**         **OPERATIONAL AUDIT PLAN AND RECOMMENDATION**  
                              **TRACKING**

### **1.00 PURPOSE OF REPORT**

1.01 To inform Members of progress against the operational plan for 2011/12. The plan is attached (Appendix A). The results of the current recommendation tracking since the previous Audit Committee are also attached (Appendices B and C).

### **2.00 BACKGROUND**

2.01 The status of all projects at 2nd December 2011 is included in the operational plan. The plan shows the agreed timing for the individual projects where it is known. The recommendation tracking provides details of all recommendations tracked since the previous Audit Committee.

2.02 As reported to the last Audit Committee there has been a need to produce a revised plan for the year. This has been done with the agreement of Directors and Corporate Heads of Service.

### **3.00 CONSIDERATIONS**

3.01 Work is continuing the 2011/12 plan. However, as reported to the last Audit Committee, the department is currently implementing the restructure as part of the Finance Function Review. This has led to a shortage of staff during the transition period as people have left the department before their replacements have been recruited. Backfill and temporary cover has been arranged where possible, but there is still a shortfall of around 300 days. Accordingly the plan has been reviewed in consultation with Directorates and Corporate Services and a revised plan produced. This will be sufficient to meet regulatory requirements and will target major risk areas.

3.02 The recruitment process has now started. The planned structure will support a plan of 1600 days in future years, which is similar in size to previous years. It is envisaged that the new structure will be in place early in the next financial year.

3.03 A summary of recommendation tracking is given in Appendix B. Unfortunately on this occasion not all responses have been received from management. Those that were not received are highlighted in Appendix B They will continue to be monitored and reported to the next committee meeting.

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**Date: 06/12/2011**

3.04 Detailed responses are given in Appendix C. This also includes the test results that led to the recommendations and the date of the original audit report. As agreed in the last meeting, where action plans have been completed the results are shaded, to make it easier to identify the recommendations still outstanding.

3.05 There are two uncleared recommendations which have now been tracked more than five times. One relates to the Youth Service Strategy, where consultation with staff and the trades unions has started. The other relates to the debt management policy in leisure centres. Some progress has been made but full completion is awaiting the new staff structure.

#### **4.00 RECOMMENDATIONS**

4.01 The Committee is requested to consider the report.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None.

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

6.01 None.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None.

#### **8.00 EQUALITIES IMPACT**

8.01 None.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None.

#### **10.00 CONSULTATION REQUIRED**

10.01 None.

#### **11.00 CONSULTATION UNDERTAKEN**

11.01 None.

#### **12.00 APPENDICES**

12.01 Operational Plan 2011/12  
Audit Tracking Summary  
Audit Tracking Detail

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

None.

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## All Assignments sorted by Directorate

### CORPORATE

#### Risk Based Coverage

Risks / Source	Risk Area	Auditable Area	Original Plan days	New Plan days	Status
<b>Council Governance</b>					
4	Risk Management. Effective corporate systems for risk management and business continuity	To provide assurance to Directors and members that the Authority has effective arrangements for risk management and business continuity management and that risks identified by the Authority are being effectively managed.	10	10	FEB
18	Procurement Effective and cost efficient local, regional and national procurement	Review the relevance and comprehensiveness of the Procurement Strategy, and performance against it.	20	20	DRAFT

#### Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	Original Plan days	New Plan days	Status
Performance Indicators	To provide assurance that the reporting of performance is accurate	20	20	JAN

#### Other Internal Audit Coverage

Topic	Source / Rationale	Original Plan days	New Plan days	Status
Corporate Governance	Review the application of the Corporate Governance principles in support of the Annual Governance Statement.	10	10	TBA
Collaborative Working	Confirm that business cases for Flintshire input to collaborative projects are being tested.	10	10	TBA
Theatre Clwyd	The need and scope for the review to be arranged.	10	X	

#### Advisory / Consultancy work

Topic	Source / Rationale	Original Plan days	New Plan days	Status
Flintshire Futures	Participation in project with the	50	25	WIP

	Flintshire Futures teams			
Lean Team	Participation in Lean Team projects.	50	25	WIP

### **Additional Work**

Procurement Select List			20	
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	Total	180	140	
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## **FINANCE**

### **Risk Based Coverage**

<b>Risks/ Source</b>	<b>Risk Area</b>	<b>Auditable Area</b>	<b>Original Plan days</b>	<b>New Plan days</b>	<b>Status</b>
<b>Council Governance</b>					
CG06	Medium Term Financial Strategy and Plan	To review the rigour of the medium term financial strategy for the Authority in terms of its comprehensiveness and the quality and accuracy of forecasting of the pressures and efficiencies in the MTFP.	20	20	DRAFT

### **Coverage for External Audit Reliance or to fulfil Regulatory Requirements**

<b>Systems</b>	<b>Source of Requirement</b>	<b>Original Plan days</b>	<b>New Plan days</b>	<b>Status</b>
Main Accounting	General Ledger, Income and Debtors, Accounts Payable, Cash and Bank, taxation External audit to place reliance on testing undertaken by internal audit.	40	40	WIP
Housing Benefit	To satisfy external requirements of Department of Work and Pensions.	20	20	WIP
Council Tax and NNDR	External audit to place reliance on testing undertaken by internal audit.	20	20	WIP
Capital Programme	Review capital programme strategy. To review whether the Authority effectively prioritises capital expenditure to gain value for money for the resources available.	20	X	
Treasury Management	To verify that effective Treasury Management arrangements are in operation which ensure the security of the Councils cash.	15	15	DEC
Cash and Banking	To verify that cash and banking controls are effective and operated in accordance with procedures.	20	20	WIP

## Other Internal Audit Coverage

Topic	Source / Rationale	Original Plan days	New Plan days	Status
Enforcement	Systematic audit of debt management and enforcement arrangements.	20	X	
Housing Benefit Subsidy	Advisory review of systems and controls for housing benefit to provide assurance to management that problems identified with previous years subsidy claims have been adequately addressed.	15	15	FINAL
Financial Management and Control	Review of financial reporting and management accounts.	15	15	DRAFT
Insurance	Review the Authority's insurance processes	10	10	DRAFT
Corporate Grants	Systematic audit of the arrangements which have been established by the Authority to record, monitor and report external grants.	15	15	TBA
Leasing	Review compliance with Financial Procedure Rules. The audit will consider the rigour of appraisal of capital financial options and how this ensures that value for money is achieved. The audit will also review the effectiveness of controls around approval and monitoring of leases.	15	15	WIP
Total		245	205	

## PENSION FUND

### Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	Original Plan days	New Plan days	Status
Pensions Administration	External audit to place reliance on testing undertaken by internal audit.	20	20	JAN
Pension Contributions	Verification of the contributions made from admitted bodies.	20	20	FEB
Total		40	40	



## LEGAL AND DEMOCRATIC SERVICES

### Other Internal Audit Coverage

Topic	Source / Rationale	Original Plan days	New plan days	Status
Electoral Register	Management concern. Review procedures and processes in relation to the maintenance of an accurate and up to date register.	10	10	JAN
Data protection	Management concern. To review compliance with external regulation. Reviews cover different parts of the organisation each year.	10	10	TBA
RIPA Compliance	Management concern. To review compliance with external regulation.	10	X	
Registration of Charges	Management has requested a follow up review following a review in 2009/10. The review will look at arrangements between Community Services and Legal to place a charge on a property to cover the costs of providing individual nursing care.	15	15	FINAL
Total		45	35	

## HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

### Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source / Rationale	Original Plan days	New Plan days	Status
Payroll & HR System	Regulatory annual audit. Forms part of the overall external audit opinion on the application of controls.	30	30	FEB

### Other Internal Audit Coverage

Topic	Source / Rationale	Original Plan days	New plan days	Status
Absence Management and Return to Work	This will follow-up the review undertaken in 2009/10 which looked at the way absence is being managed and reported. It will concentrate on triggers, long-term absences, referrals to Occupational Health, return to work interviews, and use of management information	10	10	DRAFT

Agency Staff	To review the accounting mechanism. To look at costs especially when covering vacancies, especially in Social Services (one particular Agency being used). To consider value for money alternatives such as utilising MATRIX to administer consultancy staff	15	15	JAN
People Strategy	Review of the Application processes	10	X	
Single status – costing of pay model	Review the processes engaged in the costing of the Pay Model	15	X	

### Advisory / Consultancy work

Topic	Source / Rationale	Original Plan days	New Plan days	Status
Midland Trent: Phase 2	Review any new functionalities which may be introduced during the year.	15	15	ON GOING
Total		95	70	

## INFORMATION AND COMMUNICATIONS TECHNOLOGY

### Risk Based Coverage

Risks / Source	Risk Area	Auditable Area	Original Plan days	New Plan days	Status
<b>Council Governance</b>					
9b	Information Governance Information protects and manages the Councils information assets.	All aspects of IT governance including information management practices, accuracy and completeness of information and security and electronic document management	30	30	ON GOING

### Other Internal Audit Coverage

Topic	Source / Rationale	Original Plan days	New plan days	Status
Software Licences	Review arrangements for ensuring all business software has a current licence and that value for money is achieved	10	10	MAR
Self Service Passwords	Review new procedure to enable users to reset their own passwords	5	5	WIP

Development Standards	Establish development standards used for in-house developments and review compliance	15	X	
IT Training Unit	Review service provided and how service helps deliver corporate priorities	10	10	JAN
Registrars	Establish systems in place and review service area based on key risks	10	10	FEB
Customer Complaints	Review compliance with complaints procedure	20	20	JAN
Operations Management	Consider all functions of Operations Management and prioritise coverage based on risk.	20	20	DEC
<b>Additional Work</b>				
Purchase to Pay (P2P)			10	
<b>Total</b>		<b>120</b>	<b>115</b>	

## LIFELONG LEARNING

### Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	Original Plan days	New Plan days	Status
Grants	WAG requirement for Internal Audit to review specified grants e.g. community schools	20	20	ON GOING

### Other Internal Audit Coverage

Topic	Source / Rationale	Original Plan days	New plan days	Status
Pupil Statistics – Central Control	Ensure the processes in place provide assurance that pupil funding is correct (based on statistical data provided by the schools)	15	15	FEB
Youth & Community	Review operational controls	15	X	
Facilities Services – Catering Services	Review operation of catering services to include ticketless meals and free meals.	20	20	JAN
Schools Corporate Governance	Cross cutting review to assess compliance with relevant legislation of both the central function and in schools.	15	X	
CRB Checks	Compliance review to ensure all relevant checks completed.	10	10	WIP

Transport	Review operational controls	15	15	DEC
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### Advisory / Consultancy work

Topic	Source / Rationale	Original Plan days	New Plan days	Status
Leisure Strategy	Provide advice on controls within relevant actions specified in the	5	X	
Control Awareness Sessions New Heads and Governors	Annual presentations to both new Headteachers and Governors to make them aware of control requirements and the audit process	15	15	ON GOING
Develop audit presence on schools infonet	To establish a presence on the schools infonet to share good practice and highlight any common control issues	5	X	

### Schools Audits

Central reviews	Reviews carried out within County Hall	30	30	ON GOING
Risk based thematic reviews	Reviews carried out across a range of schools	30	30	ON GOING
Control and Risk Self Assessment	Completed by all schools	10	10	WIP

Total		205	165	
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## COMMUNITY SERVICES

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### Other Internal Audit Coverage

Topic	Source / Rationale	Original Plan days	New Plan days	Status
Blue Badges	The review will look at the controls exercised over the issue of disabled Blue Badge parking permits.	5	5	FINAL
Asset Management non-HRA	There are management concerns regarding sustainability issues with energy consumption, repairs, and leases.	10	X	
Humanitarian Response Planning	This is distinct from the Council's Emergency Plan. This plan is owned by Community Services to be able to bring in a variety of procedures in the event of a local disaster. Management are seeking assurance regarding the robustness of the planned response.	10	X	

Governance Arrangements	Management request for assurance regarding integration of services with NHS, and specifically Section 33 compliance.	5	5	WIP
Day Services	A Quality Assurance audit is requested.	10	X	
Homecare	Cyclical examination of compliance with procedures within council operated residential care homes.	10	X	
Appointeeships	Periodic review of the system regarding the establishment of Appointees to administer financial affairs of clients	15	15	WIP
Work Ticket Validation	First review following introduction of new working practices	10	X	
Private Sector Housing	Housing advice and support is offered to all private sector home owners. This review will look at the processes to ensure that systems are operating satisfactorily	15	X	
Rent Arrears	To review the control of arrears and the recovery of outstanding debts	15	15	MAR
Private Rented Sector	Review the processes to increase the supply and choice of new affordable accommodation in locations throughout Flintshire in accordance with housing need and aspiration.	10	X	
Family Information Service	The Family Information Service Flintshire provides free and impartial expert advice, information and guidance on childcare and early education places. This review will examine the processes	10	10	FINAL
Child Care Development	First review of this topic	15	15	FINAL
Re-letting Empty Properties	To review the turnaround of empty properties following the introduction of a lean working initiative.	10	10	FEB
<b>Additional work</b>				
Affordable Housing	In agreement with management, after request from Audit Committee		10	
Total		150	85	

## ENVIRONMENT

### Risk Based Coverage

Risks/ Source	Risk Area	Auditable Area	Original Plan days	New Plan days	Status
<b>Community Leadership</b>					
CL08	Climate Change and flood risk management.	What leadership role does the Council take in both preventing flooding occurring, and responding to flooding when it occurs?  Assessment of the arrangements underpinning current flood risk management and flood prevention in Flintshire.	5	5	WIP
CL09	Regeneration	Review of the operation and effectiveness of the Regeneration Partnership.	5	5	WIP
CL10	County Town Network Regeneration and Protection	Town Centre Partnerships have been established to support the regeneration of the Town Centres. The audit will review the effectiveness of the Town Centre Partnerships	20	X	
<b>Council Delivery</b>					
CD02	Public Protection  <b>Statement of the Priorities of the Administration</b> 2010-12: To improve Council enforcement particularly in environmental services, the cleanliness of the 'public realm' and in planning development control	What enforcement activities does the Council undertake to protect and enhance the Street Scene and could these be further developed to support the Community Strategy aim to create safe, well-maintained and attractive public spaces? The focus of the review will be on the cleanliness of public realm.	20	20	DRAFT
<b>Council Governance</b>					
CG05	Asset Management	To examine the Council's approach to fixed asset (property) management to ensure that assets are managed in such a way as will best benefit the Council in the short and the long term.	25	25	JAN

<b>Operational</b>					
	Planning	Internal audit of compliance with standard procedures as set out in Development Control Procedures Manual.	20	X	
	Traffic Management Act	Implementation identified as a weakness in the Service Plan.	15	15	WIP
	Communities First	Follow up	10	X	

### Other Internal Audit Coverage

<b>Topic</b>	<b>Source / Rationale</b>	<b>Original Plan days</b>	<b>New Plan days</b>	<b>Status</b>
Streetscene	Procurement/contract management arrangements will change with the introduction of the new Streetscene arrangements. The audit will evaluate and test the controls which have been established for procurement and contract management.	20	X	
3 <sup>rd</sup> Party Claims	Systematic review of 3 <sup>rd</sup> party claims.	10	10	WIP
Planning	Appeals National Indicator PLA/003 which measures the % of appeals determined that upheld the Authority's decision in relation planning application decisions and enforcements notices for 2009/10 was 56.36% with the Authority ranked 21 out of 22 in Wales. The audit will review what action is being taken to improve performance in this area.	15	15	WIP
Planning	Enforcement National Indicator PLA/005 which measures the % of enforcement cases resolved during the year within 12 weeks of receipt was 38.37% in 2009/10 with the Authority ranked 21 out of 22 in Wales. The audit will review what action is being taken to improve performance in this area.	15	X	
Subsidised Bus Services	Management Concern. Value for Money review of Subsidised Bus Services.	10	10	DRAFT
Income from Fees and Charges	Management Concern. Is the Directorate maximising income to support frontline services? The audit will review income generation across the Directorate, benchmarking income levels against other Authorities where possible.	15	15	FINAL

