

Public Document Pack

Gareth Owens LL.B Barrister/Bargyfreithiwr
Head of Legal and Democratic Services
Pennaeth Gwasanaethau Cyfreithiol a Democraataidd



To:

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

CS/NG

15 June 2012

Sharon Thomas 01352 702324
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Dear Sir / Madam

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **MONDAY, 25TH JUNE, 2012** at **2.00 PM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

AGENDA

- 1 **APOLOGIES**
- 2 **APPOINTMENT OF CHAIR**
Nominations will be sought for a Chair for the Committee.
- 3 **APPOINTMENT OF VICE-CHAIR**
Nominations will be sought for a Vice-Chair for the Committee.
- 4 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATION)**

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

- 5 **MINUTES** (Pages 1 - 14)
To confirm as a correct record the minutes of the meeting held on 26 March 2012 (copy enclosed).
- 6 **APPOINTMENT OF A LAY MEMBER TO THE AUDIT COMMITTEE** (Pages 15 - 20)
Report of Democracy & Governance Manager
- 7 **CERTIFICATION OF GRANT CLAIMS AND RETURNS 2010/11** (Pages 21 - 38)
Report of Head of Finance
- 8 **REPORT ON INTERNAL AUDIT (WAO)** (Pages 39 - 54)
Report of Head of Finance
- 9 **RISK MANAGEMENT UPDATE** (Pages 55 - 64)
Report of Chief Executive
- 10 **TREASURY MANAGEMENT ANNUAL REPORT 2011/12 AND 2012/13 UPDATE** (Pages 65 - 86)
Report of Head of Finance
- 11 **FINAL REPORTS & PERFORMANCE INDICATORS** (Pages 87 - 132)
Report of Head of Finance
- 12 **OPERATIONAL AUDIT PLAN & RECOMMENDATION TRACKING** (Pages 133 - 300)
Report of Head of Finance
- 13 **INVESTIGATIONS PROGRESS REPORT** (Pages 301 - 306)
Report of Head of Finance
- 14 **INTERNAL AUDIT ANNUAL REPORT** (Pages 307 - 318)
Report of Head of Finance

MEETING OF AUDIT COMMITTEE **26 MARCH 2012**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in County Hall, Mold on Monday, 26 March 2012

PRESENT: Councillor I.B. Roberts (Chairman)

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

ALSO PRESENT: Councillors: Eng. K Armstrong-Braun and A. Woolley

APOLOGY: Head of Finance

IN ATTENDANCE: Internal Audit Manager, Democracy & Governance Manager and Committee Officer

Chief Executive (minute numbers 64-69)

Policy Performance & Partnerships Manager (minute number 69)

Funds Manager and Senior Officer Funds (minute number 71)

Ms. Amanda Hughes of Wales Audit Office

Mr. Stephen Martin of Wales Audit Office (minute number 69)

64. MINUTES

The minutes of the meeting of the Committee held on 30 January 2012 were submitted.

Matters Arising

On the Galw Gofal item, Councillor A.M. Halford asked about progress with resolution (f) for a briefing note to be shared with Members. The Chief Executive was aware that this had been drafted and would follow this up.

On Final Reports and Performance Indicators, Councillor Halford advised that she had met with the Executive Member for Waste Management and had been provided with a note outlining progress made in relation to AD Waste, which had been copied to the Democracy & Governance Manager. The Chief Executive gave details of a report on AD Waste to be considered by the Executive the next day. Councillor Halford commented that information on AD Waste Directors' remuneration had not yet been made available and Councillor Q.R.H. Dodd suggested that the forthcoming liquidation of the company would resolve this.

On minute 59, Councillor G.H. Bateman apologised for not having returned his self-assessment.

RESOLVED:

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

65. DECLARATIONS OF INTEREST

No declarations of interest were made.

66. VARIATION IN ORDER OF BUSINESS

It was agreed that Agenda Item 4 - Annual Improvement Report 2011 by the Auditor General for Wales - would be considered later on the agenda to enable Mr. Stephen Martin of Wales Audit Office to be in attendance.

67. ANNUAL FINANCIAL AUDIT OUTLINE 2011/12

The Internal Audit Manager introduced a report on the Annual Financial Audit outline for the audit of the Council's accounts for 2011/12 and those of the Clwyd Pension Fund.

Ms. Amanda Hughes of Wales Audit Office (WAO) explained that this was an annual statutory requirement and highlighted the main risks and resultant actions in Exhibit 1 of both reports.

On issues arising from previous audits, Councillor A.M. Halford who was also a member of the Housing Overview & Scrutiny Committee, questioned which previously received document had identified flaws in the housing stock database. Ms. Hughes explained that an issue had previously been identified on how accounting principles were applied to the valuation of housing stock, but that this did not relate to the database. She suggested that Councillor Halford's query may be in connection with a national report on the Wales Housing Quality Standard (WHQS) which had raised issues on the quality of databases. The Chief Executive said that the accounting issue had been dealt with as a priority and resolved, but that further issues on properties being appropriately catalogued in the database on size and location and their condition against the standard were being pursued.

In response to further queries, Ms. Hughes said that the proposed financial audit fee of £215,976 remained unchanged from the previous year and was lower than that charged by the previous auditors. The total audit fees comprised three elements: the auditing of financial statements, work required under the Local Government (Wales) Measure 2009 and grant/return certification work.

Responding to questions raised by Councillor G.H. Bateman, Ms. Hughes explained that the zero based fee model was based upon the input and time taken to carry out a financial audit of the size and risk profile of a Local Authority. The proposed fee was based on work to be completed within a timescale and included dealing with occasional queries from members of the public and Council Members. However, queries which generated more detailed work would not be included and would be charged at daily rates.

Councillor M.J. Peers pointed out that the estimated maximum figure for grant work in the WAO report differed from that in the financial implications of the

report of the Head of Finance. Ms. Hughes advised that the WAO draft report had indicated this to be £120,000 which had been increased to £135,000 in the final report. In response to a query on the assessment of the effectiveness of Internal Audit, Ms. Hughes spoke of the important role of Internal Audit in the Authority's internal controls. She advised that this aspect of WAO work involved carrying out an annual assessment of Internal Audit against the Chartered Institute of Public Finance and Accountancy (CIPFA) standards, with a report on the findings to be brought to the Audit Committee in June 2012.

Councillor P.R. Pemberton commented on earlier discussion on enquiries from members of the public and the valuation of housing stock in relation to the WHQS. Ms. Hughes explained that the WAO would spend minimal time in dealing with issues that were not relevant to the Appointed Auditor in issuing his audit opinion, but would pursue any issues that were. For example, approximately four enquiries had been responded to during the previous year, one of which had required additional work. She went on to confirm that relevant steps had been taken to engage with the Council early in respect of the current year's housing stock valuation and that discussions were taking place with the valuers to undertake early work on assessing the adequacy of this in preparing the accounts. On the WHQS she said that the WAO did not have a view on adequacy of stock as this did not impact directly on the audit of the financial statements, however the Council's Asset Management Strategy would be considered by Members and reviewed by WAO.

The Chief Executive said that the stock condition survey figures had been carefully checked and now contained more precise detail. He referred to background work and said that as part of priorities established in the Asset Plan, it was intended to roll forward potential costs of meeting repairs work and planned discussion with the Welsh Government (WG) on major repairs allowances to enable Flintshire to achieve the WHQS.

RESOLVED:

That the report be noted.

68. DRAFT STATUTORY GUIDANCE ON LOCAL GOVERNMENT (WALES) MEASURE 2011 AND REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE

The Democracy & Governance Manager introduced a report to consider the draft statutory guidance on the Local Government (Wales) Measure 2011 in relation to audit committees, to review audit committee terms of reference and to prepare for implementation of the new arrangements for audit committees.

The report gave information on legal changes resulting from the Measure and suggested responses to the draft statutory guidance which were required by the end of March 2012.

Paragraph 3.02 - proposed timeline for implementation of the new arrangements

It was explained that the delay in the issuing of the draft guidance meant there was now insufficient time for the new membership arrangements of Audit Committees to be in place for the new Council.

On the inclusion of one or more lay members on the Audit Committee, the Chief Executive said that the new membership may wish to consider and be involved in this process. He pointed out that if the Measure was passed in its current form, there would be legal implications if the Committee met and had not yet appointed a lay member. It was therefore proposed and agreed that the Welsh Government (WG) be asked to delay implementation of this part of the Measure.

Paragraph 3.04 - contents of the draft guidance relating to two documents issued by CIPFA

It was agreed that the response to the draft guidance should request that the final version be comprehensive and include the parts of these CIPFA documents that were still relevant.

Paragraph 3.05 - review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs

The Chief Executive said that the roles of Audit and Overview & Scrutiny complemented each other and that any risk issues would be picked up by the Audit Committee. He added that the proposal did not give Authorities the flexibility to adopt their own arrangements and that the suggested response was to ask for local discretion.

Councillor Q.R.H. Dodd felt that the membership composition should be reviewed if the Audit Committee had greater financial responsibility. Councillor M.J. Peers said it was essential for Overview & Scrutiny Members to continue to focus on financial details of the Authority and Councillor B. Mullin felt that any changes to these current arrangements would be detrimental.

Members agreed with the suggestion that the choice be left to individual Councils and for the current arrangements for Overview & Scrutiny to monitor, challenge and support the development of effective financial performance, should remain.

Councillor P.R. Pemberton agreed that the appointment of a lay member could be useful in providing knowledge and felt that the Audit Committee required additional Members and meetings. He commented that the Corporate Resources Overview & Scrutiny Committee should not be wholly responsible for considering the broader budget process.

Paragraph 3.06 - provision of all auditor's reports to the Audit Committee

The Democracy & Governance Manager said that the suggested response to the consultation would be to recommend local choice on which auditor's reports should be shared with the Audit Committee.

Members agreed that the draft guidance was too prescriptive, however Councillor Peers remarked that it was the decision of officers as to which audit reports would be shared with the Committee and Councillor Dodd felt that Members should be aware of the availability of all reports. The Internal Audit Manager confirmed that it was current practice for him and the Head of Finance to prepare summary audit reports to be shared with the Committee but that all reports were available to Members on request.

The Democracy & Governance Manager suggested that a letter could be sent to Audit Committee Members giving notification of the reports available for inspection. The Internal Audit Manager said that this could be included as part of the Audit Committee agenda.

Paragraph 3.07 - consideration of regulatory reports

The Chief Executive commented that external regulatory reports were considered by Executive, Overview & Scrutiny committees and Audit Committee, depending on the contents.

Members agreed that local choice should prevail over which reports from regulators and inspectors were considered by the Audit Committee rather than the appropriate Overview & Scrutiny committee.

Paragraph 3.08 - consideration of Audit Committee reports and recommendations by full Council

Members agreed that the final guidance should provide clarification on where financial statement reports and recommendations needed to go to both Executive and Council and which prevails in the event of different views.

Councillor Halford said it should be ensured that Executive decisions continued to be subject to call-in, to which the Chief Executive responded that the draft guidance would not affect such current Council arrangements.

Paragraph 3.09 - recruitment of lay member(s) to the Audit Committee

The Democracy & Governance Manager stated that the draft guidance did not set out criteria for the appointment of lay members which would need to be included in a public notice, including any necessary qualifications/experience. He said that if the legislation was implemented in May 2012, officers would need to start the recruitment process as quickly as possible to enable the Committee to lawfully meet and make decisions. He said that a minimum of one lay member, with voting rights, would be required although the number could always be increased at a later date.

Councillor Dodd proposed that the Committee take a preliminary view that the membership comprise of seven Members and one lay member. The Chairman seconded this.

Councillor Peers referred to the draft guidance which indicated that a lay member would ideally have knowledge of local government functions. The Chief Executive said that possible criteria might include a mix of personal skills and experience, although this did not necessarily mean ex-Council officers or ex-auditors. Councillor Peers shared the view for a low number of lay members in view of the need for the new membership of Audit Committee to undergo training. On the provision for an Executive Member to be included in the Committee's membership, he highlighted the conflicting statements in the draft guidance and corresponding section from the Measure, and proposed that the current practice continue so that no Executive Members be included. Councillor Halford raised concerns that the appointment of one lay member may place significant pressure on that person.

The Democracy & Governance Manager drew attention to paragraph 9.27 of the draft guidance on the recruitment of lay members and said that delegated authority would be required for officers to pursue the appointment if the legislation was not delayed, to enable the Committee to be lawfully convened. The Chief Executive suggested that if this was the case, the Audit Committee Chair could be consulted in the recruitment process.

The Democracy & Governance Manager also gave details of a proposed minor change to the Committee's terms of reference, which was irrespective of the outcome of the Measure.

RESOLVED:

- (a) That the provisions in the Local Government (Wales) Measure 2011 relating to the audit committees be noted;
- (b) That the points made in paragraphs 3.02, 3.04, 3.05, 3.06, 3.07 and 3.08 of the report be included in the response to consultation on the draft statutory guidance;
- (c) In response to the points raised in paragraph 3.06, that a list of all auditor's reports in future be issued to all Committee Members;
- (d) That the Committee's preliminary view is for the total membership of the Audit Committee under the new arrangements to be seven Members and one lay member, with no Executive Members;
- (e) That the updating of the Audit Committee's terms of reference as indicated in paragraphs 2.04 and 2.05 of the report be recommended to Council; and
- (f) That delegated authority be granted for officers to pursue the recruitment of one lay member under the new arrangements.

69. ANNUAL IMPROVEMENT REPORT 2011 BY THE AUDITOR GENERAL FOR WALES

Mr. Stephen Martin of the Wales Audit Office (WAO) introduced a report to advise of the Council's Annual Improvement Report 2011 published by the Auditor General for Wales.

Councillor A.M. Halford referred to comments on the behaviour standards of some Members, raised concerns about the extent that consultants were used in Human Resources, there being no Director of Human Resources and commented on the length of time taken to recruit a new Monitoring Officer.

Councillor M.J. Peers remarked on Flintshire's position on the Single Status Agreement (paragraph 37) and was surprised at the comments on the Council's approach to engaging with the public (paragraph 17). He welcomed development opportunities to extend collaborative working in a number of areas and asked for examples of political fragility which had been commented on in the report. He pointed out that the commentary on Overview & Scrutiny workshops made reference to their benefits whilst also recommending that their use be restricted, asking for an opinion on the use of Task & Finish Groups which he believed worked well. He also sought clarification on the source of the Council's waste performance data referred to in paragraph 158.

Mr. Martin said that paragraph 24 noted concerns raised by some Members and officers about behaviour by a small number of Members, however no specific recommendations had been made. Whilst paragraph 23 noted a degree of mistrust between some officers and Members, there had been no evidence of this. The concerns had been expressed by over a third of Members from all political parties, some from positions of leadership. Councillor Halford felt this was an unfair reflection as not all Members' views had been represented.

On Human Resources, Mr. Martin commented on paragraph 27 which noted significant pressures on leadership capacity and capability which had been recognised by the Council and would be monitored, however this did not identify individuals. The report also noted delays in the delivery of elements of the People Strategy and the need for close monitoring. In response to Councillor Peers' comments, he said that Flintshire's position in not yet achieving Single Status was far from unique in Wales. On engagement with the public, he referred to good practice with tenants on the Housing Ballot but felt there were inconsistencies in other areas. He agreed to respond separately on the waste data query and felt that workshops were used effectively in many cases but that some Members and officers had raised concerns about the volume and the need for Members to be available to attend.

On Single Status, Councillor P.R. Pemberton remarked on previous work on Single Status, the additional cost to the Council and the length of time involved to review and proceed forward. Mr. Martin explained that previous work on Single Status had been covered in the Annual Improvement Report of January 2011. He

said that concerns had been expressed to ensure that this complex task was assessed and delivered in accordance with the timetable and would be monitored.

The Chief Executive said that the Welsh Government (WG) had provided an increase in base funding to protect the Single Status reserve. Members had rejected initial proposals from management and trade unions which had led to a re-working of the project. Agreement of proposals was based on the need to be acceptable, affordable and legal. The WAO recommendation R1 did not relate to ownership and transparency of the project; this was about reporting more fully and regularly, which had been addressed in the Council's response. He added that the membership of the Single Status Project Board included each Group Leader and that the full project plan was on schedule for implementation at the close of the calendar year, if agreed by Members. On recommendation R2, he spoke of progress on defining priorities and costings which had been acknowledged by the WAO.

In response to other queries, the Chief Executive said that the comments on capacity and capability were a general point and that a Director of Human Resources was not necessary as the Head of Service had a significant amount of autonomy along with other Corporate Heads of Services. During the period of time before the recruitment of a Monitoring Officer, an interim appointment had been made, supported by the Deputy Monitoring Officer. WAO concerns were that Member workshops should not be seen to dilute committee working and that there should be a balance, for example the budget workshop which had been helpful to Members prior to budget setting earlier in the year.

RESOLVED:

That the Council's Annual Improvement Report 2011 published by the Auditor General for Wales and the Council's response be noted.

Councillor A.M. Halford wished it to be noted that she had abstained from voting on this item.

70. VARIATION IN ORDER OF BUSINESS

A change of order was agreed to allow Agenda Item 12 Treasury Management Update to be considered next.

71. TREASURY MANAGEMENT UPDATE

The Funds Manager introduced an update report on matters relating to the Council's Treasury Management Policy, Strategy and Practices.

No changes had been made to the Council's long-term borrowing strategy since the last update, although the Council's treasury advisers had revised the red flag status on credit risk to amber in view of steps taken to alleviate risks on the financial system. A list of current investments was attached to the report, together with an up-to-date copy of the counterparty list, as requested previously. An update on Landsbanki reported receipt of the first distribution following the winding

up of the bank, which equated to approximately one third of the Council's investment.

Councillor M.J. Peers commented on the rationale for restricting short term deposits to a maximum of three month periods. In relation to the £677,219.81 estimated interest for 2011/12, he asked if a calculation could be provided to show the average interest rate over the total amount invested. The Funds Manager agreed that this information could be provided separately to Members of the Committee.

Councillor G.H. Bateman asked for an explanation on the reduction in the number of counterparties during the last quarter and asked about the possibility of reducing the number further, as he had previously discussed this with the Clwyd Pension Fund Manager. The Funds Manager explained that the reduction was not related to policy but that some banks had been suspended from the list due to a negative change in their credit ratings. Following advice from the treasury advisers, these banks had been removed from the counterparty list as a temporary measure, however it was noted that credit ratings changed from month to month. The Clwyd Pension Fund Manager would be asked to respond to Councillor Bateman on the second query.

Councillor P.R. Pemberton asked if interest on the Landsbanki investment could be recovered or whether this was included in the claim. The Funds Manager said that a small proportion of the investment had been reclaimed but that legal negotiations were ongoing on the date of maturity.

Councillor Q.R.H. Dodd asked about evaluation of advice provided by the treasury advisers and the Senior Officer Funds confirmed that there was a constant evaluation process.

RESOLVED:

That the report be noted.

72. INTERNAL AUDIT STRATEGIC AND OPERATIONAL PLAN

The Internal Audit Manager introduced a report on the proposed Internal Audit Plan for the three year period 2012/13 to 2014/15, for Members' consideration. He advised that no changes had been made to the Plan following consideration by the Corporate Management Team (CMT) the previous week.

Councillor M.J. Peers asked if any financial transactions were included in audits of school activity and commented on delivery of the Council's affordable housing by a third party. On Environment, he asked whether the effectiveness of Dog Control Orders had been evaluated in relation to dog fouling enforcement and suggested that Section 106 Agreements be included as an area for review within Public Protection.

The Internal Audit Manager explained that schools were now asked to complete a self-assessment form which was analysed by the Council to identify

any problem areas and help provide a focus. An update on final reports to be considered later on the agenda included an audit on Streetscene Cleanliness of the Public Realm which incorporated Dog Control Orders, however any additional issues could be reviewed. In response to a query on Section 106 Agreements raised by Councillor Halford at the previous meeting, details of tracked outstanding recommendations had been included in Appendix C of the report. The Internal Audit Manager noted the comments on affordable housing and said that this could be considered for review, adding that the Plan was subject to change on request by Members and officers.

Councillor P.R. Pemberton asked about previous problems on the processing of housing benefit subsidy claims. The Internal Audit Manager confirmed that improvements had been made but that ongoing work on the overall system would need to be monitored, hence this had remained on the Plan.

The Internal Audit Manager noted the suggestion made by Councillor Peers that the audit on procurement/contract arrangements for Streetscene be brought forward from 2013/14 in view of the launch of the service earlier in the year.

RESOLVED:

That the report be approved.

73. OPERATIONAL AUDIT PLAN AND RECOMMENDATION TRACKING

The Internal Audit Manager presented the report to advise of progress against the operational plan for 2011/12 together with results of the current recommendation tracking since the previous Audit Committee.

RESOLVED:

That the report be noted.

74. FINAL REPORTS AND PERFORMANCE INDICATORS

The Internal Audit Manager introduced a report to advise of final reports issued since the last Audit Committee and of Directorates and Internal Audit's performance for responses against target.

Following earlier discussion, the Internal Audit Manager highlighted the recommendations made on the limited assurance report for Streetscene, which included reference to dog fouling enforcement and Dog Control Orders.

RESOLVED:

That the report be noted.

75. INVESTIGATIONS PROGRESS REPORT

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

In relation to one of the current investigations, the Chairman asked about the monitoring of school funds in general. The Internal Audit Manager explained that a view had previously been taken not to review school funds as they were not under the remit of the Local Education Authority. However, as a result of the incident referred to, the Council was now looking at school funds with the co-operation of schools.

RESOLVED:

That the report be noted.

76. BRIBERY ACT - UPDATE OF ANTI-FRAUD AND CORRUPTION STRATEGY

The Internal Audit Manager presented a report on changes to the Anti-Fraud and Corruption Strategy as a result of a review of policies following the introduction of the Bribery Act.

RESOLVED:

That the updated Anti Fraud and Corruption Strategy be approved.

77. AUDIT COMMITTEE SELF ASSESSMENT

The Internal Audit Manager introduced a report on the results of the Audit Committee self assessment which had fed into the preparation for the Annual Governance Statement 2011/12. He advised that in addition to the responses summarised in the report, a late response had been received from Councillor A.M. Halford.

Responding to concerns raised by Councillor Halford on the Audit Committee terms of reference in relation to risk management, the Democracy & Governance Manager said that the Local Government Measure granted additional powers on risk management and corporate governance to Audit Committees and would be included in the terms of reference when that part of the Measure was implemented.

RESOLVED:

That the results of the self-assessment questionnaire be noted.

78. CIPFA CODE OF PRACTICE FOR INTERNAL AUDIT

The Internal Audit Manager introduced a report to inform Members of the level of compliance of the Internal Audit section with the Chartered Institute of

Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the UK.

Following a query raised by Councillor M.J. Peers, it was reported that the checklist had been compiled by the Internal Audit Manager in conjunction with some Internal Audit officers.

Councillor P.R. Pemberton sought clarification on the attendance of the Monitoring Officer at the annual private meeting between the Audit Committee and Internal Audit Manager. Following further queries, the Democracy & Governance Manager confirmed that the annual meeting would take place following this meeting, as indicated on the agenda, and that he would be attending.

RESOLVED:

That the report be noted.

As this was the last meeting of the Audit Committee prior to the Elections, the Chairman took the opportunity to thank Committee Members for their interest and attendance over the past four years. He also wished to thank the Internal Audit Manager for the work undertaken and the Vice-Chairman, Councillor Billy Mullin, for his support.

Members of the Committee passed on their thanks to the Chair, officers and the Wales Audit Office representatives.

79. DURATION OF MEETING

The meeting commenced at 10.00am. and finished at 1.00pm.

80. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

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

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Chairman

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

AUDIT COMMITTEE	DATE: 26 MARCH 2012
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MEMBER	ITEM	MIN. NO. REFERS
NO DECLARATIONS OF INTEREST WERE MADE		

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

REPORT BY: **DEMOCRACY & GOVERNANCE MANAGER**

SUBJECT: **APPOINTMENT OF LAY MEMBER TO THE AUDIT
COMMITTEE**

1.00 PURPOSE OF REPORT

1.01 To inform the Audit Committee of the background to the appointment of a lay member to the committee.

2.00 BACKGROUND

- 2.01 The Local Government (Wales) Measure 2011 came into effect in April 2012. It requires that County Councils appoint lay members to their Audit Committees. The number of lay members to be at least one up to a maximum of one third of the membership of the Audit Committee.
- 2.02 The annual Council meeting on the 15 May 2012 agreed the previous recommendation of the Audit Committee to appoint the statutory minimum of one lay member.
- 2.03 The legislation requires the Council to take into account any statutory guidance when appointing lay members, that guidance has not yet been published. The Measure also provides that actions taken by the Audit Committee are invalid if its membership does not comply with the legislation. It was therefore decided to proceed to recruit prior to the publication of the statutory guidance in order to enable the Committee to meet and take lawful decisions.
- 2.04 The recruitment process that was followed is detailed in a report to the County Council meeting of the 19 June 2012 where a candidate will be recommended for appointment. A copy of that report is attached as appendix 1.

3.00 CONSIDERATIONS

3.01 The lay member appointed will have received the agenda and reports for this meeting and it is hoped will be able to be in attendance.

4.00 RECOMMENDATIONS

4.01 To note the background to the appointment of a lay member to the Audit Committee.

5.00 FINANCIAL IMPLICATIONS

5.01 A fee is payable to the lay member for attendance at committee meetings.

6.00 ANTI POVERTY IMPACT

6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 None as a result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 As indicated in appendix 1.

12.00 APPENDICES

12.01 Appendix 1 – County Council report dated 19 June 2012

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

None

Contact Officer: Peter Evans
Telephone: 01352 702304
Email: peter.j.evans@flintshire.gov.uk

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **FLINTSHIRE COUNTY COUNCIL**

DATE: **TUESDAY, 19 JUNE 2012**

REPORT BY: **MONITORING OFFICER, HEAD OF FINANCE**

SUBJECT: **APPOINTMENT OF LAY MEMBER TO THE AUDIT COMMITTEE**

1.00 PURPOSE OF REPORT

- 1.01 To inform the County Council of the process used to recruit a lay member to the Audit Committee and to recommend a candidate for appointment.

2.00 BACKGROUND

- 2.01 The Local Government (Wales) Measure 2011 requires that the County Council appoints lay members up to one third of the membership of the Audit Committee (with the minimum of one member). At the Council AGM on 15th May 2012 the County Council decided to appoint the statutory minimum of one lay member.
- 2.02 The legislation requires the Council to take into account any statutory guidance when appointing lay members, that guidance has not yet been published and is not due until June 2012 (at the earliest). The Measure also provides that actions taken by the Audit Committee are invalid if its membership does not comply with the legislation. It was therefore decided to proceed to recruit prior to the publication of the statutory guidance in order to enable the Committee to meet and take lawful decisions.

3.00 CONSIDERATIONS

- 3.01 Adverts were placed in the Chester Chronicle and Daily Post on the 10 May 2012. Attached as appendix A is an information note sent to those who expressed an interest. In total 22 applications were received. Candidates were short-listed by the Head of Finance and the Head of Legal & Democratic Services using the following criteria:
- Experience and/or understanding of audit, accounting practice and/or financial procedures
 - Knowledge and/or experience of local government
 - Perceived political and operational independence
 - Has not been a Councillor or officer of Flintshire County Council
 - Has not been a Councillor or officer of another Council (See 3.02 below)

- 3.02 Although the guidance is not yet available on what constitutes political and operational independence, independent members are of course appointed to the Standards Committee. The legislative requirements for membership of that Committee are that no-one who has been a Councillor or officer of this Council may be deemed independent and likewise no-one who has been an officer or a Councillor in another Council within the last 12 months is deemed independent. It therefore seemed prudent to apply the same criteria to establish independence for appointment to the Audit Committee.
- 3.03 An interview panel consisting of Councillor Ian Roberts (as immediate past Chair of the Audit Committee), the Head of Finance and the Head of Legal & Democratic Services were due to interview 5 candidates on the 6 June. One candidate withdrew and another was unable to attend at the last moment. A further interview date was therefore arranged for the 13 June, so that, at the time of publication, the interview process has not been concluded. Therefore the name of the recommended candidate will be submitted at the meeting.
- 3.04 The role of the lay member on the Audit Committee is similar to that of a Councillor, insofar as the person will be required to have oversight of Council functions and processes and to give assurance that the internal control framework is operating properly. The role differs from that of a Councillor at least in two important respects:
- The lay member has no political affiliation;
 - The lay member can be recruited specifically because of potential valuable skills and/or experience within the field.
- 3.05 Given the sometimes sensitive nature of reports considered by the Audit Committee it is also essential that any lay person is able to exercise both discretion and diplomacy. The short-listing and interview process was designed to ensure that any potentially successful candidate possessed all of these qualities.
- 3.06 At its meeting on 20 March the Audit Committee delegated authority to officers in case there was insufficient time to confirm the appointment of a lay member at a meeting of the full County Council. A preliminary offer of appointment will be made, subject to ratification by the County Council, in order to enable the successful candidate to attend the compulsory induction day on the 15 June.

4.00 RECOMMENDATIONS

- 4.01 The name of the preferred candidate will be submitted at the Council meeting for ratification.