Additional work				
Rural Development Plan	Request by Head of Regeneration to review systems and controls for the management of RDP		20	DRAFT
Carbon Reduction Commitment	Regulatory requirement to provide Internal Audit assurance of reporting under the carbon reduction commitment scheme.		15	WIP
Total		205	155	

### Investigations, Provisions and Development

	Original Plan days	New Plan days	Status
Pro-active fraud work and NFI	50	50	
Investigations	100	135	
Provision for ad-hoc requests from Directorates	100	50	
Audit Development - IDEA	30	X	
Total		280	235
Overall Total		1565	1245



Implementation Status of Limited Assurance Reports Issued

Title	Report Reference	Final Date Issued	Recommendations			Response Received	Recommendations			
			Category	Made	Previously Implemented		Previously Deferred	Due By	Imp	NOT Imp
<b>CORPORATE</b>										
RISK MANAGEMENT	CD0020P1	Jul-11	Fundamental	0	0	0	YES	0	0	0
			Significant	4	0	0		3	1	2
PERFORMANCE INDICATORS	CD0200P1	Jul-11	Fundamental	0	0	0	NO	0		
			Significant	10	9	0		1		
PROCUREMENT	CD0070P1	Nov-10	Fundamental	0	0	0	NO	0		
			Significant	4	0	4		4		
<b>FINANCE</b>										
ENFORCEMENT	FL0300L1	Feb-09	Fundamental	0	0	0	YES	0	0	0
			Significant	20	8	12		3	1	2
PROCUREMENT	FL0070M1	Sep-09	Fundamental	0	0	0	NO	0		
			Significant	6	2	4		3		
MAIN ACCOUNTING	FD0080N1	Sep-10	Fundamental	1	0	1	NO	0		
			Significant	6	3	3		1		

HOUSING BENEFITS	FD0615P1	Aug-11	Fundamental	1	1	0	YES	0	0	0
			Significant	2	0	2		2	2	0
MEDIUM TERM FINANCIAL STRATEGY	FD0040P1	Apr-11	Fundamental	1	1	0	YES	0	0	0
			Significant	4	2	1		1	0	1
<b>LEGAL &amp; DEMOCRATIC</b>										
EMPLOYMENT PRACTICE CODES	LD0220N1	Mar-10	Fundamental	3	3	0	YES	0	0	0
			Significant	25	23	2		1	0	1
<b>HUMAN RESOURCES</b>										
RECRUITMENT POLICY	HR0200N1	Sep-11	Fundamental	0	0	0	YES	0	0	0
			Significant	8	0	0		1	1	0
PAYROLL	HR0150N3	Sep-10	Fundamental	0	0	0	YES	0	0	0
			Significant	9	6	2		2	2	0
PAYROLL	HR0150P2	Jun-11	Fundamental	0	0	0	YES	0	0	0
			Significant	8	4	2		3	2	1
<b>IT</b>										
PCI COMPLIANCE FOLLOW UP	IT0030N2	Jun-10	Fundamental	1	0	1	YES	1	0	1
			Significant	0	0	0		0	0	0
MASTERPIECE SECURITY SYSTEMS	IT0230P1	Apr-11	Fundamental	1	1	0	YES	0	0	0
			Significant	1	0	1		1	0	1

COMMUNITY SERVICES												
RENT RECOVERY & ENFORCEMENT	CH0060M1	May-09	Fundamental	0	0	0		YES	0	0	0	
			Significant	5	4	1			1	0	1	
SUBSISTENCE & ALLOWANCE	CS0130M1	Feb-09	Fundamental	1	0	1		NO	1			
			Significant	3	0	3			3			
CHILDREN'S SERVICES TAXIS	CS0070P1	Mar-11	Fundamental	0	0	0		NO	0			
			Significant	13	9	1			2			
ENVIRONMENT												
YOUTH & COMMUNITY	EC0030K1	Sep-07	Fundamental	0	0	0			YES	0	0	0
			Significant	6	5	1				1	0	1
LEISURE MANAGEMENT	EC0070L1	Dec-07	Fundamental	0	0	0			YES	0	0	0
			Significant	4	3	1				1	0	1
BUSINESS ENTERPRISE UNITS	EN0010N1	May-10	Fundamental	0	0	0			YES	0	0	0
			Significant	8	4	4	3			0	3	
DATA MANAGEMENT PUBLIC PROTECTION	EN0080N1	Mar-10	Fundamental	4	2	2	YES		1	0	1	
			Significant	18	8	10			4	0	4	
TECHNOLOGY FORGE	EN0100N1	Apr-10	Fundamental	0	0	0	YES		0	0	0	
			Significant	7	5	2			1	0	1	
SECTION 106 AGREEMENTS	EN0020P1	Feb-11	Fundamental	0	0	0	YES		0	0	0	
			Significant	17	6	10			3	1	2	

LIFELONG LEARNING											
E TEACH	LL0190N1	Aug-10	Fundamental	0	0	0		YES	0	0	0
			Significant	4	1	3			2	0	2
ICT UNIT OF SECURITY MOBILE DEVICES	LL1065P1	May-11	Fundamental	4	0	0		YES	3	2	1
			Significant	1	0	0	1		1	0	

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: 28<sup>th</sup> July 2011

<b>Project Ref:</b>	CD0020P1
	Risk Management

<b>Directorate:</b>	Corporate Services
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
9	The production of guidance for the completion of risk has been considered to be unnecessary by the Risk Manager, it is felt that ownership of risk is not subject to regular change and risk owners are experienced in the completion of the SARC template. It is considered that the SARC template is simple enough to follow without additional guidance. From discussion with three Secondary Leads this view was supported.	S	<p>Recommendation:</p> <p>When management provide updates for the SARC report, only realistic and supportable projections should be included. If there is no clear evidence of a path to the achievement of a green rating, this situation should be recorded in the SARC report.</p> <p>Management Comment:</p> <p>Agreed, this is the case for many of the SARC entries currently.</p>	30.9.11	1		

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
12	<p>The PPP section has aimed to integrate service planning, performance management and risk management. The updated Risk Management Strategy issued in July 2010, in addressing operation risk inclusion in the Service Plan does make it a specific requirement for operational risks to form part of the Service Plan.</p> <p>We conducted a general review of all 24 Service Plans covering 2010/11. It was noted that there is no standard approach to the design of plans or the inclusion and approach to operational risk. It was however noticed that Environment Directorate Service Plans did follow a general format and the identification of operational risks and their management were generally but not in all instances, included.</p> <p>of operational risks in this Service Plan.</p> <p>Work is still ongoing to establish a risk reporting module in Ffynnon but it is</p>	S	<p>Recommendation:</p> <p>The Risk Management Strategy should be amended to require the inclusion of the identification and management of operational risk in departmental Service Plans.</p> <p>Services should maintain operational risk registers</p> <p>Management Comment:</p> <p>Agreed, this is already the case in many service plans.</p> <p>We suggest that local risk registers should be established using a standard template provided by the Risk Manager.</p>	Oct 2011	2	<b>April 2012</b>	<p>Work in progress – operational risk templates will be produced with the service plans for 2012/13.</p> <p>Training/awareness-raising sessions to be held to assist managers with completion.</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>anticipated that it could be some time before this is in place. In the meantime there is a need to ensure that risk management processes for operational risks are robust as operational failures can have significant impacts and cause reputational damage.</p>						

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
13	<p>It was found that there is a Project Management System in place, supported by a Project Management Handbook available on the InfoNnet. Risk Management is adequately built in to the Project Management System. The completion of a risk log is required as part of the project initiation process and the maintenance of this log is deemed essential for medium and high scale projects.</p> <p>There is detailed guidance available for the use of the system. The guidance is based on the Prince 2 model and the consideration and management of risk is built in to the process.</p> <p>It was noted that the approach to risk has been built in to the Prince 2 model and therefore does not follow the corporate approach to risk.</p> <p>It was found that use of the Project Management System has only been mandatory for projects</p>	S	<p>Recommendation: To ensure that all projects funded and delivered by the authority are effectively managed and delivered in a uniform manner, the use of the Project Management System should be compulsory</p> <p>Management Comment: The project management system supports the Council's adopted project management methodology agreed by CMT methodology and supporting system has been adopted as a corporate approach. Further work will be required to ascertain the extent of this issue and to establish why the methodology and system are not being used.</p>	Oct 2011	2	April 2012	<p>CMT have re-endorsed the use of the Project Management methodology and system.</p> <p>Training in the use of project management is provided corporately.</p> <p>The methodology and training is being revised to include the corporate risk management approach into the project management methodology. It is also being revised to include benefits realisation.</p> <p>All new projects (especially Flintshire Futures projects) will be using the methodology.</p>



## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>requiring the input of the IT Department. Other projects have been able to by-pass the Project Management System. The extent of these projects being delivered outside of the Project Management System is unknown by the ICT Service &amp; Performance Manager.</p> <p>As there are an unknown number of projects operating outside of the project management framework, it is not possible to determine if all projects are being delivered using an effective framework with an adequate consideration of risk management.</p>						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

**DATE ISSUED: FEBRUARY 2009**

<b>Project Ref:</b>	FL0300L1
	Enforcement

<b>Directorate:</b>	Finance
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### ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
4	With no current policy, and no proposals in the draft policy document referred to in paragraph 2, there is currently confusion around responsibility for the identification of Executors, and the submission of appropriate claims against the Estates of deceased service users.	S	<p>Recommendation</p> <p>Directorate Management need to determine where responsibility for the recovery of debt from deceased service users currently lies, to establish whether this is a function of the Enforcement team or the Legal team.</p> <p>A statement of policy and an operational procedure should be developed for the management of 'deceased with debt', which sets out;</p> <ul style="list-style-type: none"> <li>Responsibility for the notification of deceased</li> </ul>	June 2009	2	March 2010	Significant resource issues have resulted in a delay implementing this recommendation.
						Nov 2010	Resource allocated to conduct review of Corporate Debt Policy and Procedures.
						Sep 2011	<p>The resources that had been recruited to work on Corporate Debt left the authority at the end of July 2010.</p> <p>It has subsequently been decided that Corporate Debt is to be fully reviewed as part of the Flintshire Futures programme and this issue will be addressed as part of that process.</p>

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			<p>with debt to the relevant recovery team;</p> <ul style="list-style-type: none"> <li>• Responsibility for the identification of next of kin and Executors of the Estate;</li> <li>• Responsibility for the submission of claims against the Estate.</li> <li>• The arrangements for monitoring and managing 'deceased with debt' accounts.</li> </ul> <p>Management Comment Registrar completes a deceased list weekly and distributes it to Local Taxation and Electoral Services. List needs to be made more widely available, via Infonet, and Operational procedure established.</p>			March 2012	Corporate Debt has been designated as one of the Flintshire Futures Projects - this work has been reviewed as part of a Lean Project and further work done by Deloitte to inform the Corporate Debt Project – a Project Initiation Document has been produced and agreed 24 November 2011 and the Project Board and Team identified – work will start in December 2011. This will cover all of the issues raised in this Audit, the original FF's Scope, the Lean Project recommendations and the Deloitte's Review recommendations.

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
28	<p>The monthly suppression reports were reviewed to ensure they included an appropriate level of detail. In addition discussion took place with Directorate finance teams to gauge their views on the usefulness of the reports. Review and discussion identified;</p> <p>The invoice date is not included on the monthly suppression report (although it is acknowledged that the report does not show the number of days the debt has been outstanding</p> <ul style="list-style-type: none"> <li>The date the suppression has been added to the account is not reflected on the monthly suppression report;</li> </ul> <p>There is no scope to include suppression expiry dates on the monthly suppression report.</p>	S	<p><b>Recommendation</b></p> <p>The monthly suppression reports should be amended to reflect the invoice date and the date the suppression was added to the account, thus allowing easier identification of old debts, and those accounts which have been suppressed for significant periods of time.</p> <p>Consideration should also be given to the use of suppression expiry dates (of up to 3 months) on suppressed accounts to ensure that suppressions are not allowed to remain against accounts indefinitely.</p> <p><b>Management Comment</b></p> <p>Under review to determine feasibility.</p>	Aug 2009	1	<p>March 2010</p> <p>October 2010</p> <p>September 2011</p>	<p>Significant resource issues have resulted in a delay implementing this recommendation.</p> <p>The Corporate Debt review will incorporate this aspect of recovery process and reporting options. Timeline adjusted to reflect the project timescale.</p> <p>It has been decided that Corporate Debt is to be reviewed as part of the Flintshire Futures programme and this issue will be addressed as part of this process.</p> <p>Suppressed accounts are now proactively monitored by the AR section on a monthly basis. System limitations mean this is a labour intensive, manual process.</p>

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
29	<p>There are no BVPI's (Best Value Performance Indicators) in place for local authority debt collection and recovery, and there are no internal targets for the recovery of debt or for acceptable levels of bad debt within the authority.</p> <p>Discussion with the Fraud and Enforcement Manager confirmed that it is difficult to attribute recovery specifically to the Enforcement team; debt may have been settled without any intervention from the Enforcement team, the debt may have been settled as the consequence of a systems generated reminder or staff within the issuing departments chasing debt; settlement within a month / quarter may have related to recovery action taken in a previous month / quarter.</p>	S	<p>Recommendation</p> <p>The adequacy of the current processes in place for monitoring income collection and the performance of credit control / debt recovery within the authority should be assessed.</p> <p>Consideration should be given to benchmarking at service level with other Local Authorities (benchmarking staff numbers, total AR debt; bad debt provision, etc). It should be ensured that adequate resources are made available to progress the development of the aged debt 'trend analysis' report.</p> <p>Management Comment Process under review</p>	June 2009	2	<p>March 2010</p> <p>Oct 2010</p> <p>Sep 2011</p>	<p>Significant resource issues have resulted in a delay in full implementation of this recommendation.</p> <p>Corporate Debt review will incorporate performance management of all stages and reporting options. Timeline adjusted to reflect the project timescale.</p> <p>It has been decided that Corporate Debt is to be reviewed as part of the Flintshire Futures programme and this issue will be addressed as part of this process.</p>

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Currently the main indicator of the performance of the Enforcement team is the bad debt provision (prepared by the Systems and Performance Manager and reviewed by Finance Management).</p> <p>The Enforcement Manager is currently in the process of developing a 'trend analysis' report, providing information relating to trends in the levels of recovery from month to month. There have however been a number of problems with the Masterpiece query, and to date the report is failing to accurately reflect the ageing of the debt at the point of collection. The report therefore remains in development.</p>						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: AUGUST 2011