5.00 FINANCIAL IMPLICATIONS

- 5.01 An attendance fee is payable for attendance at the Committee.

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 By the time of the meeting, the name of the preferred candidate will have been circulated to all Group Leaders and to the members of the Audit Committee.

12.00 APPENDICES

Appendix A - Information note given to candidates

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

None

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **CERTIFICATION OF GRANT CLAIMS AND RETURNS
2010/11**

1.00 PURPOSE OF REPORT

1.01 The purpose of the report is to inform Members of the grant claim certification for the year ended 31st March 2011.

2.00 BACKGROUND

2.01 The Council's external auditors, the Wales Audit Office (WAO) are required to report annually on the certification of grants claims and returns. Appendix A details the annual report for 2010/11 and WAO will be attending the meeting to present the main findings.

3.00 CONSIDERATIONS

3.01 The Corporate Finance Management Team has considered the report in detail, and where appropriate, actions have been put in place to improve the quality and timing of future grant claim submissions.

3.02 To facilitate the above, the Authority and WAO have also previously agreed a joint working protocol for the certification of grant claims and returns, and implemented a grant claim completion checklist to ensure that all grant claim submissions are done in a consistent manner.

4.00 RECOMMENDATIONS

4.01 Members note the content of the Grant Claim Certification for 2010/11.

5.00 FINANCIAL IMPLICATIONS

5.01 As detailed in the audit report.

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

11.00 None.

12.00 APPENDICES

12.01 WAO Report.

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

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WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Certification of Grants and Returns 2010-11

Flintshire County Council

Audit year: 2010-11

Issued: May 2012

Document reference: 334A2012

Status of report

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.

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

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

The team who delivered the work comprised John Herniman, Amanda Hughes and Ron Parker.

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Summary

1. Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
2. We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Flintshire County Council (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
3. We have completed the audit and conclude that while the Authority generally had adequate arrangements in place for the production and submission of its 2010-11 grant claims, there is scope for improvement. We are continuing to work with the authority to make these improvements for 2011-12. Our conclusion for 2010-11 is based on the following overall findings:
 - the Authority worked closely with us to ensure that an accurate and up-to-date schedule of 2010-11 grants was in place throughout the year; and
 - there is scope to improve the authority's arrangements for submitting its grant claims for audit, in particular the grant certification checklist should be used for all grants submitted, as has been previously agreed.
4. In 2010-11, we certified 29 claims (32 claims in 2009-10). The Authority submitted 18 (62 per cent) of its 2010-11 grant claims to us on time, a further eight claims (Communities First) were delayed by the National Assembly and three claims were submitted late. We can confirm that we have certified all of the claims, at a total audit cost of some £130,857. Overall, the audits resulted in an additional £63,693.78 being claimable by the Authority in respect of 2010-11.
5. 1:4 of the claims were qualified, which is equivalent to the Welsh average of 1:4 for 2009-10.

Headlines

Introduction and background

This report summarises the results of work on the certification of the Authority's 2010-11 grant claims and returns

As appointed auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.

- For 2010-11, we certified 29 grants with a total value of £177 million.
- Following on from our audit work in 2009-10 we worked with officers to put in place a *Joint Protocol for the certification of grant claims and returns* effective for the 2010-11 grants year. This sought to provide clarity in arrangements and address issues identified in the 2009-10 grants audit. In particular, it included a requirement that for each grant presented for audit, a grant completion checklist would be prepared and authorised, to ensure that essential supporting evidence was available to us to support the grant. A report on the audit of the 2009-10 grant claims and returns, which included the agreed protocol, was presented to the Audit Committee in September 2009. Despite collective agreement, the authority only completed the checklist for five of the 29 2010-11 claims submitted, which is disappointing.
- We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.

Pages 8-14

Timely receipt of claims

- Our analysis shows that 18 claims (62 per cent) were received by the required deadline, eight claims (28 per cent) were delayed by the Welsh Government and three claims (10 per cent) were late. We can confirm that none of the delays caused audit adjustments to claims.
- In future, the Authority (via the grant co-ordinator) should submit all grant claims by the deadlines and, importantly, ensure that replies to audit queries are typically provided within no more than two working days. However, we acknowledge that audit queries relating to third parties' expenditure, sometimes take longer to address, but it is imperative that queries are answered in a timely manner in order for the auditor certification deadline to be met and to ensure efficient delivery of the audit.

Pages 8-14

<p>Certification results</p>	<p>We issued unqualified certificates for 21 grants and returns but qualifications were necessary in eight cases (28 per cent)</p> <p>The reasons for qualifying the grants can be grouped into ongoing issues which have been reported in previous financial years and issues which have come to our attention (for the first time) during our grant work carried out in 2010-11:</p> <ul style="list-style-type: none"> • Qualification issues reported in previous financial years which occurred in 2010-11: <ul style="list-style-type: none"> – Lack of supporting evidence – Claim not completed in accordance with Certification Instructions (CIs) • Qualification issues reported for the first time in 2010-11: <ul style="list-style-type: none"> – Ineligible expenditure – Incorrect account coding of expenditure categories – Bank control issues • Qualification issues outside the Authority's control: <ul style="list-style-type: none"> – None 	<p>Pages 8-14</p>
<p>Audit adjustments</p>	<p>Adjustments were necessary to eight of the authority's grants and returns as a result of our auditor certification work this year</p> <ul style="list-style-type: none"> • There were only two significant adjustments (ie, over £10,000). The Housing and Council Tax Benefit claim was adjusted by £56,892 (increase) and the Substance Misuse Action Plan Fund claim was adjusted by £13,357 (increase). • The net adjustment of the eight grants is an increase of £63,693.38 in funds payable to the Authority. Excluding the significant adjustments to the two grants above, the net adjustment of the other six grants is a reduction of £6,555.22 in funds payable to the Authority. 	<p>Pages 8-14</p>

The Authority's arrangements

The Authority has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in some areas

- Additional procedures should be put in place to ensure that individual grant scheme rules are always adhered to throughout the Authority.
- The Authority should put in place systems and controls to ensure that where grant is distributed to a third party to incur the expenditure that the third party organisation is complying with grant scheme rules by keeping, and making available, adequate and appropriate records of expenditure.

Pages 12-14

Fees

Our overall fee for certification of grants and returns for 2010-11 is £130,857 which was within our original estimate of £120,000 to £135,000.

Summary of certification work outcomes

6. Detailed on the following page is a summary of the key outcomes from our certification work on the Authority's 2010-11 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
7. A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the authority to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2010-11

Overall, we certified 29 grants and returns:

- 15 were unqualified with no amendment;
- six were unqualified but required some amendment to the final figures;
- six required a qualification to our audit certificate; and
- two were qualified but required some amendment to the final figures.

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
1	Housing and Council Tax benefits scheme	31/05/11	25/05/11	No	✓	+£56,892	-	-
2	Safer Communities Fund	30/09/11	09/08/11	No	-	-	-	✓
3	Better Schools Fund	31/07/11	15/08/11	Yes	✓	-	-	-
4	School Buildings Improvement Grant	22/07/11	02/06/11	No	-	-	-	✓
5	Learning Pathways (new, non-ESF)	30/09/11	15/07/11	No	-	-	-£1,114.22	✓
6	Flying Start	30/09/11	29/09/11	No	✓	-	-	-
7	Cymorth	30/09/11	29/09/11	No	-	-	-	✓
8	Substance Misuse Action Plan Fund	30/09/11	25/07/11	No	-	+£13,357	-	✓
9	Learning Disabilities	31/08/11	03/08/11	No	-	-	-	✓
10	Joint Working Grant	30/09/11	27/09/11	No	-	-	-	✓
11	HRA Subsidy 2010-11	30/09/11	31/10/11	Yes	-	-	-£1,138	✓
12	HRA Subsidy 2009-10	30/09/11	21/03/11	No	-	-	-	✓

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
13	National non-domestic rates return	21/05/11	09/05/11	No	✓	-	-	-
14	Sustainable Waste Management	30/09/11	27/07/11	No	-	-	-	✓
15	Teachers' Pensions Return	30/06/11	17/06/11	No	-	-	-	✓
16	Communities First – Higher Shotton	31/07/11	19/10/11	Yes	✓	-	+£2,716.40	-
17	Communities First – Rural North	31/07/11	19/10/11	Yes	✓	-	-	-
18	Communities First – Holywell Neighbourhoods	31/07/11	19/10/11	Yes	-	-	-£5,020.40	✓
19	Communities First – Castle Ward Flint (non-core)	31/07/11	19/10/11	Yes	-	-	-	✓
20	Communities First – Castle Ward Flint (core)	31/07/11	19/10/11	Yes	-	-	-£2,000	✓
21	Communities First – Central Team	31/07/11	19/10/11	Yes	-	-	-	✓
22	Communities First – Bryn Gwalia, (non-core)	31/07/11	19/10/11	Yes	-	-	-	✓
23	Communities First – Bryn Gwalia, (core)	31/07/11	19/10/11	Yes	✓	-	-	-
24	Social Care Workforce Development Programme	30/09/11	27/09/11	No	-	-	-	✓

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Adjustment (>£10,000)	Adjustment (<£10,000)	Unqualified certificate
25	Social Services Performance Management	30/09/11	27/09/11	No	✓	-	-	-
26	Community Equipment	30/09/11	26/09/11	No	-	-	+£1.00	✓
27	Promoting Independence and Wellbeing	30/09/11	12/12/11	Yes	-	-	-	✓
28	Free Concessionary Travel	31/10/11	28/10/11	No	-	-	-	✓
29	Capital Road Maintenance Fund	31/10/11	28/10/11	No	-	-	-	✓
					8	£70,249	-£6,555.22	21

8. This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 11 to 13.

Ref	Summary observations	Amendment
1	<p>Housing and Council tax benefits scheme (BENO1) The claim was qualified for the following reasons:</p> <ul style="list-style-type: none"> • The original claim extraction, submitted to DWP on 25 May 2011, was based on the wrong version of the benefits software release. The Authority provided a new claim and all testing and amendments were carried out on the replacement claim. (Recommendation 1) • Issues of lack of evidence for Old scheme and New scheme cases. (Recommendation 2) • Misclassification of overpayments in rent rebates, rent allowances and council tax. (Recommendation 1) • Errors in modified schemes. (Recommendation 1) • Issues arising from testing related to 2009-10. (Recommendation 1) <p>The claim was adjusted as follows:</p> <ul style="list-style-type: none"> • A number of separate amendments were required to the claim, which resulted in a decrease to the amount payable to the Welsh Government by £56,892. 	£56,892
3	<p>Better Schools Fund (EDU14) This claim was qualified for two reasons:</p> <ul style="list-style-type: none"> • the Authority had included ineligible expenditure on the claim; (Recommendation 3) and • the Authority was unable to provide supporting evidence for the expenditure in two cases. (Recommendation 2) 	£0
5	<p>Learning Pathways (new, non-ESF) (EDU43) • The adjustment related to refunds that had not been applied correctly. (Recommendation 1)</p>	£-1114.22

Ref	Summary observations	Amendment
6	<p>Flying Start (ECY01)</p> <ul style="list-style-type: none"> This claim was qualified because the Authority had not sought appropriate approval, from the Welsh Government, for virements over 10 per cent, as required by the Certificate Instructions. (Recommendation 4) 	£0
8	<p>Substance Misuse Action Fund (HC02)</p> <ul style="list-style-type: none"> The adjustment related to ring-fenced amounts not included in the original claim. (Recommendation 1) 	£13,357
11	<p>HRA Subsidy 2010-11 (HOU03)</p> <ul style="list-style-type: none"> The adjustment related to an incorrect calculation, which resulted in increasing the net amount due to the Welsh Government. (Recommendation 1) 	£-1,138
13	<p>National non-domestic rates return (LA01)</p> <ul style="list-style-type: none"> This return was qualified because the authority did not want to adjust for an amount of £24,445, which was identified, during audit, as being incorrectly included in the claim. (Recommendation 1) 	£0
16	<p>Communities First – Higher Shotton (RG02)</p> <p>The claim was qualified for the following reasons:</p> <ul style="list-style-type: none"> The Authority had miscoded expenditure between categories of expenditure within the claim, although the overall amount was correct. (Recommendation 1) The Authority was unable to provide supporting evidence for some of the claim funding (Recommendation 2) The Authority needs to improve the controls relating to the bank mandate. (Recommendation 5) <p>In addition, the claim was adjusted for premises costs and training costs which were eligible expenditure relevant to this claim. (Recommendation 3)</p>	£2,716.40

Ref	Summary observations	Amendment
17	<p>Communities First – Rural North (RG02) The claim was qualified for the following reasons:</p> <ul style="list-style-type: none"> the authority had miscoded expenditure between categories of expenditure within the claim, although the overall amount was correct; (Recommendation 1) and the authority needs to improve the controls relating to the management of the bank account – in particular, it is inappropriate to hold pre-signed blank cheques. (Recommendation 5) 	£0
18	<p>Communities First – Holywell Neighbourhoods (RG02)</p> <ul style="list-style-type: none"> The adjustment related to ineligible childcare costs and miscoding of training costs. (Recommendation 3) 	£-5,020.40
20	<p>Communities First – Castle Ward Flint (core) (RG02)</p> <ul style="list-style-type: none"> The adjustment related to ineligible premises costs which were included in the wrong year. (Recommendation 3) 	£-2,000
23	<p>Communities First – Bryn Gwalia, (core) (RG02)</p> <ul style="list-style-type: none"> The claim was qualified because of control weaknesses relating to petty cash. (Recommendation 5) 	£0
25	<p>Social Services Performance Management (SOC09)</p> <ul style="list-style-type: none"> This claim was qualified because the Authority had not sought appropriate approval, from the Welsh Government, for changes to the agreed plan, as required by the Certificate Instructions. (Recommendation 4) 	£0
26	<p>Community Equipment (SOC27)</p> <ul style="list-style-type: none"> The minor adjustment related to an opening figure on the claim, which was brought forward incorrectly from the previous year (rounding error). (Recommendation 1) 	£1
Total effect of amendments to the Authority		£63,693.78

Recommendations

9. We will follow up these recommendations during next year's audit.

R1	The Authority should ensure that claim forms are completed in accordance with the relevant grant terms and conditions. A <i>grant completion checklist</i> should be prepared, reviewed and authorised for each claim.
R2	The Authority should establish arrangements to ensure that the claim's financial transactions and other information is fully supported by source documentation eg, ledger prints, invoices, calculation of apportionments, timesheets, etc.
R3	Only eligible expenditure, and that incurred within the claim period, should be included within the claim. Advice from the Welsh Government should be sought prior to claim completion if in any doubt about the expenditure eligibility.
R4	Obtain approval for changes to the original plans/expenditure profiles from the grant-paying body before the claim is authorised by the Authority's certifying officer and submitted for audit.
R5	Ensure that effective controls operate for all separate bank accounts used for grant funding and management



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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **REPORT ON INTERNAL AUDIT (WAO)**

1.00 PURPOSE OF REPORT

1.01 To inform the Committee of the outcome of the Wales Audit Office annual assessment of Internal Audit.

2.00 BACKGROUND

2.01 Wales Audit Office is required to consider whether the internal financial control arrangements for the Council are adequate. As Internal Audit is a key element of the system of internal control, they complete a formal annual assessment.