<b>Project Ref:</b>	FD0615P1
	Housing Benefits - WAO

<b>Directorate:</b>	Finance
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3.1	<p>A sample of 25 Housing Benefit Claims was selected at random from the payment run dated 14th June 2010. These were checked to the live IBS system for accuracy and correct application</p> <p>Our testing revealed:            9/25 claims had been assessed correctly</p> <p>8/25 had resulted in underpayments as the new applicable LHA rates had not been updated from the anniversary of the date of the claim. The system had failed to update these claims on the due</p>	S	<p>Recommendation:            It is recommended that following the large number of inaccuracies found by both Wales Audit Office and Internal Audit on a relatively small sample of claims, the Housing Benefit Section review their processes to ensure that input errors are minimised and that assessors are reminded of the importance of thoroughly checking the information available to them on the system prior to processing claims.</p> <p>Management Comment:            For the claims where there were system problems, this has now been fixed.</p>	31.12.10	1	<p><b>30<sup>th</sup> April 2011</b></p>	<p>A full process review for new claims and changes in circumstances is currently under way. This will identify the current way that we are working and the processes and procedures that are in place to administer claims. We are also looking at the way that we are using our IT systems and the reporting tools that we are using. Once this review is undertaken we will be identifying what management controls are missing to ensure that errors are minimised and that benefit claims are paid as efficiently and effectively as possible.</p> <p>A robust accuracy regime is also being put in place. This will be based on risk assessment . The section will use the CRA system and also other high risk areas that have been/ will be Identified going forward. These will include high risk areas around subsidy such as Rent Officer decisions and classification of overpayments. It</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>dates. The system has since been rectified and is now automatically updating LHA claims on the anniversary of the claims.</p> <p>1/25 the claim had the incorrect maternity allowance on the system resulting in an overpayment of £5.85.</p> <p>1/25 the change in LHA rate had not been picked up on a report of updates requiring action.</p> <p>1/25 the claim had adjustment payments because of a system error altering the rent allowance and LHA rate in error.</p> <p>3/25 the incorrect rent figures had been input to the system, one resulting in a large underpayment, one not affecting the claim and one resulting in a small underpayment. Also on one of these claims only one non</p>		<p>The results of our quality control checking will be fed into individual meetings and/ or team sessions to highlight problem areas and to introduce amended processes or procedures as required minimising future occurrence.</p>				<p>will also include areas identified in audits both internal and from the WAO.</p> <p>This accuracy process will be co-ordinated on a weekly basis by Benefit team Managers. All staff in benefits will be held individually responsible for critical and non-critical errors and checks will be made both pre- notification and post notification. Management information will be collated for reporting purposes against targets that are to be set. It is envisaged that targets will be set over a 3 year period. For 2011/12 90%, 2012/13 92% &amp; 2013/14 95%.</p> <p>Individual targets for staff will also be set and individual case monitoring will also be based on risk.</p> <p>All errors that are found are to be amended by the individual member of staff who made it and all targets and performance against those targets will be reported to staff at their monthly one to ones and also will form part of the appraisal process.</p> <p>The cases that are were identified as part of the Original testing form IA and the WAO are currently being analysed and risk assessed.</p> <p>Completed</p>



## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>dependent is shown on the system and the DWP letters show two. The dependent shown on the system was not one of the two disclosed on the DWP letter.</p> <p>1/25 Housing Benefit had been paid for a month after the claimant had vacated the property and had not been picked up, resulting in an overpayment.</p> <p>1/25 although the claim was correctly assessed there had been no clarification of the bank details supplied by the claimant in the name of another person.</p> <p>In summary 16% of claims sampled had errors due to incorrect input of data, 8% of claims had errors due to the assessor not picking up all the information available from the system, 4% of claims had</p>					<p><b>31<sup>st</sup> August 2011</b></p> <p><b>31<sup>st</sup> October 2011-</b></p>	<p>The Department of Works and Pensions Performance and Development Team is currently working with the department to review all processes. This is to be completed by the 31<sup>st</sup> August 2011.</p> <p>To be completed by 31<sup>st</sup> October 2011 Completed</p>



Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: 20<sup>th</sup> April 2011

<b>Project Ref:</b>	FD0040P1
	Medium Term Financial Strategy

<b>Directorate:</b>	Finance
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### ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
10	The Authority has recognised that capital programme planning needs to be integrated into the MTFP to bring together the revenue and capital financing and expenditure plans.	S	<p>Recommendation: The MTFS should incorporate capital programme planning with sensitivity reviews based on key variables.</p> <p>Management Comment: Officers have committed to providing Members with a Prudential Borrowing Strategy post April 2011.</p>	Summer 2011	2	<b>Dec 11</b>	Work has been progressing on identifying capital expenditure needs across all services. Meetings have taken place with all Departments during August, and will be the subject of detailed consideration by the Corporate Management Team and Members at a workshop scheduled in December. This work will not only identify capital financing requirements but will inform the development of a prudential borrowing strategy for major capital items and firmly link the capital programme with the revenue budget.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	LD0220N1
	Employment Practice Codes

**DATE ISSUED: MAR 2010**

<b>Directorate:</b>	Legal & Democratic
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1.7.4	The CRB database states the results of the disclosure (whether a conviction or warning) but does not include the details of any convictions. The CRB policy includes a list of field headings which are contained within the CRB database; information relating to the results of the disclosure is not included in the list.	S	<p>Recommendation:            The CRB policy should be updated to include the fact that disclosure results (conviction or warning) are held within the CRB database.</p> <p>Management Comment:            To be reviewed alongside ISA Review</p>	Nov-10	2	End of Jan 2011	ISA implementation has been put on hold so a new policy has not been developed. The CRB policy is being revised and a form of words will be agreed and incorporated into revised CRB policy.
						End of March 2011	As above
						End of Sept 2011	
						On hold – but proposed by begin April 2012	Draft policy has been created but there is a dependency on a CRB report that is awaiting CMT decisions – this should be completed and agreed before the beginning of next financial year.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: 27<sup>th</sup> September 2011

<b>Project Ref:</b>	HR0200N1
	Recruitment Policy

<b>Directorate:</b>	Human Resources
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
10	<p>A sample of 7 new posts (recruited prior to April 2010) was selected for detailed review. A copy of the short listing matrix was on file for 2 of the 7 posts reviewed. There was no evidence of the short listing process being undertaken for the other 5 posts.</p> <p>HR confirmed that these documents should be on file (in line with the Recruitment Policy Operating Procedures). The HR Service Centre Manager confirmed that the recruiting manager is responsible for ensuring the completeness of the job file, but the files should be checked by the HR Service Centre to ensure they contain all the appropriate documentation supporting the appointment.</p>	S	<p><b>Recommendation:</b></p> <p>To ensure an adequate audit trail and to ensure adequacy of documentation in the event of challenge, each Recruitment file should contain a copy of the relevant short listing criteria and the completed short listing matrix.</p> <p><b>Management Comment:</b></p> <p>A checklist for the job recruitment file contents is to be introduced and all HRSC staff to be briefed on the requirements.</p> <p>Management spot checks are to be introduced to ensure compliance.</p>	1.11.11	1		A checklist is in place for the job recruitment files and an internal auditing process (monthly) has been agreed and is in place.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>There was no evidence of 'unsuccessful at application' letters on file for 6 of the 7 posts reviewed; it was noted however that these letters are generated through RMS and may not have been printed out and filed).</p>						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: 27<sup>th</sup> September 2010

<b>Project Ref:</b>	HR0150N3
	Payroll

<b>Directorate:</b>	HR
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
11a)	<p>New starter forms had been used in all cases. All had a line manager signature but this is not checked by HR staff. It was noted that a different new starter form has been used for education staff and this form does not include the requirement to submit an NI number.</p> <p>The information on three of the new starter forms did not exactly match that held within the payroll system.</p>	S	<p>Recommendation:            The new starter form for education staff should be examined to ensure it includes all details required; the form should include space for an NI number to be submitted.</p> <p>Management Comment:            Draft new starter form including the NI Number was agreed by Payroll &amp; Internal Audit in August 2010.</p> <p>Form to be revised to include the additional pay details needed for teaching staff. Schools to be advised of the new requirement to complete form.</p>	31.12.10	1	<p><b>31.09.11</b></p> <p><b>31.10.11</b></p>	<p>HR Service Centre forms currently being revised following completion of the new format, Forms for school based staff will be developed to mirror the revised Service Centre design (including the National Insurance number). ICT Development scheduled for September</p> <p>Revised new starter forms for Education staffing do now have the NI number of them.</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
14a	End dates had not been completed for any of the one off payments in the sample. Eight of the one off payment approval forms had been certified and authorised by the same person.		<p>Recommendation: All one off payments should be listed by the appropriate job title within the payroll system and end dates should be entered to allow for correct establishment control</p> <p>Management Comment: Groundwork in reducing the number of position titles commenced as part of the Trent Improvement Project in March 2010.</p>	31.03.11	1	30.9.11	<p>Work on-going to stop all One off payments being paid using the current claim form and process. We aim to cease all payments by 30.09.11. and ensure that in future Managers concerned use the Establishment Control process.</p> <p>30.09.11 – Completed: All “One Off Payment” positions have been closed. All workers not paid in previous 12 months’ “One Off” records have been closed with the remainder moved to a new unit outside of the FCC organisation named “Non FCC Worker”, all current positions have been assigned appropriate job titles. A new pay/element code “Non FCC Fees” has been created which appears on payslips by way of confirming to the worker that the payment is not related to FCC.</p>



Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: 27<sup>th</sup> June 2011

<b>Project Ref:</b>	HR0150P2
	Payroll

<b>Directorate:</b>	HR
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5b	<p>From the 11 new starter forms examined the following information was identified:</p> <ul style="list-style-type: none"> <li>New starter forms had been used in all cases, were fully completed and the details on the form agreed to the payroll system.</li> <li>6/11 starter forms were found to have been authorised by officers on the authorised signatory lists (manual records and spreadsheet)</li> <li>3/11 starter forms were found to have been authorised by an officer who was not</li> </ul>	S	<p>Recommendation: New starter forms without appropriate authorisation should be rejected by HR staff.</p> <p>Management Comment: Education Staffing assistants will be reminded to check signatories</p>	<p>31.08.11</p> <p>31.10.11</p>	1		<p>Schools do not currently use corporate starter forms. Schools appointment forms to be checked once authorised signatories list is received from Payroll Section.</p> <p>HRSC have been reminded to check that submitting officer is included in the certifying officers list – if not the form is rejected.</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>present on the list of authorised signatories</p> <ul style="list-style-type: none"> <li>1/11 starter form was authorised by an officer who did not have the correct level of authorisation</li> <li>1/11 starter form was authorised by an officer whose signature was not legible</li> </ul> <p>Discussions were held with HR Operational Manager who confirmed that all new starter forms should be checked by HR staff to ensure that they have been appropriately authorised.</p>	S				31.10.11	
6b	<p>From the 10 leaver forms examined the following information was identified:</p> <ul style="list-style-type: none"> <li>8/10 leaver forms were fully completed and the details on the form agreed to the payroll system.</li> <li>7/10 leaver payments were processed in a timely manner</li> <li>2/10 leaver forms</li> </ul>	S	<p>Recommendation: Directorates should be reminded that they must submit leaver information on the payroll section in a timely and accurate manner</p> <p>Management Comment: Schools will be reminded of the importance of submitting all forms in a timely manner.</p>	31.08.11	1	<b>31.10.11</b>	Reminder has been issued via workforce news re payroll deadlines and the impact of late submission of forms.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>were received late by payroll resulting in an overpayment and cancelled pay to staff members</p> <ul style="list-style-type: none"> <li>• one leaver form had an incorrect leaver date recorded on it which resulted in a timesheet being submitted and authorised after the actual leave date</li> <li>• one leaver form was not completed for a staff member employed in the Theatr. An interrogation of the payroll system showed only one payment episode made to the employee resulting in an one off payment</li> <li>• On one occasion a T36 form (LGPS Notification of Termination) was held on file instead of a leaver form</li> </ul> <p>Catering use their own version of a leaver form</p>						

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6c	As above		<p>Recommendation: Standard leaver forms should be used across the Authority</p> <p>Management Comment:: Redesign of all forms currently used by non-school based staff is ongoing, following completion of the exercise work will commence to align those forms used for school based employees</p>	30.9.11	2	<b>End December</b>	<p>IT development time has been scheduled for September – revised leavers forms now complete and being trialled across the organisation.</p> <p>All new HR forms are being used and are available on the Infonet – IT development work is underway – scheduled release date end December 2011. At which point we will consider how to align forms with schools. Schools have however recently re-designed their forms and it may be that we will not be able to merge the forms as the requirements are different.</p>

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	IT0030N2
	PCI Compliance Follow Up

**DATE ISSUED: 4<sup>th</sup> June 2010**

<b>Directorate:</b>	IT
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1	<p>During the course of the review we identified that ownership of the PCI DSS compliance framework has not yet been formally assigned within the Council. This may be impacting on the progress being made to implement the agreed actions and may provide an increased risk to the Council in the operation and control of the PCI requirements.</p> <p>Management should assign formal ownership for PCI DSS compliance to a role with</p>	F	<p>Recommendation:            Corporate Management should assign formal ownership for PCI DSS compliance to a role with appropriate seniority within the Council to ensure a coordinated approach to the completion of the agreed actions arising from the Socitm report. Dates should also be specified for the completion of the outstanding actions.</p> <p>Management Comment:            A Task and Finish Group is to be established by the Information Security Manager</p>	Aug 2010	2	May 2011	<p>6<sup>th</sup> December 2010</p> <p>Work in progress</p> <p>8<sup>th</sup> June 2011            A meeting is scheduled to discuss the future direction of the Councils payment system. This decision will impact on the PCI DSS compliance requirements.</p> <p>5<sup>th</sup> September 2011            The Finance led 'Methods of Payments' Project under Flintshire Futures is awaiting a Project Manager to be assigned. PCI DSS compliance will be in scope for this project.</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	appropriate seniority within the Council to ensure a coordinated approach to the completion of the agreed actions arising from the Socitm report.		to address the issues. Each section processing card payments will be required to participate and take ownership for PCI DSS compliance.			<b>June 2012</b>	8 <sup>th</sup> November 2011 The Authority has been informed by the current supplier of the cash receipting system that their payment application will be PCI DAS compliant by June 2012 however this requires a move to the hosted solution. The supplier has indicated that they will no longer support an on-site card server.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: 19<sup>th</sup> April 2011

<b>Project Ref:</b>	IT0230P1
	Masterpiece Security System

<b>Directorate:</b>	Finance
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### ACTION PLAN

Para.	Recommendation	Cat	Recommendation & Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
9	<p>The audit log does not record user views, it only records where any file has been updated by the Masterpiece system (e.g. add, change or delete).</p> <p>It is only possible to use the audit logging functionality for one file e.g. any changes to vendor name and address or any changes to vendor bank details. It is not possible to run the audit log over more than one file.</p> <p>A test was completed of changes to the audit vendor name and address file which proved that it was possible to see the user id of the user who</p>	S	<p><b>Recommendation:</b></p> <p>The situation regarding the use and capability of audit logging within the Masterpiece system should be reviewed. The review should involve all stakeholders and should determine the reasons for audit logging, the levels required and how this could be achieved</p> <p><b>Management Comment:</b></p> <p>A paper will be produced reviewing the problems and limitations of the current system and identifying practical possibilities for improvement. The paper will be produced for the Head of Finance to consider.</p>	After July 2011 (post FM4 upgrade)	2		<p>Needs further work. FM4 upgrade problems still requiring a lot of staff input.</p> <p>As Stated recently the current Accounting System (Masterpiece) can not comply completely with the Audit Recommendations.</p> <p>Implantation of the recommendations can therefore only be achieved following the procurement of a new Financial System.</p> <p>A Report outlining the limitations of the Financial System(Masterpiece) is to be prepared for comment by the Head of Finance following the FM4 upgrade and the Implementation of the P2P project (Pilot went live 25<sup>th</sup> November)</p>

## ACTION PLAN

Para.	Recommendation	Cat	Recommendation & Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>originally set up the entry and the user id of the user effecting the change.</p> <p>An attempt was made to record an audit log of users updating the system however this did not appear to have been successfully recorded on the audit log.</p> <p>The lack of audit trails means that any investigations necessary which involve data from within the Masterpiece system may be more time consuming and difficult to resolve.</p>		<p>However WAO have already recognised that due to the limitations of the current system significant improvement will only be made when a new system is implemented.</p>				



Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

**DATE ISSUED: MAY 2009**

<b>Project Ref:</b>	CH0060M1
	Rent Recovery and Enforcement

<b>Directorate:</b>	Environment
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### ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
18	There is a set procedure in place detailed within the Former Tenants Rent Procedures Manual for the pursuance of rent arrears from former tenants and a number of processes have to be followed prior to arrears being written off.	S	Recommendation Debts must only be recommended for write-off when exhaustive measures have been clearly undertaken to recover them to ensure monies due to the Authority are not being lost unnecessarily.	July 2009	2	<b>Jan 2012</b>	The new dedicated Income Management team started on the 11 <sup>th</sup> July 2011.  Following meetings with the Procurement Section, a tender is currently being drawn up for former tenant arrears to be sent to an outside debt recovery company to recover. This will help to ensure that we collect the highest level of former tenant rent arrears possible.