3.00 CONSIDERATIONS

3.01 The assessment was made against the professional standards set out by the Chartered Institute of Public Finance Accountancy Code of Practice for Internal Audit in Local Government in the United Kingdom.

3.02 The assessment found that Internal Audit is fully compliant with eight of the eleven standards, partially compliant with two and not compliant with one. Five recommendations have been made to enhance compliance.

3.03 The non-compliance relates to staffing levels and staff development, which have been affected by the departmental re-structure as part of the Finance Function Review. Recruitment has taken place and the department will be fully staffed from July 2012. Staff appraisals and development will follow the completion of FFR.

3.04 A copy of the report is attached.

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 WAO Report – Assessment of Internal Audit

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

None.

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WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Assessment of Internal Audit **Flintshire County Council**

Audit year: 2011-12

Issued: June 2012

Document reference: 342A2012

Status of report

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.

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

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This document was produced by John Herniman and Amanda Hughes.

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Summary report

Internal audit has fully complied with eight of the 11 standards in the CIPFA Code of Practice for Internal Audit, partially complied with two and not met one

1. The Code of Audit Practice issued by the Auditor General and the International Standard on Auditing 610 requires us to consider whether the internal financial control arrangements of Flintshire County Council (the Council) are adequate. As internal audit is a key element of the system of internal control, we complete an annual assessment.
2. We have assessed internal audit against its professional standards as set out in the Chartered Institute of Public Finance Accountancy's (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the Code). The Code consists of standards in two groupings: the first encompasses the organisational and structural aspects of internal audit; the second encompasses the activity and operation of internal audit. Where these standards are met, wherever possible, we will seek to rely on their work when documenting or testing the Council's financial systems as part of our accounts audit; although any work completed by them will have to be reviewed. Further information on the individual aspects covered by each standard can be found in [Appendix 1](#).
3. Our assessment of each of the standards is set out in [Exhibit 1](#).

Exhibit 1

Standard and aspects		Standard met/comment
Organisational standards		
1	Scope of internal audit	Yes
2	Independence	Yes
3	Ethics for internal auditors	Yes
4	Audit Committee	Partially compliant
5	Relationships	Yes
6	Staffing, training and continuous professional development	No
Operational standards		
7	Audit strategy and planning	Yes
8	Undertaking audit work	Yes

Standard and aspects		Standard met/comment
Operational standards (continued)		
9	Due professional care	Yes
10	Reporting	Yes
11	Performance quality and effectiveness	Partially compliant

4. Our detailed report sets out our findings in respect of each of the CIPFA standards. We have made six recommendations.

Recommendations

R1	Review and analyse the self-assessment results to identify knowledge gaps and training needs to further develop the committee.
R2	Review the current reporting formats to ensure that they provide information in a manner which assists the committee in making informed decisions.
R3	Review internal audit staffing levels to ensure that adequate resources are available to deliver agreed internal audit plans.
R4	Ensure that internal audit staff are subject to regular staff appraisal, in accordance with the agreed process.
R5	Consider requesting RSM Tenon to perform an independent quality assurance review in accordance with quality control procedures.

Detailed report

Internal audit has fully complied with four of the organisational standards, partially complied with one and not met one

The scope of internal audit is clearly defined

5. The overall scope of internal audit is set out in the Internal Audit Charter (the Charter), and generally conforms to the requirements of the internal audit standards. The scope of internal audit work is agreed in the internal audit annual plan by the Audit Committee.
6. The Charter is underpinned by the internal audit manual. In 2010-11, we recommended that the manual required updating as it was out of date in a number of respects. This was completed in January 2012.

Internal audit has sufficient organisational status and independence

7. The Charter stipulates that audit staff do not undertake any non-audit duties and that all the activities of the internal audit function are carried out in accordance with the financial regulations of the Council.
8. All internal audit staff are required to complete annual declarations of interest.

Internal audit has arrangements in place to ensure compliance with the ethical codes issued by professional institutes

9. The internal audit section is expected to follow the code of ethics of its own professional institution.
10. The internal audit manual stipulates that internal audit should safeguard information they receive in carrying out their duties.

The Audit Committee makes an effective contribution to the overall process for ensuring that an effective internal control system is maintained but should review its reporting arrangements

11. The role, responsibilities and composition of the Audit Committee are detailed in Article 7 of the Constitution.
12. The Audit Committee completes an annual self-assessment and this is submitted to the Head of Finance. However, there was little evidence of analysis and assessment of the implications of the results from 2010-11 during the 2011-12 financial year. The committee completed a further self-assessment in spring 2012 and agreed that the results would be reviewed after the local government elections by the new committee.

-
13. The Charter details the rights of access of the Internal Audit Manager to all members.
 14. The Internal Audit Manager and, on occasions, one director from RSM Tenon, attend the Audit Committee meetings.
 15. At each committee, the Internal Audit Manager presents two standard reports, namely, the Operational plan and recommendation tracking report and the Final reports and performance indicators report. The reports allow the committee to monitor the progress and output of internal audit's work.
 16. Last year, we identified that whilst the reports met core requirements, improvements could be made to present key information in a smarter and more succinct way. The Internal Audit Manager had also given an undertaking to consult with the committee on improved ways of reporting.
 17. In year, there have been some minor improvements to the reports, but they remain largely unchanged and we are not aware that any formal consultation with the committee has taken place.
 18. As a new committee has recently been formed, following local government elections in May 2012, it is opportune to review the reporting arrangements.

R1	Review and analyse the self-assessment results to identify knowledge gaps and training needs to further develop the committee.
----	--

R2	Review the current reporting formats to ensure that they provide information in a manner which assists the committee in making informed decisions.
----	--

Internal audit has established effective relationships with management, other auditors and other review bodies

19. Internal audit has built positive relationships with management. A constructive relationship has developed between internal audit and the Wales Audit Office, and a formal protocol is in place which sets out our working relationship.

In both of the last two years, internal audit has been insufficiently staffed to deliver its planned work programme

20. The established staffing structure of the internal audit section provides adequate resources, with an appropriate skill mix, to fulfil its objectives.
21. However, in the last two years, there have been a number of staff vacancies, largely as a result of the ongoing finance function review, and this has led to a significant shortfall in the number of auditor days to deliver the agreed internal audit plan. In addition, during 2011-12, there was a significant level of investigations work which also diverted auditor days away from the plan.

-
- 22. As a result, in both years, the internal audit plan has been subject to major revision and a considerable number of audits have been lost from the programme. The revised plans have been agreed by the Audit Committee.
 - 23. The Internal Audit Manager is confident that sufficient work has been carried out to satisfy him in terms of providing his annual assurance to the Audit Committee, but the committee needs to satisfy itself on the impact of this lost work, especially if work does not feature in forward work plans, when approving audit plans.
 - 24. We are aware that new staff have recently been recruited and that the internal audit section will be fully staffed from July 2012.
 - 25. There is access to RMS Tenon's workforce for specialist skills, such as IT audit.
 - 26. The Council operates a staff appraisal system to both assess performance against objectives and to identify any personal development needs for the individual. However, six-monthly appraisals for internal audit staff have not been carried out for the last two years.
 - 27. All staff are required to maintain a record of training and development, and adhere to their professional bodies' Continual Professional Development (CPD) requirements. This partly addresses the training aspect of the staff appraisal process but it is important that internal audit staff are regularly appraised to support delivery of the sections' objectives.

R3	Review internal audit staffing levels to ensure that adequate resources are available to deliver agreed internal audit plans.
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R4	Ensure that internal audit staff are subject to regular staff appraisal, in accordance with the agreed process.
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Internal audit has fully complied with four of the operational standards and partially complied with one

An Audit Strategy and Annual Audit Plan are prepared, reviewed and approved by the Audit Committee

- 28. Internal audit has a strategy for 2010-11 to 2012-13. The strategy details that work is carried out to meet the internal audit objective of providing an annual opinion to inform the Annual Governance Statement.
- 29. The strategy and annual plan is updated by the Internal Audit Manager and certified by the Head of Finance before being annually approved by the Audit Committee. The committee approved the 2011-12 plan in March 2011.

Internal audit's approach to recording its audit work is comprehensive

30. The internal audit standards require all auditors to obtain and record sufficient relevant evidence to support their conclusions, and to demonstrate the adequacy of evidence obtained to support professional judgements.
31. Each review has a detailed assignment planning sheet which identifies the scope, objectives, risks and resources for the review.
32. We reviewed a sample of four internal audit files and found that all files were generally of a good standard.
33. Formal feedback takes place at the end of the audit in an audit debriefing meeting.

Internal audit applies due professional care when performing its duties

34. Internal audit staff are suitably qualified and have a range of guidance on conduct, from the constitution, code of conduct for officers, the internal audit manual and their professional bodies' code of ethics.
35. All work performed is reviewed by a principal auditor and certified by the Internal Audit Manager.

Internal audit prepares assignment reports and an Annual Report in accordance with the requirements of the internal audit standards

36. Internal audit reports templates are designed to meet the internal audit standards.
37. The Annual Report provides an opinion on the governance, risk management and controls in operation within the Council.

Internal audit has in place quality control and review procedures but has not been subject to an independent quality assurance review for some time

38. The internal audit manual sets out the quality control measures that are required to be in place, and in most respects, they are.
39. The Internal Audit Manager presents quarterly performance reports to the Audit Committee. Performance indicators are reported to the Audit Committee at each meeting and the majority relate to timeliness of issue of reports.
40. A quality measure which is not operational is the aforementioned (paragraph 26) six-monthly appraisal of staff.

-
- 41.** The manual also sets out the arrangements for independent quality assurance, to be provided by RSM Tenon’s risk management division. Whilst clients are not subject to this kind of review on an annual basis, we note that the RSM Tenon have yet to perform a quality assurance review on the internal audit section. The Head of Finance should consider whether it is appropriate to request a review to provide additional assurance over the internal audit service.

R5 Consider requesting RSM Tenon to perform an independent quality assurance review in accordance with quality control procedures.

Appendix 1

Internal audit standards and aspects

Standard and aspects	
1	Scope of internal audit <ul style="list-style-type: none">• Terms of reference• Scope of work• Other work• Fraud and corruption
2	Independence <ul style="list-style-type: none">• The principles of independence• Organisational independence• Status of the Head of Internal Audit• Independence of individual internal auditors• Independence of internal audit contractors• Declaration of interest
3	Ethics for internal auditors <ul style="list-style-type: none">• Purpose• Integrity• Objectivity• Competence• Confidentiality
4	Audit Committee <ul style="list-style-type: none">• Purpose of the Audit Committee• Internal audit's relationship with the Audit Committee
5	Relationships <ul style="list-style-type: none">• Principles of good relationships• Relationships with management• Relationships with other internal auditors• Relationships with external auditors• Relationships with other regulators and inspectors• Relationships with elected members
6	Staffing, training and continuing professional development <ul style="list-style-type: none">• Staffing internal audit• Training and continuing professional development
7	Audit strategy and planning <ul style="list-style-type: none">• Audit strategy• Audit planning

Standard and aspects

8	Undertaking audit work <ul style="list-style-type: none">• Planning• Approach• Undertaking audit assignments
9	Due professional care <ul style="list-style-type: none">• Principles of due professional care• Responsibilities of the individual auditor• Responsibilities of the Head of Internal Audit
10	Reporting <ul style="list-style-type: none">• Principles of reporting• Reporting on audit work• Follow-up audits and reporting• Annual reporting and presentation of audit opinion
11	Performance quality and effectiveness <ul style="list-style-type: none">• Principles of performance quality and effectiveness• Quality assurance and audit work• Performance and effectiveness of the audit service



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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **RISK MANAGEMENT UPDATE**

1.00 PURPOSE OF REPORT

- 1.01** To advise Members of the corporate management of risk
- 1.02** To assure Members of the arrangements in place for business continuity.

2.00 BACKGROUND

- 2.01** Risk Management Update reports are reported to Audit Committee. Audit Committee is responsible for reviewing the effectiveness of the Council's Risk Management processes and systems.
- 2.02** Scrutiny Committees are responsible for challenging the detail either via the Strategic Assessment of Risks and Challenges (SARC) document or the quarterly performance reports.
- 2.03** Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the principles of openness and inclusiveness, integrity and accountability together with the overarching concept of leadership. It is an interrelated system that brings together the underlying set of legislative requirements, governance principles and management processes.
- 2.04** Risk Management is an integral part of the Council's Governance Framework and Internal Control and aids informed and transparent decisions by ensuring that risk management is embedded into the culture of the Council, with managers recognising that risk management is part of their everyday job.

3.00 CONSIDERATIONS

- 3.01** Risk Management Strategy
The current Risk Management Strategy was revised in 2010 to take into account the Council's maturing understanding of risk

management and its integration into the business planning processes. Periodic refreshes of the Strategy ensure that our processes are up to date; this current refresh adds to the Operational Risk section to make it more robust.

3.02 During a recent internal audit of risk management a recommendation was to amend the Risk Management Strategy to require the inclusion of the identification of operational risk in departmental Service Plans and to develop an operational risk template. Many services already use local risk registers and identify operational risks in their service planning arrangements and as part of performance monitoring, however to assist services where operational risk identification may be less embedded a new template has been developed. A copy of the Operational Risk template is attached at Appendix 1.

3.03 Risk Maturity

A Risk Maturity review has recently been undertaken by Internal Audit. It was performed as an advisory review and as a result will not produce a formal opinion; however the outcomes of the review will influence the Internal Audit Manager's annual opinion for the Council.

Risk Maturity is defined as "the extent to which a robust risk management approach has been adopted and applied as planned by management across the organisation, to identify, assess, decide on responses to, and report on opportunities and threats that affect the achievement of the organisation's objectives."

Additional workstreams may flow from this review; further detail will be presented to a future Audit Committee meeting.

3.04 Strategic Assessment of Risk and Challenges

The Strategic Assessment of Risks and Challenges (SARC) is the Council's strategic risk register and was first created during 2007/08. This document provides the foundations for the Council's Service/Business Plans and informs the Improvement Plan and the Regulatory Plan. It defines and details the priorities for change and improvement and is supported by our business planning processes and disciplines of service planning, risk management, financial planning, resource planning, monitoring and review.