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>It is the responsibility of each Rent Officer to consider if all avenues have been pursued before recommending a write off. Categories have been included within the IBS computer system to assist officers in making a recommendation.</p> <p>FW1 Uneconomical to pursue. All debts of less than £5.00 (or less than one weeks rent on garage tenancies) are to be listed for write off straightaway.</p> <p>FW2 Tenants deceased where there are no funds in the estate.</p> <p>FW3 Tenants who cannot be traced (NFA).</p>		<p>Management Comment</p> <p>Rents Working Group agreed to explore the potential for new arrangements for the tracing of debtors and for collection of former arrears as part of new write off procedures.</p>				

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>FW4 Tenants where a bankruptcy order has been attained.</p> <p>FW5 Debts over six years old are considered out of time (Statute Barred).</p> <p>FW0 All debts where the Councils debt collection service has failed to collect.</p> <p>FWC A Credit Balance.</p> <p>If a recommendation is made to write off rent arrears, agreement is sought from the Rents Manager who then compiles all data for approval.</p> <p>On a quarterly basis individual debts to be written off must be presented to the Head of Customer and Housing Services for approval and referral to the Head of Finance, Corporate Services. Individual debts in excess of £5000 also require the authority of the scrutiny committee.</p>						

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>On receipt of the authority from the Head of Finance to write off the accounts, the Rents Office makes the necessary adjustments to the individual accounts and the authority is filed for future auditing.</p> <p>A sample of ten accounts which had been recently approved for writing off were selected to establish what procedures had been followed and ensure that all avenues had been pursued prior to the arrears being written off.</p> <p>Concerns were identified in that a sample of debts appeared to be written off too quickly without further investigation. This occurred when the forwarding addresses have been known, the tenant was in known employment, pursuance letters have not been issued.</p>						
	<p>The Housing Estates Manager reported that a new Allocations Policy is to be adopted to prevent former tenants being allocated another property when they have outstanding debts.</p>						

## ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	Debt Collection Agencies are also being considered to recover debts.						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

**DATE ISSUED: SEPTEMBER 2007**

<b>Project Ref:</b>	EC0030K1
	Youth & Community

<b>Directorate:</b>	LIFELONG LEARNING
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### ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2	Some of the youth clubs are operated by a management committee. The situation was last considered by Scrutiny Committee in 2005 when it was agreed that a review of the Youth Club Management Committee structure was to take place and a report was then to be presented to Scrutiny Committee in early 2006. The matter has not been fully resolved to date. The issue of Youth Club Management Committees will need to be agreed with Members. However, a full review of the service is being carried out	S	<p>Recommendation</p> <p>A decision on the issue of the existence of Youth Club Management Committees in the Youth Service should be made following the imminent review of the service.</p> <p>Management Comment</p> <p>This issue will be resolved as part of the new Plan for the Youth &amp; Community Service.</p>	Plan finalised: November 2007. Implemented: April 2008	2	Revised date 1 1.4.09	Implementation of Youth Service Strategy delayed by elections, and the need for wider consultation with staff, trade unions, young people and key stakeholders.
						Revised date 2 1.9.2009	Review of Youth Service now linked to phase 2 of Organisational Redesign within FCC.
						Revised date 3 01.04.2010	New Youth Service Strategy is now part of Phase 2 or Organisational Redesign within FCC. Consultation Draft of new Strategy approved by Executive on 04.08.2009.

## ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	during the autumn of 2007 which will include this issue. A period of consultation with the Youth Club Management Committees is currently underway.					31.12.2010	Youth Service Strategy now approved. New Service Plan detailing models of Service structure will be out for consultation between 1 Aug 2010 and 31 Oct 2010.
						Revised date 4 01.09.2011	Draft Youth Service Delivery Plan going to LSG on 02.03.2011 for approval as a consultation document.
						Revised date 5 01.05.2012	Members rejected the draft proposals on service buildings. Approval was given to consult on staffing proposals. Consultation with staff and trade unions starts on 17 November 2011.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

**DATE ISSUED: DECEMBER 2007**

<b>Project Ref:</b>	EC0070L1
	Leisure Management

<b>Directorate:</b>	Lifelong Learning
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### ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
21	<p>Debt Management Policy.</p> <p>Processes were found to differ at each leisure centre.</p> <p>At Deeside a formal policy for bad debts was developed during the audit, which included issuing final demands after 20 days and proceeding with court action after a further 7 days.</p> <p>To chase bad debts a message is put on the members account so that the receptionist asks for payment when they next use the facilities. Letters are not usually sent. If a debt needs to</p>	S	<p>Recommendation</p> <p>A debt management policy should be introduced for all leisure centres and consideration should be given to the centralisation of the debt collection function to the Deeside Administration team. This would ensure that there is consistent treatment of all debtors.</p> <p>Management Comment</p> <p>The risk is acknowledged. Implementation as suggested is dependent on a restructure of current staffing establishment. Current practice will have to continue pro tem.</p>	December 2008	2	<p>Revised date</p> <p>1</p> <p>July 2009</p>	<p>We wish to proceed with this recommendation and are currently seeking to establish and fill a Clerical Assistant post to be based at Deeside Leisure Centre and which will focus on debt collection as a part of the duties. We have piloted this to good effect over recent months with a colleague who has now gone on Maternity leave. It also forms a part of our restructuring proposals for Centre based staff and which is one element of the Leisure Strategy proposal currently out to consultation. By Summer 2009 it is hoped we will be in a position to fully reflect this recommendation.</p>



## ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>be cancelled (if a member had phoned to cancel a booking and the receptionist who took the call did not have access to amend the booking then it may occasionally get missed and appear as a debt) the booking has to be cancelled on the system in order to cancel the debt. They are intending to introduce letters threatening court action when an invoice is seven days overdue.</p> <p>At Holywell there is no policy for bad debts although in the past clubs have been prevented from making bookings without paying if money is owed.</p> <p>At Flint no chasing up of debts has happened yet. No bad debt policy in place.</p>					Revised Date 2: End October 2009	There have been delays in filling this Clerical Assistant post because of Welsh Language essential status being identified and at Level 4. We have now progressed beyond that point are set to interview a number of internal candidates for the position which will be based at Deeside LC. I anticipate an appointment being made before end October 09.
						Revised date 3: 31.3.10	I confirm that with effect November 2009 this post has now been filled; the successful candidate has started work at Deeside LC. Fortunately the candidate had prior experience with us in this capacity as she was involved when we trailed the new position some time back. Thus, the learning curve is a good deal shorter and we look forward to a rapid and substantial impact. She will work on the production of the debt policy in the New Year.

## ACTION PLAN

Para.	Test Result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						31.12 10	The officer has made significant impact on the level of debtors particularly on the swimming lessons programme. The work on the Leisure Service Review has taken precedence since the Spring and has meant that new policy development matters have been sidelined until the new staff structure is in place. It is anticipated this will mean that the issue of debt management policy will not be picked up again until the winter.
						28.11.2011	Part Complete Invoice debt will not be transferred to the Deeside admin team until the new staff structure is in place and a head office is created in the summer of 2012.

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: MAY 2010

<b>Project Ref:</b>	EN0010N1
	Business Enterprise Units

<b>Directorate:</b>	Environment
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3	A discussion was held with the service manager and it was identified that a business plan has not been created. It was noted that the Head of Regeneration and the Head of Technical Services were in the process of creating a plan; however this work has since been placed on hold until the completion of the service review and Options review.	S	<p>Recommendation:            The service should arrange for the business plan to be completed and approved by the Director.</p> <p>Management Comment:            A business plan will be prepared based on the findings of the options review currently being undertaken by Grant Thornton.</p>	Aug 2010	2	February 2011  30.06.11  November 2011	<p>Service Review and Grant Thornton Options Review still on-going. Business Plan to be drafted on findings of the above.</p> <p>The required comments to finalise this audit are still outstanding pending completion of the Grant Thornton Report. This is finally drawing to a close and we should be in a position to complete and close the Audit Report by end of June.</p> <p>A mid year review of the revenue budget and business occupation will inform the development of the plan</p>
15	A review was undertaken of the costs for specifically operating the two business centres and data was	S	<p>Recommendation:            Consider the findings within this report and the pending options review to determine</p>	Aug 2010	2	March 2011	Grant Thornton Report is on-going, options review will detail efficiencies.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>examined covering the period from 2006 to 2009.</p> <p>It was identified that the business centres have continued to operate at a loss over the last three years and it is further expected to report a loss for 2010.</p> <p>Joint losses were reported in:</p> <p style="padding-left: 40px;">2006/07 - £72,468</p> <p style="padding-left: 40px;">2007/08 - £103,379</p> <p style="padding-left: 40px;">2008/09 - £12,235</p> <p style="padding-left: 40px;">2009/10 - £82,305</p> <p>(Estimated)</p> <p>A discussion was held with the Enterprise Manager regarding these losses and one main factor was reported. The rental costs were circa £40K when</p>		<p>how the service can operate more efficiently.</p> <p>Management Comment::</p> <p>Options Review will detail efficiencies and recommendations to be considered for implementation.</p>			<p>March 2011</p>	As above
						<p>Nov 2011</p>	<p>The business centres were transferred to valuation and estates in April 2011. The Grant Thornton report has been completed. The budget information in that report is based on the historic position and budgets in previous years. These will be reviewed following the management of the centres changing service and being dealt with as part of the wider none operational portfolio.</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>the management of both sites was undertaken externally by Flintshire Enterprise Limited. The sites were re-valued by the District Valuer and a rental cost of £203K per annum was identified and charged to the services budget. It was understood that the previous rental had not been reviewed for a number of years and had remained at that level. The current rental costs have remained constant since 2009 and do not appear to have been reviewed. A further review could potentially result in increased rental charges to the service.</p> <p>There is concern regarding the operation of the centres as continuous losses are occurring. Increased occupancy and further investment will be required in order to operate more efficiently and the introduction of marketing, business and</p>						<p>A mid year budget review was planned just prior to the deadline for submitting this update. (nov 2011)</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	investment plans should assist to address this. An Options review is due to be undertaken which will look to improve efficiencies in managing both business centres and it is expected that this work will be completed in March 2010.						
18	It was identified that a capital investment plan is not in place. This is a key document which formalises the investment plans and should detail the funding streams for each centre for both current and anticipated income, bids for funding, priorities and decision making. Introduction of this document should provide the service with a clear picture for the monitoring future investments.	S	<p>Recommendation: The service should compile a capital investment plan for the business centres.</p> <p>Management Comment: Investment Plan and associated budget to be determined by Corporate Property Services.</p>	Dec 2010	2	<p>April 2011</p> <p>October 2011</p> <p>Nov 2011</p>	<p>Grant Thornton Report is on-going. An Investment Plan will be considered once the report is finalised.</p> <p>A thorough review of this issue will be undertaken now the service has been transferred to valuation and estates. Effective long term investment in the buildings is required which will enhance the assets and support the long term viability of the two business centres.</p> <p>The mid year of the revenue budget and business occupation will inform these developments.</p>

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: MARCH 2010

<b>Project Ref:</b>	EN0080N1
	Data Management – Public Protection

<b>Directorate:</b>	Environment
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1b)	<p>Our review highlighted fundamental problems with the integrity of master data held in APP. The principle of the Database is that every premise has one record and that all activities are recorded and linked to that premises record; this enables a full history of a premise.</p> <p>APP database is intended to be an integrated system which records actions against activities and links these to a single premises record. Under the current arrangement Public Protection set up premises using a different coding structure from other users, the</p>	F	<p>Recommendation:</p> <p>There needs to be a data assessment to analyse the data structures within APP to ensure that data is held efficiently and logically in the system and can be extracted to meet the information needs of the Authority. To enhance data quality there needs to be well-defined processes which should be set out in a protocol to ensure that master data recorded in the system is recorded once only and in a</p>	September 2010 (for consultation with IT & APP)	2	Feb 2011	<p>Following the Report research was undertaken through the APP User Group Forum and through discussions with other local authorities on how they have addressed this issue. Civica confirmed they have not changed the way in which the system works and other authorities are using the system the way APP is use in FCC. A discussion was undertaken in the User Group meetings where it was agreed to continue with the current process.</p> <p>Verification work is continuing mainly in Land Charges. Previous global verification processes have left a significant numbers of problematic addresses and it was the view of the User Group after careful consideration that the task of verifying accurately should remain a manual one.</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>result being a huge duplication of premises within the system. Because there are multiple customer and premises master records in the system this affects the ability to report without establishing the links between duplicate customers. This has implications for service efficiency and delivery of an effective service to the Authority's customers and the integrity and value of the data to the Authority is compromised.</p> <p>The APP User Group developed a protocol for entering premises into APP but this requires updating and our review highlighted that it is not followed.</p> <p>There is an inbuilt verification process which enables the verification of addresses based on the Post Office Address file which is imported into APP. Our review highlighted that many addresses are unverified</p>		<p>consistent and accurate manner to ensure that a single premises/customer record exists in the system.</p> <p>A data cleansing exercise must be undertaken to improve the quality of the existing data, all addresses should be verified. Methods of undertaking data cleansing should be explored with the assistance of Corporate ICT.</p> <p>Management Comment: The current protocols were advised by APP to meet the needs of those who require a property focussed database and those in Public Protection who want a Premises/ Business focussed database. There is a need to assess if the position has changed as far as company is concerned. Second option is to make contact with other corporate APP users to find out how they have managed the conflicting demands.</p>			<p>Feb 2011</p> <p>July/Aug 2011</p> <p>December 2011</p>	<p>A trial verification by ICT in the APP Test System is to be undertaken to verify against LLPG in early 2011</p> <p>There is a protocol for inputting and verifying addresses and System Administrators monitor the process. The Civica page on Infopoint which is in the process of being constructed will contain help and guidance notes for users.</p> <p>Testing by IT will now take place in July/August 2011 following an upload of the next release of the APP software.</p> <p>We are still waiting for release date from ICT</p>



## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>A report drawn off the system on 22<sup>nd</sup> October revealed that there are currently 37747 premises not verified.</p> <p>Areas of land cannot be verified in this way and the protocol sets out the terminology options to be used to describe the location of land. Our review highlighted that the terminology to describe is not used consistently.</p> <p>Whilst efforts have been made by the Land Charges Manager to cleanse the data, the premises master data quality remains very poor. There is little control over master record set up although attempts have been made through the APP user group to disseminate good practice.</p> <p>The Authority has set up a Local Land and Property Gazetteer (LLPG) the intention is that all systems across the Authority with land and</p>		<p>Only postal addresses can be verified. A Gold Star project was to be undertaken after the system went live in 2002 after the import of 35000 records from legacy systems. This was to be undertaken by APP and Corporate ICT. This proved to be problematical and was abandoned.</p> <p>Consult Corporate ICT and APP to assess if modern software can now undertake the task.</p>				

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>property references will all use the same source and be integrated with the LLPG. ICT have an ongoing project to integrate systems. As part of this process 1000 addresses were extracted from the APP system last year to assess data quality. These addresses were compared against the LLPG. There was only a 50% match rate between the LLPG and APP. This indicates that the quality of address data being held within APP is very poor and needs a significant amount of work to be cleansed. As a comparison, the Electoral Role System and Revenues and Benefits system produced a match rate to the LLPG of approximately 90%. IT are anticipating undertaking the APP integration sometime next year and advised audit that the Directorate should address data quality issues in preparation for this.</p>						