The strategic assessment of risks and challenges comprises three sections:

1. Community Leadership –local challenges which cannot be maintained solely by the Council (e.g. affordable housing, Community Strategy review, public health and primary health care)

2. Council Delivery – public service challenges which are mainly within the control and responsibility of the Council (e.g. housing, school buildings, waste management).

3. Council Governance – challenges of organisational governance and management (e.g. finance, human resources, information and communications technology)

- 3.05** The strategic risks are monitored and updated quarterly either via the quarterly performance reports or via the SARC templates. The SARC document is published twice a year.

The SARC is currently being compiled for 2011/12 year end and a draft of the RAG (red, amber, green) risk levels summary is attached as Appendix 2.

3.06 Risk Management in Project Management

Some amount of risk taking is inevitable if a project is to achieve its objectives. The aim is to manage that risk by taking action to keep exposure to an acceptable level in a cost effective way.

Every project is subject to constant change in its business and wider environment, therefore the risk environment is also constantly changing too. The project's priorities and relative importance of risks will shift and change. Assumptions about risk have to be regularly revisited and reconsidered, for example at each milestone/phase.

Flintshire's project management system incorporates an approach to ensure that risks are identified, recorded and regularly reviewed and that plans are modified to include agreed actions which avoid or reduce the impact of risk. Risks are reported to the Project Board and CMT as necessary.

3.07 Business Continuity

Business Continuity Management (BCM) is a process that helps manage risks to the smooth running of an organisation or delivery of service, ensuring:

- continuity of "mission critical services" in the event of a disruption
- and effective and timely recovery.

The disruption could be loss of ICT, loss of building, loss of staff, or loss of key partner. Business Continuity Management is one of the Council's strategic risks.

The Council has 22 identified Mission Critical services with plans in place to mitigate the impact of a business interruption.

- 3.08** These plans have been recently used to assist the council in responding to the following incidents when business continuity of key services could have been under threat:

- Severe winter weather
- Localised flooding

- Industrial Action

The Council undertakes learning from these experiences to improve processes and approaches for the future.

Whilst there is some level of preparedness for the impact of emergency events on the council's ability to deliver its services there is still further work needed to ensure the resilience of the essential key services. This was noticeable during the recent threat to fuel supplies, as our third party suppliers had little or no resilience due to a clear lack of business continuity preparations. The impact of this would have been felt by both the council and its clients.

3.09 The Mission Critical Plans are tested at least annually and the latest round of testing was held in October 2011. The exercise (Exercise Coldfeet) was developed to enable the Corporate Management Team to assess the operational capacity of our Mission Critical Plans. The exercise aimed to test the resilience of these plans, paying particular attention to winter resilience, alternative accommodation requirements and ICT replacement facilities, and to identify any other shortfalls. All plan owners and authors were invited to attend. The session was also an opportunity for newly appointed staff, with responsibility for Business Continuity in their remit, to gain knowledge and practical experience of business continuity management requirements. The debrief of the exercise made recommendations to review plans against:

- Communications
- Alternative office accommodation
- Resources

All plans have been subject to a detailed audit and recommendations sent to plan authors/owners for update.

3.10 Work has started to develop an Exercise to test the Corporate Business Continuity Plan that will challenge the Strategic Business Response Team by using external and internal factors that could give rise to a business continuity interruption. It is planned to hold this exercise later in the year.

4.00 RECOMMENDATIONS

4.01 Members to endorse the corporate approach to risk management.

4.02 Members to gain assurance from the business continuity arrangements in place.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a direct result of this report.

6.00 ANTI POVERTY IMPACT

6.01 None as a direct result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a direct result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a direct result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None as a direct result of this report

10.00 CONSULTATION REQUIRED

10.01 Corporate management Team, Audit Committee (process), Scrutiny Committee (detail)

11.00 CONSULTATION UNDERTAKEN

11.01 Corporate Management Team, Audit Committee, Scrutiny Committee

12.00 APPENDICES

12.01 Operational Risk Template – Appendix 1

12.02 SARC RAG summary status – Appendix 2

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

Strategic Assessment of Risks and Challenges, Corporate Business Continuity Plan, Mission Critical Plans

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Strategic Assessment of Risks & Challenges' RAG Summary (Refresh)

Risk Title		2011-2012					Predictive Green/Amber
		Q4	Q1	Q2	Q3	Q4	
Risk Reference	Community Leadership	Mar 11	June 11	Sept 11	Dec 11	Mar 12	Predictive Green/Amber
CL04	Affordable Housing	A	A	A	A	A	SEP 2012
CL05	Social Care For Older People	A	A	A	A	A	TBC
CL07	Relationship with Local Health Board & Public & Primary Health	A	A	A	A	A	APR 2013
CL08	Climate Change & Flood Risk Management	A	A		A	A	TBC
CL09	Economic Regeneration	A	A	A	A	A	TBC
CL10	County Town Network Regeneration & Protection	G	G	G	G	G	FEB 2011
CL11	Integrated and Public Transport Infrastructure (External)	G	A	A	A	A	FEB 2011
CL12	Skills Needs of Employers	A	A	A	G	G	OCT 2011
CL14	North Wales Regional Waste Treatment Partnership	A	A		A	A	2016/17
CL15	Clwyd Theatr Cymru (CTC)	A	A	A	A	A	TBC
Risk Reference	Council Delivery	Mar 11	June 11	Sept 11	Dec 11	Mar 12	Predictive Green/Amber
CD02	Streetscene	A	A	A	A	A	JUN 2012
CD03	Transition from UDP to LDP	A	A	A	G	G	DEC 2011
CD04	Planning Protocol	A	G	G	G	A	SEP 2011
CD05	Highways Infrastructure	A	A	A	A	A	TBC
CD06	Transport Arrangments For Service Users	A	A	A	A	A	DEC 2013
CD07	Depot Provision	A	A	A	A	A	DEC 2013
CD08	Connah's Quay, Shotton & Deeside Housing Renewal Area	A	A	A	A	A	MAR 2020
CD10a	Leisure - Revenue Funding			R	R	R	TBC
CD10b	Leisure - Capital Projects			A	A	A	SEP 2012
CD10c	Leisure - Play Strategy			A	A	A	DEC 2012
CD12a	Housing Strategy	A	A	A	A	A	APR 2012
CD12b	Housing Management	A	A	A	A	A	TBC
CD12c	Housing Repairs and Maintenance Services	A	A	A	A	A	APR 2012
CD12d	Homelessness	A	A	A	A	A	TBC
CD12e	Sheltered Housing	A	A	A	A	A	NOV 2013
CD14	Housing Ballot	A	A	A	A	G	TBC
CD19	Gypsies and Travellers	A	A	A	A	A	TBC
CD20	School Buildings/School modernisation	R	R		R	R	2018
CD22	School Improvement - Regional Project			A	A	A	TBC
CD23	Procurement of Independent Sector placements for looked after children	R	A	A	A	A	TBC
CD26	Disabled Facilities Grants	A	A	A	A	A	TBC
CD27a	Waste Management Targets/Food Waste Treatment Project	A	A	A	A	A	2016/17
CD27c	Waste Management Operations	A	A	A	A	A	2016/17
CD27d	Waste Management (AD Waste)	G	G	G		G	SEP 2010
CD34	Severe Winter Weather	A	A	A	A	A	TBC
CD37	Food Waste Treatment Project					A	2016/2017
CD38	Welfare Reform					R	TBC
Risk Reference	Council Governance	Mar 11	June 11	Sept 11	Dec 11	Mar 12	Predictive Green/Amber
CG05a	Asset Management - Strategic	A	A	A	A	A	2015/16
CG05b	Asset Rationalisation			A	A	A	2015/16
CG06	Medium Term Financial Strategy	A	A	A	A	A	TBC
CG07	Financial Management and Control	A	A	A	A	A	TBC
CG08	ICT Strategy	A	A	A	G	G	DEC 2011
CG09	Information Governance	A	A	A	A	A	TBC
CG10	Human Resources and Management	A	A	A	A	A	NOV 2012
CG11	Single Status and Terms and Conditions of Employment	A	A	A	A	A	NOV 2012
CG13	Customer Focus	A	G	G	G	A	JUN 2011
CG16	Workforce and Succession Planning	A	A	A	A	A	NOV 2012
CG18	Procurement	A	A		A	A	TBC
CG19	Business Continuity (including Winter Disruption)	A	A	A	A	A	APR 2012
CG22	Flintshire Futures			A	A	A	TBC
CG23	Data Protection					R	

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **TREASURY MANAGEMENT ANNUAL REPORT
2011/12 AND 2012/13 UPDATE**

1.00 PURPOSE OF REPORT

1.01 To present the Annual Report on the Council's Treasury Management Policy, Strategy and Practices 2011/12 and to provide an update on Treasury Management activity in 2012/13 to the end of April 2012.

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.

2.02 On 1st March 2012, the Council approved the Treasury Management Policy and Strategy Statement for 2012/13, following the recommendation of the Executive and consideration by the Audit Committee.

3.00 CONSIDERATIONS

Governance

3.01 A schedule for the reporting cycle for Treasury Management Reports 2012/13 is attached as Appendix 1 for information. Where Members have any specific items of interest, concern or questions on the Council's Treasury Policy these can be addressed within these reports upon request.

Treasury Management Annual Report 2011/12

3.02 The draft Treasury Management Annual Report for 2011/12 is attached as Appendix 2 for review. As required by Financial Procedures, this Annual Report will be reported to the Cabinet and Council. The Treasury Management Mid Year Report for 2011/12 was reported to Council on 22nd November 2011.

- 3.03 The Annual Report compares and measures outcomes and performance with forecasts made in the Policy Statement for interest rates, investment strategy and borrowing strategy and reports on the main treasury activities during the year.
- 3.04 At the time of writing the 2011/12 Treasury Management Policy Statement (the Policy) in early 2011, it was hoped that the global financial environment was starting to stabilise and this confidence was reflected in the implementation of the Policy in the first quarter of 2011/12. The Audit Committee report of 13th July 2011 listed the main activities including two long term investments both at an interest rate of 2.65% which boosted the average interest rate to over 1% compared to 0.8% in 2010/11.
- 3.05 Unfortunately, this optimism was short lived as the risks of a sovereign debt default by Greece and the potential knock on effects to financial stability resurfaced. Sterling, the Council's advisers, changed the counterparty credit risk marker to a 'red flag' status and immediate action was taken to de-risk the approach. As reported to Audit Committee of 14th December 2011, from early September 2011 in anticipation of further deterioration of market conditions the following investment practices were followed:
- Money 'on call' with banks
 - Deposits with other Local Authorities
 - Use of AAA rated Money Market Funds
 - Use of Debt Management Office
- 3.06 This approach was still within the Treasury Management Strategy, however some distance from the planned approach outlined in the Policy. The above low risk approach did mean that the average interest rate would reduce.
- 3.07 By the time of the Audit Committee report of 26th March 2012, the red flag status had been amended to an 'amber status' following steps taken by European policy makers to alleviate some of the risks. The restriction of only having money on call was lifted and as a first step deposits could be made with banks and building societies on the Council's counterparty list for up to 3 months, thus marginally increasing the interest rate that could be achieved. This continues to be the position in 2012/13.
- 3.08 In summary, the Annual Report concluded the following:
- Confirms that the treasury function operated within the limits detailed within the Treasury Management Policy and Strategy Statement 2011/12.
 - The financial environment within which the treasury function operated remained challenging and this is likely to continue for the foreseeable future.

- The Policy was implemented in a pro-active manner with security and liquidity as the focus.

Treasury Management Policy and Strategy Statement 2012/13

3.09 A schedule setting out the Council's investments as at 30th April 2012 is attached as Appendix 3. Members should note the following:

- The investment balance was £51.8 million across 19 counterparties.
- Only short-term (i.e. no longer than 3 months) deposits with UK banks; building societies; highly rated overseas banks; call accounts and Money Market Funds are being used while the credit risk is still on 'amber flag'. However as Money Market Funds are paying lower rates, most of the funds have been invested with banks and building societies whose rates are currently higher.
- As an update on related Treasury Management activities, members are advised that as a result of the Finance Function Review, the treasury management function is in the process of being transferred between sections within the Finance Department. Arrangements are being put in place so that the transfer takes place over a sufficient amount of time to ensure the function is managed appropriately and risks mitigated.
- An Internal Audit of treasury management was completed in the first quarter and gave substantial assurance to the treasury management arrangements.

3.10 A schedule setting out the Council's investments as at 30th April 2012 compared with 29th February 2012 is shown in the table below:

	29/02/2012	30/04/2012
DEBT MANAGEMENT OFFICE	0.0	0.0
UK BANKS & BUILDING SOCIETIES	17.0	22.0
OVERSEAS BANKS	1.0	10.0
OTHER LOCAL AUTHORITIES	12.5	13.4
ICELAND (LANDSBANKI)	2.6	2.6
MONEY MARKET FUNDS	25.4	3.8
	58.5	51.8

3.11 There have been no changes to the Council's long term borrowing in 2012/13. This will be reviewed throughout the year.

Landsbanki

3.12 In late 2011, it was confirmed that Priority status had been upheld by the Icelandic Supreme Court, with Local Authority Investors, including Flintshire County Council, being recognised as preferential creditors. The Winding Up Board of Landsbanki made a distribution to priority creditors on 17th February 2012. Flintshire received £1,087,776.79 of

the £3.7million original investment. In March 2012, the Winding Up board announced that recoveries in the Landsbanki Administration would now likely be 100% of their deposits, subject to potential future exchange rate fluctuations. Although this is only a forecast and not guaranteed, it is marginally higher than the 95% previously forecast. The impact on Flintshire County Council will not be known until the final distribution is made.

- 3.13 The future pattern of distributions is not known. The 2011/12 accounts were to be closed taking account of the guidance from the Wales Audit Office and CIPFA. It was therefore assumed for accounting purposes that the repayment would be made as follows –

Date	%
December 2012	8.00
December 2013	8.00
December 2014	8.00
December 2015	8.00
December 2016	8.00
December 2017	8.00
December 2018	22.00
Total	70.00

- 3.14 However, a further distribution of £458,173.80 was made on 29th May 2012. We are awaiting further guidance on how future distributions should be accounted for.

4.00 RECOMMENDATIONS

- 4.01
- To review the draft Treasury Management Annual Report 2011/12 and identify any matters to be drawn to the attention of the Cabinet on 10th July 2012.
 - That Members note the update on early treasury management activity in 2012/13 up to the end of April 2012.