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5b)	<p>Users of the APP database approach their Systems Administrators when encountering problems with the database and these are taken to Civica or Corporate IT for resolution.</p> <p>The Error Report facility within the database is not used. Users can access the APP User Management link within Lotus Notes for reporting problems and how to resolve problems for the benefit of other users.</p> <p>IT does not maintain any logs of problems experienced with the system.</p> <p>Officers interviewed highlighted that there are ongoing problems with day to day operations which staff find very frustrating. As there is no formalised method of recording and monitoring the problems tend to go unresolved.</p> <p>It is important that all problems are diagnosed and reviewed.</p>	S	<p><b>Recommendation:</b></p> <p>It is recommended that a process is put in place for the logging and reporting of problems experienced with the APP database to ensure all problems are identified and that all users are aware of the process.</p> <p><b>Management Comment:</b></p> <p>A Lotus Notes Database has been created to share information on enhancements and to allow knowledge sharing. Requires process procedure. Develop APP page in InfoPoint</p>	August 2010	2	<p>Feb 2011</p> <p><b>Immediate effect</b></p> <p><b>December 2011</b></p>	<p>A meeting of officers will take place in the second week of September to define guidance for Infopoint and to enable processes to be agreed.</p> <p>The Infopoint page in production. (See above)</p> <p>The link to the Lotus Notes Database has been retained and will be accessed via the Infopoint page.</p> <p>No Reply</p> <p>Infopoint Page has been developed and awaiting go ahead from Corporate Services to launch new format. Expected November release. Link to database to be put on Infopoint. Ensure all users have access to database and promote use. Use Infopoint, Bulletin and training in use of database.</p> <p>Still awaiting release date from ICT</p>



## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>variable data quality held in APP.</p> <p>It is important that the Directorate establishes transparent, auditable policies, standards and procedures for data management to ensure the integrity of data. Data management policies should cover the whole life-cycle from data acquisition, operation through to long term preservation of the data.</p>						
14	<p>Data ownership is an important aspect of effective data management. The Directorate needs to have a clearly defined data ownership and accountability. Officers of a sufficient level of responsibility should be the data custodian this then demonstrates a strong commitment to data quality driven from the top management.</p> <p>At the current time there is no clear responsibility for the data assets within APP. The officers with Administrator responsibility do their best to ensure accuracy but there is no one with sufficient authority to ensure</p>	S	<p><b>Recommendation:</b></p> <p>Individuals should be nominated as data custodians and their responsibilities for ensuring the high quality of that information is understood. Their roles should include ensuring:</p> <p>Data is reliable and complete.            Data is catalogued, stored in the appropriate location and format.            Data meets legal requirements.            Data meets security requirements.            Data is made available to any stakeholder who has a</p>	Feb 2011	2	<p><b>Sept 2011</b></p> <p><b>December 2011</b></p>	<p>Include in local training programme. Discuss at next Planning SMT to be held end of September. Nominees will then be sought from each team/area.</p> <p>Nominees for Data Custodians to be agreed at project group meeting in December</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	effective data management of APP.		legitimate need to know.  Management Comment:: This will be the responsibility of the Database Business Support Team. A wider Directorate issue.				

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
22	<p>The workflow facility in APP can provide user departments with an effective data management process.</p> <p>Each individual action has scheduled and actual dates, and an action officer code. When an action has been completed, the actual dates and initials of the relevant officer are entered. Officers can open a list of outstanding detail events with a scheduled date but no actual date.</p> <p>In addition to providing officers with a checklist of activities, the actions system provides an historical record of actions taken, supports forward planning and allows individuals and managers to monitor progress and performance.</p> <p>In any activity the user can enter an action type code and create an action diary record; however we noted that action diary templates are not used consistently by all users. Action Diary templates are set up within the system but currently do not reflect the up to date requirements of the</p>	S	<p>Recommendation: It is recommended that the action diaries are used by all users where it is relevant and this message is communicated through additional training so users are aware of the enhanced reporting and management information that can be achieved through this tool.</p> <p>Management Comment:: Accepted – inconsistent use Combine with 17 above</p>	Feb 2011	2	<p><b>Immediate Effect</b></p> <p><b>December 2011</b></p>	<p>The use of action diaries will be covered by the local training programme and will become a minimum standard of operation for officers.</p> <p>Draft for training programme to be discussed at meeting in December</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>tasks.</p> <p>For example, Planning have an action Diary Template for planning applications but currently the action diary does not reflect the procedures. A Development Control Manual for Planning is currently in the process of being produced which will set out robust procedures and these will then be reflected in the action diary.</p> <p>The Technical Assistant in Trading Standards reported that the Action Diaries are not routinely used in the department with users preferring to use the text box. Despite trying to establish the use of the Action Diary to facilitate the report writing this has not been successful.</p> <p>Pest Control Officers do use the Action Diary to enter the details of their visits and sign off when jobs are completed.</p> <p>Food Safety use the Action Diary but have not established standard templates.</p> <p>The actions system may be used in any combination of the following:</p>						



## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>1. Historical record of actions taken.</p> <p>2. Forward Planning - i.e. to plan future action detail events</p> <p>3. Checklist - a standard procedure (or part of) can be coded/combined into a template - may include action detail codes or freehand items.</p> <p>As templates are copied into an action record, scheduled dates will be generated for each action detail event.</p> <p>Action templates are intended as aide memoirs and will not force actions to take place.</p>						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: APRIL 2010

<b>Project Ref:</b>	EN0100N1
	Technology Forge

<b>Directorate:</b>	Environment
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3	<p>To ensure that a complete property record is available for users of the Technology Forge System all relevant lease and deed packet information needs to be electronically attached to the relevant property record.</p> <p>However, to scan all lease and deed pack information held by Records Management and to attach it to the Technology Forge system would be a considerable resource issue. The Principal Solicitor (Environment) added "a view which has been expressed consistently by the Legal Section ever since Technology Forge was purchased without any prior consultation with the Legal Section."</p>	S	<p>Recommendation:            To enable the Technology Forge system to operate effectively, representatives from Environment and Legal Services need to agree how the lease, deed packet and plan information held in Records Management and Legal Services can be accessed electronically via the Technology Forge system</p> <p>Management Comment:            Environment and Legal Services have agreed on a way forward. Legal are going to submit a budget bid to purchase an extract from the Land Registry which details the extent of FCC ownership and</p>	Mar 2011	2	<p><b>Sept 2011</b></p> <p><b>Dec 2011</b></p>	<p>Land Registry data package has been purchased by legal. Arrangements are being made with GIS (Geographical Information System) Managers to set this up.</p> <p>For any further work from a legal perspective discussions with the legal service department have taken place which has identified a framework agreement to allow the provision of additional capacity and utilisation of resources.</p> <p>Further work to programme and plan the support work this will require will be necessary.</p> <p>Further workload management meetings have been set with legal services.</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Further discussions were held with the Principal Solicitor (Environment) who stated that "Legal Services are currently arranging for the registration, at HM Land Registry (HMLR), of all land owned by FCC which is presently unregistered. Once completed, the title information will be held electronically by HMLR." Potentially this information could then be viewed by Technology Forge users.</p> <p>The information required by Technology Forge users is the lease, deed packet and plan information.</p> <p>Legal Services are also of the opinion that the Technology Forge description of the land does not always correspond to the description used in Legal Services.</p> <p>The majority of leases and deed packet information is currently held in a hard copy format. The Solicitor (Conveyancing) stated that "90 % of all leases and deed packs are held securely in Records Management, approximately 10% are out in offices as they are classed as leases and</p>		<p>can be held on a layer within the GIS system. Each property record will, via the GIS tab, show the extent of ownership and potential deed packet reference. Following voluntary registration the majority of deeds will be accessible electronically from the Land Registry.</p>				

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>deed packs which are currently being worked on”</p> <p>Discussions were held with Records Management who confirmed that these records are held securely in a fire proof environment.</p> <p>It is of concern that the exact total of leases and deed packs is not known. Also it is not known when all such leases and deed packs will be held in an electronic version by the Land Registry.</p>						

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

DATE ISSUED: APRIL 2011

<b>Project Ref:</b>	EN0020P1
	Section 106 Agreements

<b>Directorate:</b>	Environment
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3.66	<p>Our testing of s106 agreements highlighted the lack of adequate recording and process controls resulting in a poor audit trail. Planning applications are recorded in the planning system but until recently s106 agreements were not specifically identified. Therefore it is not possible to obtain a past listing of s106 agreements. To establish a list of s106 agreements we used several sources. The minutes of Planning Committees were trawled from 1996 onwards to identify references to s106.</p>	S	<p>Recommendation: A clear audit trail should be established across the Authority for s106 agreements which ensure consistent referencing and description to allow easy tracing of all transactions. A single reference number should be allocated and used by all departments.</p> <p>Management Comment:: Would be undertaken as part of Service Review</p>	July 2011	1 for pilot area	<b>Oct 2011 for initial area</b>	<p>Work on-going. Buckley is being used as a pilot area with schemes going back to 2000. Audit trail for play schemes is clear, but this needs to be extended. Buckley work now completed by and will be shared with the Town Council on 19 December. Audit process currently being used for Sealand and then Connah's Quay will be tackled then rolled out to other areas</p>
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<p>The list was cross referenced to copies of s106 agreements held in Land Charges. An attempt was made to confirm where relevant payments had been received and appropriately disbursed.</p> <p>This testing highlighted a number of significant problems with the audit trail with fragmented and incomplete records held across the Authority. In addition a common description of each s106 is not used so cross referencing between the planning records, legal records, service department records and general ledger is difficult. At the time of writing this report work is ongoing to validate that individual s106 agreements have been complied with.</p>						
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3.67	Monitoring and enforcement of agreements is a task that has been neglected. There is limited monitoring of s106 agreements and what monitoring that is undertaken is fragmented without a clear accountability. There is an insufficient audit trail in place to enable effective monitoring of s106 agreements. However, on a positive note this is being addressed and an Enforcement Officer has been nominated for this task and is in the process of establishing systems to enable monitoring and enforcement of s106.	S	<p>Recommendation. Regular monitoring reports should be compiled which show what agreements have been signed, the progress of negotiating outstanding agreements and information on how signed agreements are being implemented. This will give confidence to all councillors and the community that their interests are being served and the benefits delivered.</p> <p>Management Comment These would be reported to the Planning Protocol Working Group.</p>	September 2011	2	<b>February 2012 to establish work programme</b>	Results of the pilot area work will be shared with Planning Protocol Working Group on 27 <sup>th</sup> January with a work programme for further priority areas
3.68	See 3.67	S	<p>Recommendation. There should be full and regular accounts of the receipt and spending of section 106 monies reported to senior officers and Planning committee members and available to all other local councillors.</p> <p>Management Comment These would be reported to the Planning Protocol Working Group</p>	September 2011	2	<b>February 2012 to establish work programme</b>	Results of the pilot area work will be shared with Planning Protocol Working Group on 27 <sup>th</sup> January with a work programme for further priority areas

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	LL0190N1
	E-Teach

DATE ISSUED: AUGUST 2010

<b>Directorate:</b>	Lifelong Learning
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2	The schools export their information of teachers' bookings for the previous month on the 5th of each month. The staffing officer clicks on 'payroll' on the supply pool management page and saves the information to her W drive and checks the details for any obvious errors. This is sent to the Team Leader Development in payroll and he runs an error report. This is sent back to the staffing officer for any corrections to be made. The payroll cannot be run until all the errors have been addressed.  Our review revealed that the data exported from E-Teach monthly does not include the number of records and total	S	Recommendation: E-Teach should be contacted to enquire as to whether data exports can be amended to give totals and the number of records per files submitted. This would strengthen control by allowing checks to ensure that data exported to payroll is accurately applied. In addition there is a need for payroll to provide control total information to reconcile with E-Teach data exports. This was previously recommended in 2007.  Management Comment:: None	Oct 2010	2	March 2011  Revised date Oct 2011  tbc	Eteach contacted and additional business specification to be contracted and costed into new contact upon renewal March 2011  Business requirement can be added to new eteach specification but the revised version is currently being rolled out on a phased basis by eteach with plans for Flintshire Autumn term 2011.  Current timetable for new eteach specification to be rolled out on a phased basis has now been cancelled by eteach. No new date has been given for implementation of revised timetable.



## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>amounts which greatly impedes any checking process and that this is further exacerbated by the fact that the data is updated by the Team Leader Development in the Payroll for holiday pay applications each month.</p> <p>E-Teach exports for February, March and April were reviewed for units booked to ensure the maximum number of hours had not been exceeded. All units booked were reasonable and none exceeded 32.5</p>						
6	<p>We reviewed the current list of users obtained from the E-Teach system and found that all users have 'Administrator' access. It was reported that there is no 'read-only' access to E-Teach.</p> <p>Finance officers with access could in theory alter information prior to 'sign off' each month.</p> <p>The list of users was found to be out of date. From a total of 16 users at County Hall 3 no longer required access and hadn't used the system in over a year and one officer had retired on 31st March 2010.</p>	S	<p>Recommendations:</p> <p>Officers with access to E-Teach should be reviewed at least annually to ensure that details are correct and up to date. To enhance the protection of information on computer systems password prompts should be implemented in line with the Authority's Security of Information Policy. This was previously recommended in 2007.</p> <p>Management Comment:</p> <p>There are approximately a total</p>	30.03.11		<b>Oct 2011</b>	As highlighted above, requirement can be added to new eteach specification but the revised version is currently being rolled out on a phased basis by eteach with plans for Flintshire Autumn term 2011

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>There are no regular reviews of the users as to their continued requirements.</p> <p>E-Teach can be set up to prompt for password changes but this has still not been implemented in line with the Authority's Security of Information policy.</p>		<p>of 12 staff in Staffing/Finance/ICT who have administrative access to eteach. As part of software development eteach have been asked to set-up 'read-only' access to users (other than prime-users) and to alert password prompt changes every 90 days.</p>				

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

**DATE ISSUED: MAY 2011**

<b>Project Ref:</b>	LL1065P1
	ICT Unit

<b>Directorate:</b>	Lifelong Learning
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### ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1	The encryption process should be introduced. An acceptable use policy with regard to portable storage media within ICT should be introduced.	F	The software solution has been purchased but the roll out has been delayed due to staff shortages. A new Technical Support officer will be in post from 1st June and their main role will be to oversee the roll out of encryption to all mobile devices. The scale of this roll out is massive, covering nearly 90 schools and hundreds of laptops / memory sticks. As part of the roll out, an acceptable use policy will be identified with the school. The implication for schools is that each school must arrange for a drop-in training session where staff from the ICT Unit deliver training on how to use encryption on their devices and to run through the AUP.	31/10/2011	2	31/10/2012	This is currently underway with encryption being rolled out as quickly as we can manage. Due to staff illness, we are limited to how many installations we can undertake currently, although we are responding to schools when we can. We are also running larger training sessions in the new year for multiple schools to come in and receive training at the Unit. The AUP is part of the much broader Information Security Policy shared with schools and governors.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
4	<p>A review of the master inventory list should take place on an annual basis. Schools should be contacted annually to verify laptop details. Any changes should be recorded onto the master inventory list maintained by ICT.</p> <p>A review of the disposal procedures should be carried out and a written procedure should be introduced which clearly states the requirements of all ICT equipment prior to disposal. This should be accessible to all schools and staff should be fully aware of any requirements which they must follow. It is important to ensure that no data remains on the equipment and hard drives have been wiped clean prior to disposal.</p>	F		31/10/2011	1		New disposal procedures are in place to ensure that no school data can be lost through a recycled PC or laptop and the documentation is part of the much broader Information Security Policy shared with schools and governors.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
5	<p>As each school is responsible for its own legislation surrounding portable storage media, advice and guidance should be made available from the ICT unit including a template Information Security Policy which states what procedure to follow in the event of a data breach.</p> <p>A review of Data Protection within schools should be carried out. Compliance with the Data Protection Act should be reviewed. This should not focus purely on ICT.</p>	F	<p>It was agreed with both Internal Audit and Data Protection officers that this was a wider issue than just ICT in schools. An Information Security group has been formed consisting of representatives of the ICT Unit, Data Protection and Internal Audit teams. Draft, high level principles have been produced and shared with schools via Moodle. The group will produce an Information Security / Data protection policy for schools and will deliver awareness training for schools via Head teacher conferences.</p>	31/10/2011	1	<b>31/01/2012</b>	<p>A Policy document has been produced and shared with Primary Headteachers, Secondary Headteachers, School Governors and schools teachers at training events. Schools are requesting further visits by staff to explain the Policy at staff meetings and Governing Body meetings. The Policy is currently in draft but is available on the Moodle site.</p> <p>I am uncertain as to the status of the review of data protection as, as stated, this is not an ICT issue alone.</p>
2	<p>Once encryption has been carried out, a complete list of all encrypted mobile devices, including the individual staff member responsible for the device should be maintained by the ICT unit.</p>	S	<p>In reality, this will be hard to monitor for memory sticks as they often have no identifying marks or features. This should be straightforward for laptops and will be looked at with immediate effect.</p>	31/10/2011	1	<b>31/10/12</b>	<p>A book is given to all schools that have received the encryption for the teachers to log the fact that they have encrypted devices as required. I still feel that with the 6,500 ish teachers out there that we cannot keep a track on multiple sticks, but that this is done in the school. We do however, keep records of the encryption of non curriculum laptops.</p>

## FLINTSHIRE COUNTY COUNCIL

AGENDA ITEM NUMBER: 9

**REPORT TO:**     **AUDIT COMMITTEE**  
**DATE :**           **14 DECEMBER 2011**  
**REPORT BY:**    **HEAD OF FINANCE**  
**SUBJECT :**       **INVESTIGATIONS PROGRESS REPORT**

### **1.00 PURPOSE OF REPORT**

1.01 To outline ongoing proactive counter fraud work and reactive investigative work.

### **2.00 BACKGROUND**

2.01 One of the areas of responsibility of Internal Audit is to promote the Anti-Fraud and Corruption Strategy. Its objectives are to proactively develop an anti fraud culture, deter, prevent and investigate fraud, as well as provide advice on sanctions and redress.

### **3.00 CONSIDERATIONS**

3.01 The gravity and status of referrals which have been subject to further audit work are detailed in the attached referral report (appendix 1). The referral report also includes the number of fundamental, significant and merits attention recommendations for completed draft reports. Some referrals are classed as management issues. They are referred directly to the appropriate Directorate for further action and are followed up by Internal Audit.

#### **3.02 The following investigations have been referred and are being investigated:**

1. An allegation has been made of the theft of monies. The matter has been referred directly to the Police and Internal Audit are assisting with evidence gathering.

#### **3.03 The following investigations are over two months old:**

2. Information was received regarding a potential fraudulent benefit claim. The subject of the allegation is also in receipt of allowances from Flintshire County Council. The matter is being investigated by the Benefit Fraud Section.
3. Information was received regarding alleged collusion between Flintshire employees and a supplier for the purpose of financial gain. An extensive investigation was undertaken by Internal audit, the evidence gathered has been passed to the Police.

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Date: 06/12/2011

4. A complaint was received alleging that a member of staff abused his position for personal gain. A report is being prepared for Management to consider the findings.

3.04 Data for the National Fraud Initiative 2010/11 has been submitted to the Wales Audit Office. Results of the matching exercise have been received and are still being investigated. Savings identified to date are Housing Benefit payments of £20,862, Pensions overpayments of £3,705 and Creditors overpayments of £4,891.69.

#### **4.00 RECOMMENDATIONS**

4.01 The Committee is requested to note the report.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None.

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

6.01 None.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None.

#### **8.00 EQUALITIES IMPACT**

8.01 None.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None.

#### **10.00 CONSULTATION REQUIRED**

10.01 None.

#### **11.00 CONSULTATION UNDERTAKEN**

11.01 None.

#### **12.00 APPENDICES**

12.01 Investigation detail.

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

None

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E-Mail: david\_webster@flintshire.gov.uk



**Detailed referral report (2011/12)**

Number	Status	Referral	Draft report	Description	Value (if applicable)	Outcome	Recommendation		
		Date	date				F	S	M
1	Ongoing	19/10/2011		Theft	£53,000	Referred to Police			
2	Ongoing	22/09/2011		Alleged abuse of benefits and care allowances		Referred to benefit fraud for investigation			
3	Ongoing	31/08/2011		Fraudulent invoicing allegation		Referred to Police			
4	Ongoing	18/08/2011		Alleged abuse of position					

## **FLINTSHIRE COUNTY COUNCIL**

**AGENDA ITEM NUMBER: 11**

**REPORT TO:**      **AUDIT COMMITTEE**  
**DATE :**           **14 DECEMBER 2011**  
**REPORT BY:**    **HEAD OF FINANCE**  
**SUBJECT :**       **CONSULTANTS - RECOMMENDATION TRACKING**

### **1.00 PURPOSE OF REPORT**

1.01 To inform members of progress against the recommendations made in the Audit report on the systems and controls around the use of consultants by the Council.

### **2.00 BACKGROUND**

2.01 Internal Audit reported to the Committee in September 2010 on the number and cost of consultants used by the Authority. It became evident whilst gathering that information that there were several issues around the procedures for procuring and monitoring consultants that needed further work. This was completed and a report was brought to the Committee in March 2011.

2.02 The scope of the audit work did not include a review of work carried out by consultants or the cost effectiveness of individual pieces of work, but concentrated on the systems that should be in place to control their work.

2.03 The findings of the report were agreed by the Chief Executive and Corporate Management Team, with actions due to be completed within the following few months. These have been tracked and reported to the committee as they have become due in the normal way in June and November 2011.

2.04 At the November committee meeting Members requested that consideration should be deferred to the next meeting and all Directors be invited to attend.

### **3.00 CONSIDERATIONS**

Summary of results

3.01 Eleven fundamental and significant recommendations were made to increase the adequacy and effectiveness of controls over the use of consultants. The recommendations deal with the content and application of Contract Procedure Rules, the justification and authorisation of the use of consultants, the monitoring and reporting of their work and the records that should be maintained.

3.02 The review noted that consultants are used by every major organisation as necessary and that their use can benefit organisations by providing knowledge and expertise and helping them achieve their objectives. The review also highlighted areas of good practice within the Authority in monitoring and controlling consultants.

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**Date: 06/12/2011**

- 3.03 The complete report is attached as Appendix 1.
- 3.04 Six the recommendations where the implementation dates had passed were tracked for the June Audit Committee. Four were reported as actioned, with the other two deferred. For the November Audit Committee seven recommendations where the implementation date had passed were tracked. None had been implemented at that time.
- 3.05 The complete recommendation tracking has been consolidated for all fundamental and significant recommendations, and is attached as Appendix 2. In summary four of the recommendations have been implemented and seven have not.
- 3.06 It can be seen that the deferred recommendations are in the main related to the update of Contract Procedure Rules (CPRs), numbers 1, 2, 5, 7, 8, 10 and 11. In June it was reported that the Welsh Local Government Association (WLGA) had set up a working group to develop a national set of CPRs, due to be completed in Autumn 2011 - see management comment for point 1. The decision was therefore taken to wait for this work to be completed so that the output could be incorporated into Flintshire's updates. Progress by the working group has slipped and it is not now expected to report until February at the earliest. To avoid any further local delay to the introduction of revised CPRs a plan will be produced to review and develop Flintshire's CPRs using the latest draft national set for implementation in April 2012. Should any amendments be needed to mirror any changes in the final national set these will be recommended for incorporation into Flintshire's CPRs at a later date. Accordingly the implementation dates for the recommendations have been put back to April 2012.

#### **4.00 RECOMMENDATIONS**

- 4.01 That the committee notes the results of the work carried out on the controls around the use of consultants and the reasons for the delays in updating Flintshire CPRs.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 None.

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

- 6.01 None.

#### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 None.

#### **8.00 EQUALITIES IMPACT**

- 8.01 None.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None.

**10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 Use of Consultants report January 2011  
Consolidated recommendation tracking

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

Internal Audit Report - Use of Consultants

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**CD0500P1**

Internal Audit Report

Use of Consultants (CD0500P1)

**January 2011**

**Final**

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**ASSIGNMENT CONTROL:**

<b>Debrief meeting:</b>	10 <sup>th</sup> December 2010.	<b>Auditors:</b>	Flintshire Audit Service
<b>Draft report issued:</b>	17 <sup>th</sup> December 2010.		
<b>Responses received:</b>	14 <sup>th</sup> December 2010.		
<b>Final report issued:</b>	26 <sup>th</sup> January 2011	<b>Client sponsor:</b>	Colin Everett, Chief Executive
		<b>Distribution:</b>	Colin Everett, Chief Executive Kerry Feather, Head of Finance Helen Stapleton, Head of Human Resources Carl Longland, Director of Environment Ian Budd, Director of Lifelong Learning Alan Butterworth, Head of Development and Resources Maureen Mullaney, Head of Social Services for Adults Carol Salmon, Head of Social Services for Children Clare Budden, Head of Housing Services Chris Guest, Head of ICT & Customer Services Arwel Staples, Interim Procurement Manager Barry Davies, Head of Legal and Democratic Services
Printed: 29 March, 2011 File: DraftReport.rtf			

## 1 Executive Summary

### 1.1 Introduction

This review was added to the audit plan by the Head of Internal Audit, in agreement with the Chief Executive. It had become apparent whilst gathering information on this subject during an earlier exercise that there were several points around the procedures and controls for procuring and monitoring consultants that needed further work.

Every major organisation uses some consultants where it could not possibly retain specialist expertise in-house, where it has capacity gaps, where independence may be needed or where it is required, for example by an external grant funding such as through WAG.

When used correctly and in the appropriate circumstances, consultants can provide great benefit to an organisation, achieving results that clients do not have the capacity or capability to do themselves. Consultants can offer expertise, advice and knowledge not otherwise available to the Authority, and can assist therefore in achieving our priorities and service objectives. However, in order to achieve these benefits the use of consultants must be controlled by FCC management.

Getting value for money from the use of consultants is dependent upon defining and justifying the need for consultants, astute procurement and project management of the consultancy project, tight governance and accountability structures, and a thorough assessment of the benefits achieved.

The Authority's Contract Procedure Rules clearly lay the responsibility for the appropriate engagement of consultants with Chief Officers.

The total amount in the consultant codes in the General Ledger for the first six periods of 2010 totalled £1,254,888. This can be broken down as follows:

	Value	Number
Lifelong Learning	£10,550	(5)
Finance	£45,778	(7)
Housing	£42,300	(7)
Corporate Strategy	£220,713	(23)
Social Services	£328,099	(33)
Environment	£384,720	(71)
Environment NWRWP	£222,728	(6)
Total	£1,254,888	(152)

It should be noted that these figures are not verified but have been extracted from the General Ledger and adjusted for any identifiable miscoding and prior period adjustments.

One of the difficulties encountered during the earlier exercise was that the amounts in the Consultancy codes in the General Ledger included other costs unrelated to consultancy. After referring to Directorates the amount actually spent on consultancy between 1<sup>st</sup> April 2009 and 19<sup>th</sup> February 2010 (ten and a half months) was as follows. This gives a more accurate picture of the amount spent.

	1	2	3	4	Total
Finance	£8,600.00			£250.00	£8,850.00
HR		£54,637.34		£9,950.00	£64,587.34
Environment	£179,878.97	£10,780.14	£19,730.84	£163,696.14	£374,086.09
C & H Environment	£67,000.00	£46,366.05	£110,259.10	£74,543.85	£298,169.00
Community Services	£1,308.62	£13,912.62	£204,733.69	£40,446.14	£260,401.07
Total	£256,787.59	£125,696.15	£334,723.63	£288,886.13	£1,006,093.50

The categories in the table relate to the definitions of 'Consultant' used at that time, as follows. It should be noted that there is no agreed definition of 'consultant' within the Authority. These definitions do not match the definition within Contract Procedure Rules.

1. 'Retained consultant', e.g. advisors to the pension fund
2. 'Retained for special projects, longer term'
3. 'Consultants for Specific Processes', e.g. consultants appointed to look at the voids process in Housing
4. 'Consultants employed for specialist services such as training', e.g. social services trainers

We have researched the subject of consultants in order to find 'best practice'.

The National Audit Office in their report on Central Government's use of consultants and interims in October 2010 refers to 'applying good practice' to the use of consultants and interims. Good practice being to 'effectively assess the need for external resources and then plan, procure, manage, report on, evaluate and continuously improve the use of consultants and interims'. Many of the recommendations in this report reflect the recommendations in the NAO report, which include:

- A rigorous business case for using consultants
- Identify skills gaps for training staff



- Aim to use own staff before buying in consultants
- Assess the performance of consultants
- Share information on consultants (as could be included in a central register)
- Adhere to guidelines based on threshold levels.

We have also found similar recommendations in other local authorities.

## 1.2 Overall Conclusion

Taking account of the issues identified in paragraphs 1.4 to 1.6 below, in our opinion the control framework for the area under review, as currently laid down and operated, provides **limited assurance** that risks material to the achievement of the organisation's objectives for this area are adequately managed and controlled.

The overarching results of our findings are that the Authority's Contract Procedure Rules are not detailed or strong enough with regard to consultants and that generally they are not complied with. They need to be re written and underpinned with clear and comprehensive corporate procedures and guidance.

## 1.3 Limitations to the Scope of the Audit

The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. The following limitations to the scope of the audit were agreed when planning the audit:

- Testing will be on a sample basis.
- There will be no review of the consultants work or the cost effectiveness of individual pieces of work.

## 1.4 Conclusion on the Adequacy of Controls

Based on the evidence obtained, we have concluded that the design of the system of control, if complied with, is not sufficiently robust to provide assurance that the activities and procedures in place will achieve the objectives of the system.

We have made no fundamental and eight significant recommendations arising from the following:

- It would be useful to develop formal approved procedures and guidance to underpin the Contract Procedure Rules in general and in particular for the

engagement of consultants.

- Currently there is more than one definition of what is meant by 'consultant' and this needs to be standardised and issued to bring consistency and accuracy for General Ledger postings.
- In order to facilitate maintaining and monitoring information on consultants and their associated costs it would be beneficial to have a single record of consultants for higher value contracts, held centrally but with open access for the directorates.
- The Contract Procedure Rules should specify the level of management monitoring and reporting on consultancy, according to the value of the contract.
- The Contract Procedure Rules should specify the need to transfer skills where possible from consultants to internal staff.
- There should be a process to ensure consultants do not have the potential for implied employer /employee rights.
- It would be beneficial to have a clear framework of delegation of responsibilities to consultants to ensure against conflicts of interest and special relationships arising.
- There should be a consistent policy for consultants' travel and subsistence with a documented case for securing the best overall deal.

## **1.5 Conclusion on the Application of Controls**

Based on the evidence obtained from our testing, we have concluded that the application of established controls is not adequate.

We have made one fundamental and two significant recommendations arising from the following:

- The Authority's Contract Procedure Rules should be clearer, stronger and more detailed. This is a general issue and not just specific to consultants. Compliance should be mandatory, unless specifically authorised to the contrary.
- Audit trails of managers' decisions and justifications for engaging consultants should always be in place for higher value contracts
- The approval and authorisation procedures regarding consultants should be properly formalised.