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 Sterling Consultancy Services

11.00 CONSULTATION UNDERTAKEN

11.01 Sterling Consultancy Services

12.00 APPENDICES

12.01 Appendix 1 – Report Dates 2012/13
Appendix 2 – Draft Treasury Management Annual Report 2011/12
Appendix 3 – Investments as at 30th April 2012

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

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Treasury Management Reporting 2012/13

Committee Report		Audit	Cabinet	Council
Annual Report 2011/12		25-Jun-12	10-Jul-12	17-Jul-12
Primary Purpose	Information			
Secondary Purpose	Policy Change			

Committee Report		Audit	Cabinet	Council
Mid Year Review 2012/13		25-Sep-12	16-Oct-12	13-Nov-12
Primary Purpose	Information			
Secondary Purpose	Policy Change			

Committee Report		Audit	Cabinet	Council
Policy & Strategy 2013/14		30-Jan-13	19-Feb-13	01-Mar-13
Primary Purpose	Information			
Secondary Purpose	Policy Change			

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FLINTSHIRE COUNTY COUNCIL

TREASURY MANAGEMENT *DRAFT*

ANNUAL REPORT 2011/12

1.00 INTRODUCTION

- 1.01 The Council approved the Treasury Management Policy and Strategy Statement (Policy Statement) 2011/12 including key indicators, limits and an annual investment strategy on 1st March 2011.
- 1.02 The Policy Statement was produced based on the 2009 edition of the CIPFA Treasury Management in the Public Services: Code of Practice.
- 1.03 The purpose of this report is to review the outcomes from 2011/12 treasury management operations and compare with the Policy Statement.

2.00 TREASURY MANAGEMENT COMPLIANCE STATEMENT 2011/12

- 2.01 Treasury management comprises the management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 2.02 All treasury management activity undertaken during 2011/12 complied with the approved Policy and Strategy Statement 2011/12, the CIPFA Code of Practice 2009, and the relevant legislative provisions.
- 2.03 The Authority's current policy is to appoint an external consultant to advise on its treasury management function. The external adviser is Sterling Consultancy Services.

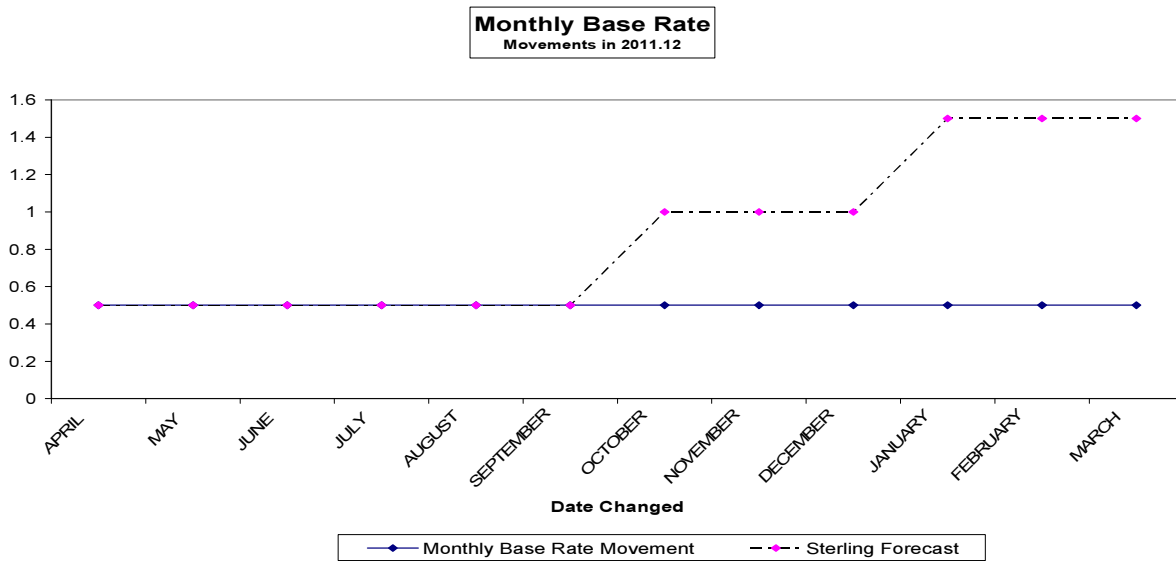
3.00 ECONOMIC & INTEREST RATE REVIEW 2011/12

- 3.01 The UK base rate remained at 0.50% throughout 2011/12.
- 3.02 The 2011/12 maximum and minimum PWLB rates for fixed maturity loans were:

Period	Maximum	Minimum	31/03/2012
4 to 5 years	3.73%	1.81%	2.05%
9 to 10 years	4.89%	2.90%	3.21%
10 to 15 years	5.29%	3.05%	3.85%
15 to 25 years	5.44%	3.54%	4.32%

- 3.03 The graph below shows the movement in U.K. base rate during 2011/12 and Sterling's November 2010 forecast for 2011/12 upon which the Strategy was based. As can be seen from the graph, the forecasted rise in Base Rate to 1.5% did not materialise, as interest rates have remained lower for longer than generally forecast. Sterling provided revisions to this forecast during the year and

their review of the year follows.



3.04 Annual Review 2011/12 by Sterling Consultancy Services

The Eurozone debt crisis dominated the financial year 2011/12. The apparent inability of leaders to either agree on remedial policies or implement fiscal consolidation measures prompted frequent bouts of market volatility, exacerbated by multiple sovereign rating downgrades, as investors positioned themselves for potential government defaults or even the break-up of the Eurozone itself. Investor confidence in struggling Eurozone nations, such as Greece, Italy and Spain, dived, prompting sharp upward movements in government borrowing rates. This pressure toppled a number of political leaders, culminating in the appointment of unelected technocrats in Greece and Italy to ensure these countries implemented austerity measures. Greece, unable to access financial markets for funding, was bailed out for a second time, a requirement of which was a selective default on private sector-owned bonds.

Exposure to the Eurozone periphery and new regulation reducing the probability of government support placed downward pressure on the creditworthiness of many European banks, prompting a raft of credit rating downgrades and sharp rises in Credit Default Swap (CDS) spreads. This led to an increase in funding costs, as wholesale interbank lending rates rose sharply above policy rates. Dexia, a banking group based in Belgium, France and Luxembourg was the main casualty, but was bailed out and broken up by the respective governments. Two Danish banks failed, while Spain forced its regional banking sector to consolidate.

The European Central Bank (ECB) pulled the Eurozone back from the brink in late December. The central bank cut interest rates and flooded the Eurozone

banking sector with cheap long-term loans, immediately reducing the near-term risk of a liquidity crisis and temporarily calming financial markets. The action had a marked impact on Eurozone wholesale interbank lending rates; 3-month Euribor declined from 1.34% at the start of December to 0.77% at the end of March. The decline in funding rates for UK banks was less significant, but 3-month LIBOR still fell from 1.08% to 1.03%. Unfortunately, the ECB action could not prevent the debt crisis causing a sharp decline in household and business confidence, eventually pushing the Eurozone into recession.

The UK's reliance on the Eurozone as a major trading partner was illustrated when the country followed the Eurozone into recession over the last six months of the financial year. Other factors responsible for the fall in economic activity included the government's deficit reduction programme and the weakness in household and business spending. The decline in household spending was the result of low confidence and the erosion of disposable income by persistently elevated inflation, subdued wage growth, higher taxes and rising unemployment. Businesses were in a similarly weak position, with access to credit restricted or too expensive due to a risk-averse banking sector, and subdued domestic and foreign demand.

Weakening economic growth and signs of further deterioration in the Eurozone prompted the Bank of England to loosen monetary policy in October, despite above target inflation. With Bank Rate already at 0.5%, the Monetary Policy Committee (MPC) voted for a further £50bn of quantitative easing (QE), which, in addition to safe haven buying, helped push gilt yields to record lows over the next few months. Policymakers justified the action because they were confident inflation would fall quickly back to target during 2012. However, although the annual Consumer Price Index (CPI) rate declined from the September peak of 5.2%, a combination of higher crude oil and food prices caused the rate to rise slightly in March to 3.5%, leaving Bank of England policymakers in the unenviable position of setting policy to battle both weak growth and high inflation.

4.00 TREASURY MANAGEMENT ACTIVITIES DURING 2011/12

4.01 The following were the main treasury activities during 2011/12:

- The Head of Finance received a monthly update on Treasury activities.
- The Council received a Mid Year Report on 22nd November 2011.
- Quarterly updates reports were presented to the Audit Committee including the Icelandic monies at risk (see paragraph 7).
- All Members were invited to a training session undertaken by Sterling Consultancy Services on 17th January 2012, which was hosted by Audit Committee.
- The new Policy and Strategy Statement 2012/13 was approved by Council on 1st March 2012.

- The Council continues to be an active member of both the CIPFA Treasury Management Forum and the CIPFA Benchmarking Club.
- The Council's cash flow was managed on a daily basis. During the year the Authority acted both as a borrower and as a lender and was a net borrower over the year in question. The maximum investments the Authority had on deposit at any one time was £84.4m and the maximum long-term borrowing at any one time was £173.6m. The average investment balance was £70.9m.

4.02 At the time of writing the 2011/12 Treasury Management Policy Statement (the Policy) in early 2011, it was hoped that the global financial environment was starting to stabilise and this confidence was reflected in the implementation of the Policy in the first quarter of 2011/12. The Audit Committee report of 13th July 2011, listed the main activities for members including two long term investments both at an interest rate of 2.65% which boosted the average interest rate to over 1% compared to 0.8% in 2010/11.

4.03 Unfortunately, this optimism was short lived as the risks of a sovereign debt default by Greece and the potential knock on effects to financial stability re-surfaced. Sterling, the Council's advisers, changed the counterparty credit risk marker to a 'red flag' status and immediate action was taken to de-risk the approach. As reported to Audit Committee of 14th December 2011, from early September 2011 in anticipation of further deterioration of market conditions, the following investment practices were followed:

- Money 'on call' with banks
- Deposits with other local authorities
- Use of AAA Money Market Funds
- Use of the Debt Management Office

4.04 This approach was still within the Treasury Management Strategy, however some distance from the planned approach outlined in the Policy. The above low risk approach did mean that the average interest rate would reduce.

4.05 By the time of the Audit Committee report of 26th March 2012, the red flag status had been removed to an 'amber status' following steps taken by European policy makers to alleviate some of the risks. The restriction of only having money on call was lifted and as a first step deposits could be made with banks and buildings societies on the Council's counterparty list for up to 3 months, thus marginally increasing the interest rate that could be achieved. This continues to be the position in 2012/13.

5.00 TREASURY MANAGEMENT DEBT STRATEGY

5.01 The total long term debt outstanding, brought forward into 2012/13 totalled £173.6

million. Loans with the Public Works Loans Board were in the form of fixed rate (£144.66m) and variable rate (£10m). The remaining £18.95m was variable in the form of Lobo's (Lender's Option, Borrower's Option). The Council's average borrowing rate throughout the year was 5.43%.

5.02 The Debt Strategy as stated in the Policy Statement 2011/12 and outcomes are recorded below:

- (1) To effect borrowing required in 2011/12 at the cheapest cost commensurate with future risk based on interest rate forecasts outlined in the strategy statement

For a number of years the Council has not taken any new long term borrowing and used available cash reserves to fund capital expenditure as the most financially effective means of financing. No borrowing was required during 2011/12.

- (2) The Head of Finance will keep under review, along with its Treasury Consultants; the opportunities which may arise for restructuring the Council's debt in order to take advantage of potential savings as interest rates change and to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility). Any actions carried out under delegated powers will be reported to the Cabinet and County Council as appropriate.

Debt was reviewed throughout the year. No debt-restructuring opportunities arose.

- (3) To manage the Council's debt maturity profile, i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing with the limits stated within the strategy statement.

The debt maturity profile as at 31 March 2012 is shown on page 11. This shows a debt maturity profile in line with CIPFA's recommendations of having no more than 10% of the debt portfolio maturing in any one future year. The Council remained within the approved Prudential Limits for Debt Maturity.

- (4) To monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movements, within the limits stated in the strategy statement.

The Council had one variable PWLB rate loan during 2011/12. The interest rate on this loan varied between 0.59% - 0.71% during the year. The interest rate on the Council's LOBOs can be increased by the lender but the Council has the

opportunity to repay. As forecast, this event did not occur in 2011/12 as market rates remain low. The Council remained within the approved Prudential Limits for Variable Interest Rate Exposure.

6.00 TREASURY MANAGEMENT INVESTMENT STRATEGY

6.01 The Council's investment strategy during 2011/12 was:

Investments will be made in accordance with the Guidance on Local Government Investments issued by the Welsh Government under section 15(1)(a) of the Local Government Act 2003, and with the institutions identified in the authorised lending list. Investments will be made with the aim of meeting cash flow requirements whilst achieving a level of return greater than would be secured by internal investment and maintaining capital security and policy flexibility.

6.02 Investment transactions totalled £252.4m in 2011/12 with interest earned amounting to £635k on an average balance of £70.9m. The weighted average temporary investment rate obtained in the year was 0.9%. This compares with the Policy Statement which assumed an average rate of 1.00% on an average balance of around £60m, estimating income of £590k. A full list of transactions undertaken during the year is available in the background papers. All investments were made in accordance with the Treasury Management Policy & Strategy Statement 2011/12.

6.03 The weighted average temporary investment rate obtained in the year of 0.9% is higher than the seven day LIBID rate of 0.48% which is a proxy of a return without effective cash flow management.

6.04 No temporary borrowing costs were incurred during 2011/12 which is a measure of the accuracy of short term cash flow management.

6.05 The maturity of investments was regularly reviewed with the aim of maximising returns whilst managing the risk of future interest rate movements and counterparty risk. As at 31st March 2012, the maturity of investments is shown in the table below:

Maturity Due	Actual %	Forecast %
< 1 month	55.0%	35%
1 – 3 months	16.9%	55%
3 – 12 months	19.9%	
> 12 months	3.6%	10%
Icelandic Investments	4.6%	

The table above only illustrates the position as at 31st March 2012. The

percentages fluctuated throughout the year but marginally more cash was held short term than forecast following the red credit risk alert from Sterling in September 2011 as explained in paragraphs 4.02 to 4.05.

6.06 The Investment Strategy set a Prudential Limit of £40 million for non-specified investments. In 2011/12, non-specified investments were limited to investments over 364 days including forward deals with counterparties which meet the credit rating criteria and Money Market Funds. As part of this strategy, the following longer term investments were made during 2011/12.

Amount (£)	Counterparty	Date From	Date to	Period (days)	Interest rate (%)
£2 million	Bank of Scotland	09/05/11	27/07/12	445	2.65
£2 million	Bank of Scotland	02/05/11	27/07/12	434	2.65
£2 million	Doncaster MBC	30/10/11	16/04/13	561	1.3

6.07 Cash balances in relation to other Funds were utilised in the year and interest was paid at the following rates and times as stated in the Treasury Management Practices –

- Education Trust Funds – base rate, annually
- Optec Youth Exchange Fund – average monthly rate, quarterly
- Insurance Fund – average seven day rate, annually
- Education Delegated Fund – average seven day rate, annually

6.08 It is Council policy to minimise daily cash flow balances. However, on certain occasions it is uneconomic to deal (below £200,000) and therefore, the balance is kept in the bank account.

7.00 LANDSBANKI INVESTMENTS - UPDATE

7.01 On 7th October 2008, Landsbanki was placed in receivership. At that time Flintshire had £3.7 million of Council monies invested with the UK subsidiary. The investments were made as follows –

- £1.2 million maturing 17th October 2008 (invested on 22nd July 2008)
- £1.5 million maturing 14th November 2008 (invested on 1st September 2008)
- £1.0 million maturing 18th November 2008 (invested on 8th September 2008)

- 7.02 In late 2011, it was confirmed that Priority status had been upheld by the Icelandic Supreme Court, with Local Authority Investors, including Flintshire County Council, being recognised as preferential creditors. The Winding Up Board of Landsbanki made a distribution to priority creditors on 17th February 2012. Flintshire received £1,087,776.79 of the £3.7million original investment. In March 2012, the Winding Up board announced that recoveries in the Landsbanki Administration would now likely be 100% of their deposits, subject to potential future exchange rate fluctuations. Although this is only a forecast and not guaranteed, it is marginally higher than the 95% previously forecast. The impact on Flintshire County Council will not be known until the final distribution is made.
- 7.03 The future pattern of distributions is not known. The 2011/12 accounts were to be closed taking account of the guidance from the Wales Audit Office and CIPFA. It was therefore assumed for accounting purposes that the repayment would be made as follows –

Date	%
December 2012	8.00
December 2013	8.00
December 2014	8.00
December 2015	8.00
December 2016	8.00
December 2017	8.00
December 2018	22.00
Total	70.00

- 7.04 However, a further distribution of £458,173.80 was made on 29th May 2012. We are awaiting further guidance on how future distributions should be accounted for.
- 7.05 Council Officers have been and continue to provide information to assist the Local Government Association (LGA), Welsh Local Government Association (WLGA) and other bodies who are seeking to recover investments.

8.00 PERFORMANCE COMPARISON WITH TREASURY MANAGEMENT INDICATORS

- 8.01 Flintshire County Council is a member of the CIPFA Treasury Management Benchmarking Club. The draft 2011/12 report compared the Council with 57 other authorities. The final report will be issued at the end of June 2012. Whilst this benchmarking information assists in reviewing comparative performance, it must be recognised that not all Councils are in the comparison (57 out of several hundred) and that the size of Councils and their historic Treasury Management positions do not provide comparable situations and so results from benchmarking need to be reviewed with care. The data provided showed that the weighted

average long term borrowing rate for Flintshire of 5.4% was higher than the benchmarking group average of 4.5%. The reason for this difference reflects the Council's historic borrowing and no new borrowing since 2001/02 where rates have been lower. The weighted average investment rate was 0.9% compared with the benchmarking group average of 1.2%. The main reasons for the lower average rate are:

- Average investment balance of the benchmarking group is over £87m compared with £70.9m for the Council. These higher balances may assist larger councils with access to counterparties and better rates for longer periods.
- The average term in days for fixed investments less than 365 days was 54 days for the Council compared with 92 days for the group.

8.02 As explained in section 4, a very low risk appetite was followed in the second half of 2011, which reduced the average interest rate achievable.

8.03 The table below compares actual rates achieved with the benchmarking rates as stated in our Treasury Management Practices. Despite the low risk approach, the rate achieved was above 3 month LIBID (London Interbank Bid Rate).

	<u>2011/12 ACTUAL</u>	<u>7 DAY LIBID</u>	<u>3 MONTH LIBID</u>	<u>BENCHMARK</u>
INVESTMENTS	0.9%	0.5%	0.8%	-
BORROWING	5.4%	-	-	4.5%

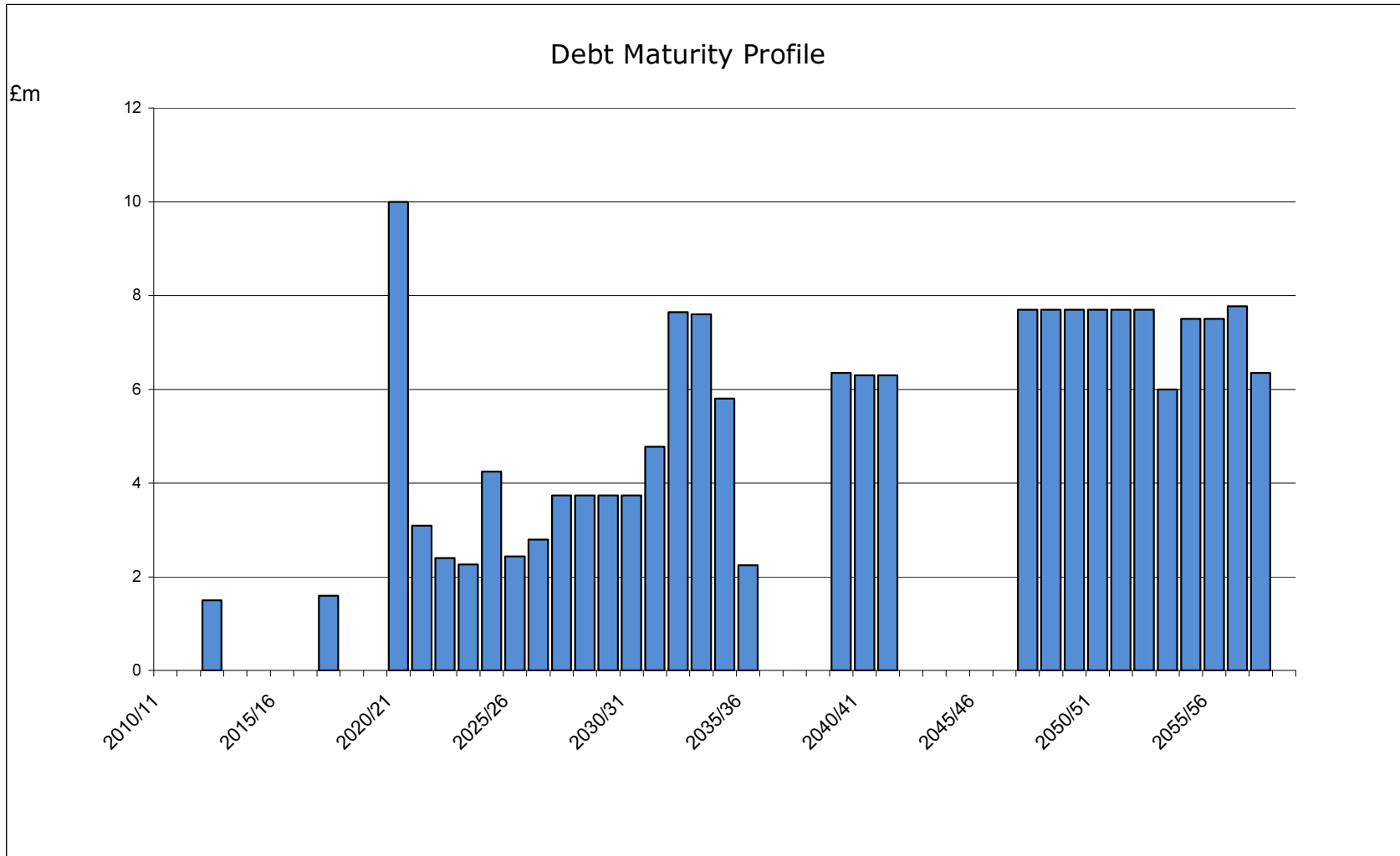
9.00 CONCLUSION

9.01 The treasury management function has operated within the statutory and local limits detailed in the 2011/12 Treasury Management Policy Statement.

9.02 There is a Policy Statement adopted for 2012/13 which was revised from the 2011/12 statement, with the view of continuing to improve performance by managing the various treasury risks.

9.03 The financial environment within which the treasury function operates remains challenging and this is likely to continue for the foreseeable future.

9.04 The Policy was implemented in a pro-active manner with security and liquidity as the focus.



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Flintshire County Council
Investments as at 30th April 2012 - by maturity date

Counterparty Name	Amount	Start Date	Maturity	Interest Rate	Interest Earned during investment period	Period to Maturity	
	£m						£m
LANDSBANKI ISLANDS	0.8	22-Jul-08	17-Oct-08	5.82%	16,646.79	Not Returned	Iceland
LANDSBANKI ISLANDS	1.1	1-Sep-08	14-Nov-08	5.70%	17,334.25	Not Returned	Iceland
LANDSBANKI ISLANDS	0.7	8-Sep-08	18-Nov-08	5.67%	11,029.32	Not Returned	Iceland
BROXTOWE BOROUGH COUNCIL	1.5	8-Dec-11	18-May-12	0.45%	2,995.89	1 month or less	
BIRMINGHAM CITY COUNCIL	1.9	5-Mar-12	18-May-12	0.50%	1,926.03	1 month or less	
TELFORD & WREKIN COUNCIL	1.0	5-Mar-12	18-May-12	0.40%	810.96	1 month or less	
BANK OF SCOTLAND	3.0	31-Mar-12	31-May-12	0.75%	3,760.27	1 month or less	
NATIONAL WESTMINSTER BANK	4.0	31-Mar-12	31-May-12	0.80%	5,347.95	1 month or less	
SVENSKA HANDELSBANKEN	7.0	30-Mar-12	31-May-12	0.75%	8,917.81	1 month or less	
DEUTSCHE MANAGED STERLING FUND	1.0	2-Apr-12	31-May-12	0.67%	1,083.01	1 month or less	
SSGA GBP LIQUIDITY FUND	2.8	2-Apr-12	31-May-12	0.66%	2,987.18	1 month or less	22.2
BARCLAYS BANK	2.0	15-Jun-10	15-Jun-12	1.85%	74,101.37	1 - 2 months	
NOTTINGHAM BUILDING SOCIETY	2.9	4-Apr-12	18-Jun-12	1.00%	5,958.90	1 - 2 months	
NOTTINGHAM BUILDING SOCIETY	2.1	4-Apr-12	22-Jun-12	1.00%	4,545.21	1 - 2 months	
COVENTRY BUILDING SOCIETY	2.0	4-Apr-12	22-Jun-12	0.90%	3,895.89	1 - 2 months	
NATIONAL COUNTIES BUILDING SOCIETY	1.0	5-Apr-12	27-Jun-12	0.90%	2,046.58	1 - 2 months	
OVERSEA-CHINESE BANKING CORPORATION	3.0	28-Mar-12	28-Jun-12	0.60%	4,536.99	1 - 2 months	13.0
SALFORD CITY COUNCIL	2.0	5-Jan-12	18-Jul-12	0.42%	4,487.67	2 - 3 months	
SALFORD CITY COUNCIL	2.0	5-Jan-12	18-Jul-12	0.34%	3,632.88	2 - 3 months	
SCHRODERS & CO	1.0	16-Apr-12	18-Jul-12	0.90%	2,293.15	2 - 3 months	
BANK OF SCOTLAND	2.0	9-May-11	27-Jul-12	2.65%	64,616.44	2 - 3 months	
BANK OF SCOTLAND	2.0	20-May-11	27-Jul-12	2.65%	63,019.18	2 - 3 months	9.0
NOTTINGHAM CITY COUNCIL	1.0	9-Jan-12	09-Oct-12	0.50%	3,753.42	5 - 6 months	
THE HIGHLAND COUNCIL	2.0	26-Oct-11	24-Oct-12	0.80%	15,956.16	5 - 6 months	3.0
DONCASTER COUNCIL	2.0	3-Oct-11	16-Apr-13	1.30%	39,961.64	over 1 year	2.0
	51.8				365,644.94		51.8
Summary	Total		1 month or less	1 - 3 months	3 months +	12 months +	Iceland
	£m	%	£m	£m	£m	£m	
DEBT MANAGEMENT OFFICE (DMO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK	22.0	42.5	7.0	15.0	0.0	0.0	0.0
OVERSEAS	10.0	19.3	7.0	3.0	0.0	0.0	0.0
OTHER LOCAL AUTHORITIES	13.4	25.9	4.4	4.0	3.0	2.0	0.0
ICELAND (LANDSBANKI)	2.6	5.0	0.0	0.0	0.0	0.0	2.6
MONEY MARKET FUNDS	3.8	7.3	3.8	0.0	0.0	0.0	0.0
	51.8		22.2	22.0	3.0	2.0	2.6
		100.0%	42.8%	42.5%	5.8%	3.9%	5.0%

Flintshire County Council

Investments as at 30th April 2012 - 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-12	31-May-12	0.75%	3,760.27	1 month or less	
BANK OF SCOTLAND	2.0	9-May-11	27-Jul-12	2.65%	64,616.44	2 - 3 months	
BANK OF SCOTLAND	2.0	20-May-11	27-Jul-12	2.65%	63,019.18	2 - 3 months	7.0
BARCLAYS BANK	2.0	15-Jun-10	15-Jun-12	1.85%	74,101.37	1 - 2 months	2.0
BIRMINGHAM CITY COUNCIL	1.9	5-Mar-12	18-May-12	0.50%	1,926.03	1 month or less	1.9
BROXTOWE BOROUGH COUNCIL	1.5	8-Dec-11	18-May-12	0.45%	2,995.89	1 month or less	1.5
COVENTRY BUILDING SOCIETY	2.0	4-Apr-12	22-Jun-12	0.90%	3,895.89	1 - 2 months	2.0
DEUTSCHE MANAGED STERLING FUND	1.0	2-Apr-12	31-May-12	0.67%	1,083.01	1 month or less	1.0
DONCASTER COUNCIL	2.0	3-Oct-11	16-Apr-13	1.30%	39,961.64	over 1 year	2.0
LANDSBANKI ISLANDS	0.8	22-Jul-08	17-Oct-08	5.82%	16,646.79	Not Returned	
LANDSBANKI ISLANDS	1.1	1-Sep-08	14-Nov-08	5.70%	17,334.25	Not Returned	
LANDSBANKI ISLANDS	0.7	8-Sep-08	18-Nov-08	5.67%	11,029.32	Not Returned	2.6
NATIONAL COUNTIES BUILDING SOCIETY	1.0	5-Apr-12	27-Jun-12	0.90%	2,046.58	1 - 2 months	1.0
NATIONAL WESTMINSTER BANK	4.0	31-Mar-12	31-May-12	0.80%	5,347.95	1 month or less	4.0
NOTTINGHAM BUILDING SOCIETY	2.9	4-Apr-12	18-Jun-12	1.00%	5,958.90	1 - 2 months	
NOTTINGHAM BUILDING SOCIETY	2.1	4-Apr-12	22-Jun-12	1.00%	4,545.21	1 - 2 months	5.0
NOTTINGHAM CITY COUNCIL	1.0	9-Jan-12	09-Oct-12	0.50%	3,753.42	5 - 6 months	1.0
OVERSEA-CHINESE BANKING CORPORATION	3.0	28-Mar-12	28-Jun-12	0.60%	4,536.99	1 - 2 months	3.0
SALFORD CITY COUNCIL	2.0	5-Jan-12	18-Jul-12	0.42%	4,487.67	2 - 3 months	
SALFORD CITY COUNCIL	2.0	5-Jan-12	18-Jul-12	0.34%	3,632.88	2 - 3 months	4.0
SCHRODERS & CO	1.0	16-Apr-12	18-Jul-12	0.90%	2,293.15	2 - 3 months	1.0
SSGA GBP LIQUIDITY FUND	2.8	2-Apr-12	31-May-12	0.66%	2,987.18	1 month or less	2.8
SVENSKA HANDELSBANKEN	7.0	30-Mar-12	31-May-12	0.75%	8,917.81	1 month or less	7.0
TELFORD & WREKIN COUNCIL	1.0	5-Mar-12	18-May-12	0.40%	810.96	1 month or less	1.0
THE HIGHLAND COUNCIL	2.0	26-Oct-11	24-Oct-12	0.80%	15,956.16	5 - 6 months	2.0
	51.8				365,644.92		51.8

ESTIMATED INTEREST FOR 2012/13 AS AT 1st APRIL 2012 £460,000.00

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **FINAL REPORTS & 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 (Appendices B and 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 where possible and is noted in Appendix B.