**1.6 Other Findings**

We have made one recommendation classified as 'merits attention'. This is detailed in the main report and accompanying action plan.

**1.7 Summary:**

Objective	Recommendations		
	Fundamental	Significant	Merits Attention
Compliance with established policies, procedures, laws and regulations	1	2	0
Safeguard the organisation's assets and interests from losses of all kinds	0	8	1

**1.8 Additional information:**

Our review did highlight that certain service areas were demonstrating good practice on monitoring and controlling consultants, namely Community Services Directorate, Social Services for Adults. Here comprehensive files and audit trails for the engagement of consultants are kept with regular monitoring of documented progress and checking of invoices submitted, under our testing at paragraph 1 in the main report.

**2 Action Plan**

The priority of the findings and recommendations are as follows:

**Fundamental**- action is imperative to ensure that the objectives for the area under review are met.

**Significant** - requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

**Merits Attention** - action advised to enhance control or improve operational efficiency.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
1	<p><b>Procurement</b></p> <p>The Authority's Contract Procedure Rules need to be re written to bring clarity to the procurement process as a whole and re launched to the Senior Managers. They need to be stronger to ensure that senior managers are aware of the implications of non compliance. The CPR's must be adhered to and more rigorous processes adopted when estimating the cost of medium to long term contracts to ensure compliance with EU regulations.</p> <p>For the engagement of consultants the CPR's should be clearer and more detailed to ensure a robust process that is strictly adhered to.</p>	Fundamental	Y	Accepted in full	01.04.11	Procurement Manager
2	There should be documented procedures and guidance to underpin the Contract Procedure Rules. Compliance with the procedures should be the responsibility of the directorates' senior managers with periodic monitoring undertaken by the Corporate Procurement Unit.,	Significant	Y	Accepted in full	01.06.11	Procurement Manager
3	There needs to be a specific definition of consultants which is understood, agreed and issued to officers and members, and universally adopted, to ensure consistency and accuracy of General Ledger postings.	Significant	Y	CEO has already provided this definition for use in this piece of work. Same definition to be adopted formally.	01.02.11	CEO

**2 Action Plan**

The priority of the findings and recommendations are as follows:

**Fundamental**- action is imperative to ensure that the objectives for the area under review are met.

**Significant** - requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

**Merits Attention** - action advised to enhance control or improve operational efficiency.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
9	Senior Managers should seek advice from the Procurement Department to ensure the correct procedures are being followed and compliance with CPR's is maintained.	Merits Attention	Y	Accepted in full	Immediate	CEO
10	The engagement of all consultants should be appropriately authorised and approved as per the CPR's and be documented for audit trail purposes.  The senior officer approving consultants' invoices should be different to the senior officer engaging consultants to ensure proper segregation of duties	Significant	Y	Accepted in full	01.04.11	Head of Finance
11	There should be a proper framework put in place that clearly sets out the responsibilities delegated to consultants, including a Procurement Plan documenting the scope of the work, objectives and responsibilities. The Authority's Financial Procedure Rules and Contract Procedure Rules should be amended to include procedures to ensure that no conflict of interests or special relationships can arise with consultants.	Significant	Y	Accepted in full	01.06.11	CEO, Head of Finance, Procurement Manager

**2 Action Plan**

The priority of the findings and recommendations are as follows:

**Fundamental**- action is imperative to ensure that the objectives for the area under review are met.

**Significant** - requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

**Merits Attention** - action advised to enhance control or improve operational efficiency.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
4	<b>Monitoring</b> In order to facilitate maintaining and monitoring information on consultants and their associated costs it would be beneficial to have a single record of consultants for higher value contracts, held centrally but with open access for the directorates. This should be regularly reviewed and updated.	Significant	Y	Accepted in full	01.06.11	Procurement Manager
5	The Contract Procedure Rules should specify the level of management monitoring and reporting on consultancy, according to the value of the contract.	Significant	Y	Accepted in full	01.06.11	Head of Finance
6	Proper audit trails should be maintained of managers' decisions and justifications for engaging consultants for higher value contracts and at least a clear demonstration of their evaluation of the engagement being value for money as opposed to other alternatives for the smaller contracts.	Significant	Y	Accepted in full	01.04.11	All Directors

**2 Action Plan**

The priority of the findings and recommendations are as follows:

**Fundamental**- action is imperative to ensure that the objectives for the area under review are met.

**Significant** - requires action to avoid exposure to significant risks in achieving the objectives for the area under review.

**Merits Attention** - action advised to enhance control or improve operational efficiency.

Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
7	<p>The Contract Procedure Rules should specify the need to transfer skills, where possible, for consultants to internal staff</p> <p>Consideration should be given to carrying out post performance reviews.</p> <p>There should be improved mechanisms to find appropriately skilled internal staff and make firm commitments to resource these posts on time. The priority should be on identifying core skills gaps in relation to medium and long term project requirements and using this to plan for recruitment and training.</p>	Significant	Y In part	Skills transfers already take place in some projects (e.g. LEAN) as part of the engagement. This will be on a case by case basis; post performance reviews should be required. Skills planning is a wider and more complex issue than the recommendation suggests.	01.06.11	CEO, Head of HR & OD, Head of Finance
8	<p><b>General</b></p> <p>A consistent policy on travel, subsistence and miscellaneous costs should be applied when engaging consultants and be included in the terms and conditions of the contract. Documentary evidence should be available for securing the best overall deal. All receipts for additional claims should always be accompanied by the relevant receipts for inspection prior to the payment of invoices.</p>	Significant	Y	Accepted in full	01.04.11	Head of Finance
12	<p>Procedures should be in place to ensure the Authority is not placed at risk for claims of liability for payments of Tax and National Insurance for consultants.</p>	Significant	Y	Accepted in full	01.04.11	Head of Finance

**3 Findings and Recommendations**

*The controls (actual and/or missing) column details the actual controls that have been identified as a result of documenting the system and those expected to be in operation, but were missing. The next column is the evaluation of whether or not this control should be effective if operated. Testing of controls has only been undertaken where the control has been evaluated as effective (Y). The implications arising from the evaluation and summary results of tests are shown in the **Test Result / Implications** column.*

**1 Objective: Compliance with established policies, procedures, laws and regulations**

	<b>Controls (actual and/or missing)</b>	<b>Evaluated as effective (yes/no)</b>	<b>Test Result / Implications</b>	<b>Recommendation</b>	<b>Categorisation</b>
	<b>Risk:</b>	<b>Failure to comply with Contract Procedure Rules.</b>			
1	<p>The Authority's Contract Procedure Rules state under paragraph 35 Use of Consultants, that the engagement of consultants for services over £30,000 and works over £50,000, should be approved in the first instance, by the Relevant Chief Officer in consultation with the appropriate Executive Member with subsequent report to the Executive.</p> <p>Due consideration must be given to any follow on work that may result from the original contract when calculating the estimated value of the contract. The Contract Procedure Rules also set out 10 criteria for the Relevant Chief Officer to follow when consultants are engaged by the Authority for contracts in excess of £30,000 for services and £50,000 for works. These criteria are</p>	Yes	<p>Our review of the Contract Procedure Rules revealed that they are not detailed or strong enough with regard to the engagement of consultants.</p> <p>Our testing involved selecting a sample of 12 consultants engaged by the Authority and establishing whether the Contract Procedure Rules (CPR's) had been complied with.</p> <p>Our testing revealed that in 6 cases the CPR's had not been complied with. In all 6 cases the contracts exceeded £30,000 and CPR35 criteria should have been met. In one case there had not been at least four tenders for the job and in three cases the appropriate approval process by the relevant Chief Officer in consultation with the appropriate Executive Member and report to Executive had not been followed. In two of the 6 cases a breach of the European Regulations had occurred in that the correct tendering procedures for a consultant had not been applied and advertised via the National Procurement Website in the Official Journal of the European Union (OJEU). This</p>	<p>The Authority's Contract Procedure Rules need to be re written to bring clarity when engaging consultants. They need to be stronger to ensure that senior managers are aware of the implications of non compliance. Consideration should be given to the provision of training for senior managers on the CPR's to ensure they are fully understood. The CPR's must be adhered to and more rigorous processes adopted when estimating the cost of medium to long term contracts to ensure compliance with EU regulations.</p>	Fundamental



	included in the Appendix to the report.		<p>could lead to the Authority being approached for compensation for not having followed the correct procedures. This is particularly important since the EU Remedies Directive came into force on 20th December 2009, which strengthens the hand of losing bidders to challenge contracts awarded under the OJEU process. Under the new rules a contract award decision may be automatically suspended if the process is challenged by a losing bidder.</p> <p>It should be noted that there are exemptions from the Contract Procedure Rules. These must be approved in writing by the Head of Service. Where an exemption is sought for a contract in excess of £30,000 a written report must also be produced outlining legal and financial implications and any future commitments that the proposed contract may entail. Exemptions had not been sought for any of our sample of 12 consultants.</p>		
2	There is no separate guidance issued to officers for the engagement and monitoring of consultants.	No	<p>Our enquiries with HR revealed that there is no separate guidance issued to officers regarding the following of correct procedures when engaging consultants.</p> <p>Although the Authority's Contract Procedure Rules are available through the Infonet, they can be difficult to understand. The rules of aggregation under section 11 of the CPR's are not fully understood and together with the rules of exemption under section 12 these can make it difficult for officers to ensure compliance.</p>	There should be documented procedures and guidance to underpin the Contract Procedure Rules. Compliance with the procedures should be the responsibility of the directorates' senior managers with periodic monitoring undertaken by the Corporate Procurement Unit.	Significant
3	There is no clear definition of what is meant by 'consultant'.	No	As a result of our enquiries and discussions with officers there is some confusion as to the correct definition of a consultant. For the purpose of our review the Chief Executive	There needs to be a specific definition of consultants which is understood and agreed by officers and members and adopted by the Authority.	Significant

		<p>suggested four definitions to use. These are :</p> <ul style="list-style-type: none"><li>- 'Retained consultant', for instance advisors such as to the pension fund and Tennon</li><li>- 'Retained for special projects, longer term', such as Stephen Penny for the Environment Directorate</li><li>- 'Consultants for Specific Processes' such as consultants appointed to look at the voids process in Housing.</li><li>- 'Consultants employed for specialist services such as training'</li></ul> <p>The Authority's Contract Procedure Rules under CPR35 gives a definition of consultants and examples of the type of work for which they may be engaged.</p> <p>There are exclusions from the definition of a consultant and these are technical external staff such as architects and surveyors and the use of external staff to cover temporary staff vacancies. The exclusion of technical experts in the CPRs could be seen to conflict to a certain extent with the Chief Executives definition under consultants engaged for specific processes.</p> <p>Our review highlighted the mixed opinion amongst officers as to the differences between consultants, contractors, interims and agency staff.</p>		
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Objective: Safeguard the organisation's assets and interests from losses of all kinds					
2					
	Controls (actual and/or missing)	Evaluated as effective (yes/no)	Test Result / Implications	Recommendation	Categorisation
	<b>Risk:</b>	<b>Value for money is not achieved.</b>			
4	There is no central record of consultants or their associated costs.	No	Our audit enquiries revealed that there is no central log of consultants used within the Authority and the total cost to the Authority in any given financial year. Scrutiny of the General Ledger code for consultants revealed a number of miscoding making it difficult to ascertain the true cost of consultants.	In order to properly control the use of consultants and more easily ascertain the cost to the Authority, a central record of all consultants should be instigated. This should be regularly reviewed and updated.  Consideration should be given to improving the coding structures for consultants as they do not support the analysis of costs.	Significant
5	There are no management reports on the use of consultants and the costs involved.	No	Management reports are not produced on the use of consultants and it is therefore very difficult for the Authority to be able to determine their effectiveness and productivity.  Our testing on the monitoring of the work of consultants revealed differing levels of scrutiny. For consultants engaged for smaller job specific roles there tends to be no formal monitoring in place. Four consultants in our sample fell into this category. Eight of our sample was monitored on a monthly basis through meetings of the project boards and with senior managers This monitoring is largely to ensure the projects remain on target and to assess what actions need to be taken rather than to directly monitor the cost efficiency of the consultants themselves.	There should be procedures in place for reporting and monitoring the results of the work carried out by consultants and of the financial implications for the directorates and the Authority as a whole. Assessments of Return on Investments should be produced to monitor the value for money of consultants.	Significant
6	Where contracts for consultants are estimated to be below £10,000 the general Contract Procedure Rules apply in that as	Yes	Our discussions with managers involved in the engagement of consultants revealed that value for money is largely recognised as securing competitive rates for the smaller contracts. This	Proper audit trails should be maintained of managers' decisions and justifications for engaging consultants and a clear demonstration of their evaluation of the	Significant

	a minimum requirement value for money must be demonstrated (10.9)  Contracts estimated to be in excess of £30,000 should always have a documented business case as outlined in CPR 35.1.		is not documented so can not be demonstrated retrospectively.	engagement being value for money as opposed to other alternatives. This should include having a documented business case in place following the criteria under CPR 35 for the engagement of all consultants. See Appendix 1	
7	There are inadequate processes to ensure a transfer of consultants' skills to internal staff to build internal capabilities.  There are currently limited post performance reviews to influence future engagements.	No	Of the 12 consultants sampled, there were 4 cases where no consideration was given to the possibility of a skills transfer to internal staff. In 1 case this was not possible as the engagement was to supply software and to follow on with consultancy support for the software.  Our enquiries with senior managers revealed that post performance reviews are not carried out as a matter of course.	Consideration should be given to carrying out post performance reviews, including the value added to internal skills from the work of consultants.  There should be improved mechanisms to find appropriately skilled internal staff and make firm commitments to resource these posts on time. The priority should be on identifying core skills gaps in relation to medium and long term project requirements and using this to plan for recruitment and training.	Significant
8	There is no consistent policy applied to consultants' claims for travel and subsistence.	No	Our testing on consultants' invoices highlighted the fact that differing rates of mileage allowances are being used.  Two invoices inspected had totals for travel and other items such as photocopying, documents and communications. There was no evidence of a breakdown of these figures or if they had been verified.	A consistent policy on travel, subsistence and miscellaneous costs should be applied when engaging consultants and be included in the terms and conditions of the contract. All claims for additional expenses should always be accompanied by the relevant receipts for inspection prior to the payment of invoices.	Significant
9	There is little procurement staff involvement in the buying process to provide commercial expertise and ensure compliance with CPRs	No	The Procurement Department had not been consulted prior to the engagement of any of the consultants in our sample.	Senior Managers should seek advice from the Procurement Department to ensure the correct procedures are being followed and compliance with CPR's is maintained.	Merits Attention
	<b>Risk:</b>	<b>Damage to reputation due to adverse publicity.</b>			
10	The engagement of consultants should always have the proper	No	Our review did reveal that the engagement of consultants has not always gone through any	The engagement of all consultants should be appropriately authorised and approved as per	Significant

	<p>approval prior to engagement.</p> <p>Segregation of duties should be maintained between the engaging of a consultant and the approval of their invoices for payment.</p>		<p>formal approval process in the first instance and in some cases it has been a case of having used the consultant previously and the same consultant being approached again rather than following the proper tendering processes.</p> <p>Our testing also revealed that in two cases the engager of the consultant is the approver of the invoices.</p>	<p>the CPR's and be documented for audit trail purposes.</p> <p>The senior officer approving consultants' invoices should be different to the senior officer engaging consultants to ensure proper segregation of duties.</p>	
11	<p>There isn't a clear framework of delegation of responsibilities to consultants</p>	No	<p>Our testing did reveal that In 1 case a consultant is the approver for other consultants' invoices (Practicus) for all consultants working on the North Wales Residual Waste Treatment Project (NWRWTP).</p> <p>Although it is recognised that generally Project Directors would have a certain level of control over projects, it is best practice with consultants to maintain independent control as a priority.</p>	<p>There should be a proper framework put in place that clearly sets out the responsibilities delegated to consultants, including a Procurement Plan documenting the scope of the work, objectives and responsibilities. The Authority's Financial Procedure Rules and Contract Procedure Rules should be amended to include procedures to ensure that no conflict of interests or special relationships can arise with consultants.</p>	Significant
12	<p>There is insufficient monitoring of the potential for implied employer /employee relationships developing</p>	No	<p>Six of the twelve consultants we looked at have been with the Authority over one year and in one case over four years. These individuals could accrue certain employment rights and it is important to ensure that the Authority is protected against any liability to Tax, National Insurance and employment.</p>	<p>Procedures should be in place to ensure the Authority is not placed at risk for claims of liability for payments of Tax and National Insurance for consultants.</p>	Significant

## 4 Background

### 4.1 Objectives and Risks

The audit considered the organisation's objectives for the area under review and the risks to the achievement of those objectives.

Objectives	Risks
Compliance with established policies, procedures, laws and regulations	Failure to comply with Contract Procedure Rules.
Safeguard the organisation's assets and interests from losses of all kinds	Value for money is not achieved. Damage to reputation due to adverse publicity.

### 4.2 Determination of Audit Approach

In determining the audit approach, we took into account:

- the assessed risk of the auditable area
- the outcome of any other form of assurance review, either internal or external.

Factors relevant to the selection of the audit approach:	
Audit tool selected:	Systematic Audit
Audit approach used:	An audit 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.

The conduct of this audit complied with the standards set in the CIPFA Code of Practice for Internal Audit.

#### 4.4 Acknowledgement

The following staff gave their time and co-operation during the review and we would like to record our thanks:

Name	Position
Andy Roberts	Principal Planner
Nigel Parry	Legionella and Asbestos Officer
Helen Stappleton	Head of Human Resources
Alan Butterworth	Head of Development and Resources
Glyn P Jones	Head of Planning Control
Maureen Mullaney	Head of Social Services for Adults
Neal Cockerton	Head of Assets and Transportation
Dave Ledsham	Performance and Finance Manager
Sharon Carney	Human Resources Manager
Andy Argyle	Procurement Officer
Arwell Staples	Interim Head of Procurement (joint with Denbighshire)
Barry Davies	Head of Legal and Democratic Services

Status: 1 – Implemented  
 2 – Not Implemented  
 3 – No longer applicable

<b>Project Ref:</b>	CD0500P1
	Use of Consultants

<b>Directorate:</b>	Corporate
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**DATE OF AUDIT: JANUARY 2011**

**ACTION PLAN**

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1	<p>Our review of the Contract Procedure Rules revealed that they are not detailed or strong enough with regard to the engagement of consultants. Our testing involved selecting a sample of 12 consultants engaged by the Authority and establishing whether the Contract Procedure Rules (CPR's) had been complied with.</p> <p>Our testing revealed that in 6 cases the CPR's had not been complied with. In all 6 cases the contracts exceeded £30,000 and CPR35 criteria should have been met. In one case there had not been at least four tenders for the job and in three cases the</p>	F	<p>Recommendation:                      The Authority's Contract Procedure Rules need to be re written to bring clarity when engaging consultants. They need to be stronger to ensure that senior managers are aware of the implications of non compliance. Consideration should be given to the provision of training for senior managers on the CPR's to ensure they are fully understood. The CPR's must be adhered to and more rigorous processes adopted when estimating the cost of medium to long term contracts to ensure compliance with EU regulations.</p> <p>For the engagement of consultants the CPR's should</p>	01.04.11	2	<b>01.12.11</b>	<p>Procurement Manager and Head of Finance undertaking:-                      (1) CPR Review                      (2) Advisory Sessions for Procuring Managers.</p> <p>Review of adherence to be undertaken by Internal Audit as part of a review to be scheduled.</p> <p>Revised date due to:                      1. A WLGAs facilitated national working group has been set up to develop a revised national set of Contract Procedure Rules. The draft CPR's will be sent out for wider consultation during the summer, with a target completion date of early Autumn 2011. Any local CPR's reviews need to incorporate the outputs arising from the national working group.                      2.Limited capacity in Procurement and Finance                      3. Connection to newly commissioned reviews of core base costs across Directorates (to include</p>





## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	It should be noted that there are exemptions from the Contract Procedure Rules. These must be approved in writing by the Head of Service. Where an exemption is sought for a contract in excess of £30,000 a written report must also be produced outlining legal and financial implications and any future commitments that the proposed contract may entail. Exemptions had not been sought for any of our sample of 12 consultants.						
2	Our enquiries with HR revealed that there is no separate guidance issued to officers regarding the following of correct procedures when engaging consultants. Although the Authority's Contract Procedure Rules are available through the Infonet, they can be difficult to understand. The rules of aggregation under section 11 of the CPR's are not fully understood and together with	S	<p>Recommendation: There should be documented procedures and guidance to underpin the Contract Procedure Rules. Compliance with the procedures should be the responsibility of the directorates' senior managers with periodic monitoring undertaken by the Corporate Procurement Unit</p> <p>Management Comment:: Accepted in full</p>	01.06.11 Manager Responsible Procurement Manager	2	1.4.12	To follow national review. Revised CPRs to be in place for new financial year, 2012/13. Management guidance to be developed to underpin the CPRs.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	the rules of exemption under section12 these can make it difficult for officers to ensure compliance						
3	<p>As a result of our enquiries and discussions with officers there is some confusion as to the correct definition of a consultant. For the purpose of our review the Chief Executive suggested four definitions to use. These are :</p> <ul style="list-style-type: none"> <li>- 'Retained consultant', for instance advisors such as to the pension fund and Tenon</li> <li>- 'Retained for special projects, longer term', such as Stephen Penny for the Environment Directorate</li> <li>- 'Consultants for Specific Processes' such as consultants appointed to look at the voids process in Housing.</li> <li>- 'Consultants employed for specialist services such as training'</li> </ul> <p>The Authority's Contract</p>	S	<p>Recommendation:</p> <p>There needs to be a specific definition of consultants which is understood, agreed and issued to officers and members, and universally adopted to ensure consistency and accuracy of General Ledger postings.</p> <p>Management Comment:</p> <p>CEO has already provided this definition for use in this piece of work. Same definition to be adopted formally.</p>	01.02.11	1	<b>01.04.11</b>	<p>1. Definitions adopted by Corporate Management Team.</p> <p>Definition to be used in all Procurement audit and financial record keeping</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Procedure Rules under CPR35 gives a definition of consultants and examples of the type of work for which they may be engaged.</p> <p>There are exclusions from the definition of a consultant and these are technical external staff such as architects and surveyors and the use of external staff to cover temporary staff vacancies. The exclusion of technical experts in the CPRs could be seen to conflict to a certain extent with the Chief Executives definition under consultants engaged for specific processes.</p> <p>Our review highlighted the mixed opinion amongst officers as to the differences between consultants, contractors, interims and agency staff.</p>						
4	Our audit enquiries revealed that there is no central log of consultants used within the Authority and the total cost to	S	In order to facilitate maintaining and monitoring information on consultants and their associated costs it would be	01.06.11 Manager Responsible	2	1.12.11 1.4.12	Interim arrangements via a new Contracts Register. Permanent – will be incremental on the introduction of the new Purchase to Pay (P2P)

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	the Authority in any given financial year. Scrutiny of the General Ledger code for consultants revealed a number of miscoding making it difficult to ascertain the true cost of consultants.		beneficial to have a single record of consultants for higher value contracts, held centrally but with open access for the directorates. This should be regularly reviewed and updated. Management Comment:: Accepted in full	Procurement Manager			system. The P2P system is now in the process of being implemented incrementally across the Council.
5	Management reports are not produced on the use of consultants and it is therefore very difficult for the Authority to be able to determine their effectiveness and productivity. Our testing on the monitoring of the work of consultants revealed differing levels of scrutiny. For consultants engaged for smaller job specific roles there tends to be no formal monitoring in place. Four consultants in our sample fell into this category. Eight of our sample was monitored on a monthly basis through meetings of the project boards and with senior managers This monitoring is largely to ensure the projects remain on target	S	Recommendation: The Contract Procedure Rules should specify the level of management monitoring and reporting on consultancy, according to the value of the contract. Management Comment:: Accepted in full	01.06.11 Manager Responsible Head of Finance	2	1.4.12	See recommendation 2. The revised CPRs and / or supporting guidance will define how the use of consultants will be recorded.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	and to assess what actions need to be taken rather than to directly monitor the cost efficiency of the consultants themselves.						
6	Our discussions with managers involved in the engagement of consultants revealed that value for money is largely recognised as securing competitive rates for the smaller contracts. This is not documented so can not be demonstrated retrospectively.	S	<p>Recommendation: Proper audit trails should be maintained of managers' decisions and justifications for engaging consultants for higher value contracts and at least a clear demonstration of their evaluation of the engagement being value for money as opposed to other alternatives for the smaller contracts.</p> <p>Management Comment: Accepted in full</p>	01.04.11 Manager Responsible All Directors	1	<b>01.04.11</b>	As per Corporate Management Team instructions based on existing CPR's pending completion of recommendation 1 above.
7	Of the 12 consultants sampled, there were 4 cases where no consideration was given to the possibility of a skills transfer to internal staff. In 1 case this was not possible as the engagement was to supply software and to follow on with consultancy support for the software. Our enquiries with senior	S	<p>The Contract Procedure Rules should specify the need to transfer skills, where possible, for consultants to internal staff</p> <p>Consideration should be given to carrying out post performance reviews.</p> <p>There should be improved mechanisms to find appropriately skilled internal</p>	01.06.11 Manager Responsible CEO, Head of HR & OD, Head of Finance	2	<b>1.4.12</b>	See recommendation 2. To be incorporated as part of the supporting guidance for managers.

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	managers revealed that post performance reviews are not carried out as a matter of course.		<p>staff and make firm commitments to resource these posts on time. The priority should be on identifying core skills gaps in relation to medium and long term project requirements and using this to plan for recruitment and training.</p> <p>Management comment: Skills transfers already take place in some projects (e.g. LEAN) as part of the engagement. This will be on a case by case basis; post performance reviews should be required. Skills planning is a wider and more complex issue than the recommendation suggests.</p>				
8	<p>Our testing on consultants' invoices highlighted the fact that differing rates of mileage allowances are being used. Two invoices inspected had totals for travel and other items such as photocopying, documents and communications. There was no evidence of a breakdown of these figures or if they had</p>	S	<p>Recommendation:</p> <p>A consistent policy on travel, subsistence and miscellaneous costs should be applied when engaging consultants and be included in the terms and conditions of the contract. All claims for additional expenses should always be accompanied by the relevant receipts for inspection prior to the payment</p>	01.04.11	2	<p><b>01.10.11</b></p> <p><b>1.1.12</b></p> <p><b>1.4.12</b></p>	<p>As per recommendation 1 above</p> <p>See recommendation 1 above.</p> <p>See recommendation 1 above.</p>

## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	been verified.		of invoices  Management Comment: Accepted in full				
10	Our review did reveal that the engagement of consultants has not always gone through any formal approval process in the first instance and in some cases it has been a case of having used the consultant previously and the same consultant being approached again rather than following the proper tendering processes. Our testing also revealed that in two cases the engager of the consultant is the approver of the invoices.	S	Recommendation: The engagement of all consultants should be appropriately authorised and approved as per the CPR's and be documented for audit trail purposes.  The senior officer approving consultants' invoices should be different to the senior officer engaging consultants to ensure proper segregation of duties.  Management Comment: Accepted in full	01.04.11  Manager Responsible  Head of Finance	1	01.04.11	As per Corporate Management Team instructions based on existing CPR's pending completion of 1 above.
11	Our testing did reveal that In 1 case a consultant is the approver for other consultants' invoices (Practicus) for all consultants working on the North Wales Residual Waste Treatment Project (NWRWTP).	S	Recommendation: There should be a proper framework put in place that clearly sets out the responsibilities delegated to consultants, including a Procurement Plan documenting the scope of the work, objectives and responsibilities.	01.06.11  Manager Responsible  CEO< Head of Finance, Procurement	2	1.1.12	See recommendation 1.



## ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	Although it is recognised that generally Project Directors would have a certain level of control over projects, it is best practice with consultants to maintain independent control as a priority		The Authority's Financial Procedure Rules and Contract Procedure Rules should be amended to include procedures to ensure that no conflict of interests or special relationships can arise with consultants. Management comment: Accepted in full	Manager	2	1.4.12	See recommendation 1.
12	Six of the twelve consultants we looked at have been with the Authority over one year and in one case over four years. These individuals could accrue certain employment rights and it is important to ensure that the Authority is protected against any liability to Tax, National Insurance and employment.	S	Recommendation: Procedures should be in place to ensure the Authority is not placed at risk for claims of liability for payments of Tax and National Insurance for consultants  Management Comment: Accepted in full	01.04.11 Manager Responsible Head of Finance	1		As per Corporate Management Team instruction.

## FLINTSHIRE COUNTY COUNCIL - EXEMPT INFORMATION SHEET

COMMITTEE: Audit Committee

DATE: 14 December 2011

AGENDA ITEM NO: 12

REPORT OF: (Director of originating Department)

Head of Finance

SUBJECT:

Consultants - analysis of significant expenditure

**The report on this item is NOT FOR PUBLICATION because it is considered to be exempt information in accordance with the following paragraph(s) of Schedule 12A to the Local Government Act 1972.**

	<u>Para</u>	
Information relating to a particular individual *	12	
Information likely to reveal the identity of an individual *	13	
Information relating to financial/business affairs of a particular person * See Note 1	14	<input checked="" type="checkbox"/>
Information relating to consultations/negotiations on labour relations matter *	15	
Legal professional privilege	16	
Information revealing the authority proposes to:	17	
(a) give a statutory notice or		
(b) make a statutory order/direction *		
Information on prevention/investigation/prosecution of crime *	18	
<u>For Standards Committee meetings only:</u>	Sec.	
Information subject to obligations of confidentiality	18a	
Information relating to national security	18b	
The deliberations of a Standards Committee in reaching a finding	18c	
<u>Confidential</u> matters which the County Council is not permitted to disclose	Sec. 100A(3)	

### PLEASE TICK APPROPRIATE BOX

\* Means exempt only if the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Note 1: Information is not exempt under paragraph 14 if such information is required to be registered under Companies Act 1985, the Friendly Societies Acts of 1974 and 1992, the Industrial and Provident Societies Act 1965 to 1978, the Building Societies Act 1986 or the Charities Act 1993.

**SCHEDULE 12A LOCAL GOVERNMENT ACT 1972  
EXEMPTION FROM DISCLOSURE OF DOCUMENTS**

**REPORT:** Consultants - analysis of significant expenditure  
**AUTHOR:** David Webster  
**MEETING AND DATE OF MEETING:** Audit Committee on 14 December 2011

I have considered grounds for exemption of information contained in the report referred to above and make the following recommendation to the Proper Officer:-

**Exemptions applying to the report:**  
Paragraph 14.

**Factors in favour of disclosure:**  
Transparency.

**Prejudice which would result if the information were disclosed:**  
Disclosure at the present time of the detailed information in the report could prejudice working relationships with current consultants and deter potential consultants from working for the Council in the future. Disclosure could also be in breach of contractual arrangements.

**My view on the public interest test is as follows:**  
I do not believe it to be in the public interest to disclose the level of detail contained in the report because of the prejudice it could cause.

**Recommended decision on exemption from disclosure:**  
To be exempt from disclosure.

**Date:** 06/12/2011

**Signed:**



**Post:** Interim Head of Legal & Democratic Services

I accept the recommendation made above.



Proper Officer 06/12/2011