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

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

10.00 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 Final Reports Issued
Pls on issued reports
Outstanding Reports

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

None.

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

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
CD0070R1	Procurement	Limited	0	8	5
FD0010R1	Financial Reporting	Adequate	0	4	2
FD0060R1	Pensions Admin	Substantial	0	1	4
FD0100R1	Leasing	Adequate	0	1	5
FD0160R1	Treasury Management	Substantial	0	1	4
FD0270R1	Council Tax & NDR	Adequate	0	2	5
LD0170R1	Electoral Registration	Substantial	0	0	2
IT0080R1	Self Service Passwords	Substantial	0	2	1
IT0310R1	Compliments, Comments & Complaints	Substantial	0	2	3
LL0060R1	School Transport	Substantial	0	0	2
LL0140R1	Facilities Services Catering	Limited	0	7	2
EN0040R1	Regeneration Partnership	Adequate	0	3	4
EN0070R1	Traffic Management Act	Limited	1	4	0
	Investigation Report				
OA9073R1	Streetworks Complaint	N/A	0	2	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

Procurement – CD0070R1

We have made eight significant recommendations, as follows:

- It does not explicitly state in the CPR's that the use of framework agreements and their associated contractors/suppliers is mandatory over all other sourcing methods i.e. approved list contractors.
- There is no central repository detailing all framework agreements and contractors /suppliers that are in place.
- There is no formal authority wide contractor rotation policy in place
- There are contractors on the approved list who have not been financially vetted within the approved time limits.
- Not all contractors on the approved list had the correct levels of insurance cover.
- Day work rates held on the approved list are two years out of date.
- The contractor default procedures are not always complied with.
- Officers of the Authority are using contractors which are not included on the approved list and negotiated supplier frameworks.

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
3	The prescribed system is as follows: A full Equifax financial report is run on the contractor when they initially apply for inclusion on the database. Subsequently, every 18 months thereafter the Support Services Section send in a copy of the contractor financial accounts to enable the Procurement Section to run a further	To ensure that contractors are financially viable to carry out and complete work on behalf of the Authority, financial vetting of their accounts via a credit rating agency	Significant	Yes	The 12 month interval prescribed in CPR's is not workable and needs to be extended to 18 months, this allows time for accounts to be finalised after the end of a companies financial year. This request will	31 May 2012 July 2012	Arwel Staples Richard

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>financial report and to update the contractor 50% annual turnover figure.</p> <p>To pass the financial vetting Flintshire's current policy is to score 40 or above and grade D or above. Any contractor with a score below 40/D will fail the financial vetting check.</p> <p>There are different types of reports available although for the approved list the Procurement Unit only use the "full report" option for limited companies or for an un limited company a "credit report plus" which gives less information but the same scores/grades as the full report.</p> <p>However, discussions were held with the Procurement Unit Administration Assistant who stated that no further checks were carried out as to the financial stability of the contractor after the initial full Equifax report (when contractors first apply to be included on the approved list).</p> <p>Discussions were then held with the Senior Cemeteries Officer who was of the understanding that a full Equifax check was carried out every 18 months (when financial accounts were sent over).</p> <p>It then became apparent that a full financial Equifax check is only carried out when a contractor applies for inclusion on</p>	<p>should be carried out at the predetermined 12 month interval (as prescribed in the CPR's). Consideration should be given to amending the CPR's if the prescribed 12 month interval is unworkable.</p> <p>The above procedure should be documented to ensure continuity in the event of staff leaving the section responsible for carrying out the check.</p> <p>Consideration should be given to transferring the task of vetting contractors on the approved list to the Support Service Section (Environment).</p>		<p></p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>need to be fed into the CPR review</p> <p>Exercise to now be undertaken to call in all Approved Contractor Accounts. This will be staggered over a number of months with 100 requests to be sent per month</p> <p>All approved contractors will be put on a ongoing financial monitoring alert via the creditsafe financial vetting system</p> <p>Full updated Work Instructions need to be written for the Approved List of Contractor process</p> <p>It is agreed that the Financial Vetting Process, be undertaken by the Support Service Section (Environment). This will lead to improved efficiency and quicker turnaround times for the Application Process. Training will be required</p>	<p>30 June 2012</p> <p>April 2012</p> <p>April 2012</p>	<p>Blake</p> <p>Richard Blake</p> <p>Richard Blake</p> <p>Richard Blake</p> <p>Arwel Staples</p>

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>the approved list.</p> <p>Below is a breakdown detailing the financial year that accounts were last vetted for the 20 contractors in the sample:</p> <p>2010 - 1 2009 - 14 2008 - 4 2007 - 1</p> <p>This situation has arisen due to staff turnover and a lack of documented procedures within the Procurement Section.</p> <p>The implication of the above is that contractors included on the approved list are showing as being financially viable when in fact they have not been subjected to a full Equifax financial check since first applying for inclusion on the list (or more than 18 months ago). As such they may not be financially viable to carry out and complete work on behalf of the Authority.</p> <p>Additionally, the Senior Cemeteries Officer stated that accounts cannot be vetted every 12 months (as per CPR's) as companies need an extra 6 months for them to be prepared by their accountant. This is why the 18 month period has been in operation.</p> <p>An additional control is the 50% turnover rule. This is in place to ensure that contractors do not become financially</p>	<p>Alternatively, contractor financial accounts should be passed over by the Support Services Section to the Procurement Unit at the prescribed 12 month intervals.</p> <p>The Annual Workload Threshold of 50% should be applied using up to date annual account information.</p> <p>Consideration should be given to reviewing the Annual Workload Threshold of 50% as part of the next review and update of the CPR's.</p>		<p>Yes</p> <p>Yes</p>	<p>for those staff involved.</p> <p>These recommendations will need to be considered by the group undertaking the review of CPR's. This request will need to be fed into the CPR review</p>	31 May 2012	

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>dependent upon Flintshire County Council</p> <p>From the sample of 20 contractors the following was noted:</p> <p>Only 1/20 financial accounts had been forwarded to the Procurement Section in accordance with the 18 month cycle</p> <p>The implication of the above is that the annual turnover figure used for contractors is out of date and as such contractors may have been given work over and above their 50% turnover limit.</p> <p>The Senior Cemeteries Officer stated that very few contractors actually reach their financial limit during any one year.</p> <p>It should also be noted that the 50% annual turnover limit figure has not been reviewed for a number of years. It is not known exactly when this figure was agreed by the then Deputy Director of Finance.</p> <p>Additionally, the 50% annual turnover limit figure is not applied consistently across the organisation. It is only applied to contractors on the approved list administered by the Administration Section (Environment). Supplies and services contractors and social care contractors are not subject to its restrictions.</p>						
5	Insurance details are verified every 12 months in respect of public and employers liability.	All approved contractor insurances should be at the defined level of	Significant	Yes	CPR's only refer to a minimum level of Public Liability Insurance for	March 2012	Richard Blake

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>Contractors are checked to ensure that they possess public liability cover for £5million or over and employer liability for £10 million or over.</p> <p>19/20 contractors were found to have current insurances in line with the above requirements.</p> <p>Contractor D only had Employers Insurance to the value of £5 million (should be £10 million).</p>	cover i.e. Public Liability cover for £5million or over and Employer Liability for £10 million or over.			Approved Contractors, no reference is made to any requirement for Employers Liability within CPR's. Currently 100% of Approved Contractors have the required minimum level of PI Insurance		
7	<p>It became apparent that the day work rates held on the database were approximately 2 years out of date. The reasons given were that it was known that a trade operative framework was being negotiated and as such contractors on the list were not asked to submit their rates on an annual basis.</p> <p>The implication is that officers of the Authority may have selected various contractors based upon the out of date rates contained within the database. It is noted however, that contractors would not be chosen specifically as a result of their day work rates alone but on a range of other criteria.</p> <p>The Senior Cemeteries Officer stated that the day work rates contained within the database were only there as an indication of the costs.</p>	Day work rates should be removed from the approved list.	Significant	Yes	Request will be made to IT to remove the Day Works Tab from the Approved Contractor Information System	August 2012	Richard Blake

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>Contractors on the database were not asked to submit their day work rates on a specific date. Therefore it would have been possible for a contractor(s) to wait until all the rates of their competitors had been submitted and input into the database and then with insider information ensure that their rates when submitted were lower than their competitors.</p> <p>New contractors applying for inclusion on the database submit their day work rates at the time of their application.</p> <p>The Interim Procurement Manager was of the opinion that approved lists should not contain any rates and that they should be used to vet the quality of contractors only.</p>						
8	<p>Various classifications of defaults have been established with Major, Medium and Minor ratings in each classification.</p> <p>Contractors performance should be monitored by Project Officers, Clerk of Works or Health & Safety Officers whilst work is being undertaken.</p> <p>If a default is recorded the officer should complete form CDS1. The top copy is served on the Contractor and Pink Copy sent to Administration Section. Details of the Contract are recorded on the form along with details of the default and agreed action required to resolve the default.</p> <p>Once this action is taken and the default</p>	<p>All contractors used should be subject to a set of performance questions at the end of each completed job. In order to build up an overall performance rating the results should be input into the approved list database. An automated mechanism should be devised to identify and remind officers who</p>	Significant	Yes	<p>Although in principle the idea is good, it could be very difficult to implement without a Corporate Contract Register being established to identify all such works and record them all in one place, as even low value small repair jobs would need to be subject to such a system.</p> <p>In order to implement this concept the Proactis</p>	<p>31 December 2012</p> <p>April 2013</p>	<p>Richard Blake</p> <p>Arwel Staples</p>

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>resolved details are recorded on the yellow copy of the form and sent through to Administration Section. The green copy is retained on file.</p> <p>All the above details are recorded on the Contractor Information System which generates electronic reminders if actions are not resolved within agreed timeframes.</p> <p>Each classification / rating of default is attributed a fixed number of points. If a Contractor accumulates either 200 points or 5 separate recorded defaults in a rolling 2 year period, they are sent a warning letter advising them that they have hit a trigger and that the work has fallen below the required standards. Any further work assigned will be closely monitored and improvements will be expected.</p> <p>If a further 100 points or 2 defaults are then recorded the Contractor is invited in for interview with all the relevant officers involved. It is at this point that the Contractor may be removed from the Approved List.</p> <p>From the sample of 20 approved contractors only one incidence of there being a default was noted.</p> <p>In fact only one contractor has been removed from the list for poor performance since its introduction some four years ago.</p> <p>Three contractors have received Warning</p>	<p>have not input feedback.</p> <p>The CPR's should be amended to state that performance whether good or bad should be recorded on the approved list system</p> <p>The Contractor Default Procedure should be publicised on the Info net.</p> <p>All users of the contractor database should be contacted via email (email addresses can be found in the User Report supplied by IT) and be made aware of the requirement to use the Contractor Default Procedure. Additionally, this medium should also be used to convey any other instructions,</p>		<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>e-sourcing solution will need to be considered as a direct replacement to the current in-house database. The Proactis solution will need to be configured with a view of undertaking a pilot project in advance of implementation date.</p> <p>Agreed, the CPR's should be amended to enforce the use of the current Contractor Default System for officer to record any poor or good contractor performance. This request will need to be fed into the CPR review</p> <p>Workforce Information Article to be written and placed on infonet. Develop information page on new Infonet</p> <p>Would require IT to set</p>	<p>31 May 2012</p> <p>31 December 2011</p> <p>30 June 2012</p>	<p>Arwel Staples</p> <p>Richard Blake</p> <p>Richard Blake /</p>

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>Letters.</p> <p>Further discussions were held with Senior Cemeteries Officer who stated that the majority of default notices were issued by staff who previously worked in the now defunct Community & Housing directorate i.e. the Directorate from which the approved list originated.</p> <p>The Default Procedure is displayed on the approved list database.</p> <p>Training was given on the Default Procedure when it was launched some four years ago.</p> <p>The Section is currently developing a process whereby users of the database can electronically submit a default notice via the database itself which will make it easier for users to submit reports on poor or good performance.</p> <p>Further discussions were held at the closing meeting where it was decided that all contractors used should be subject to a set of performance questions at the end of each completed job.</p> <p>This will enable an overall performance rating to be compiled for each contractor.</p> <p>The results of the exercise should be input into the contractor database. An automated mechanism should be devised to identify and pursue officers who have</p>	updates etc.			up a "User Group Notes Address" with any amendments i.e. new users, leavers etc also having to be done by IT		

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>not input feedback.</p> <p>This situation is not enhanced by the fact that the default procedures are not publicised on the Info net.</p> <p>As part of the testing process a report detailing all users of the contractor database was requested from the IT section.</p> <p>There is no formal user access review carried out by the Cemeteries Officer. This is covered elsewhere in the report.</p> <p>The user report was supplied by the Team Leader Development (Information & Business Services) as a list of email addresses and as such creates an ideal opportunity to contact all users of the system to make them aware of the Default Procedures and to update them with any new initiatives, instructions etc. The user report was forwarded to the Senior Cemeteries Officer.</p>						
10	<p>As part of the NWPP a trade operative framework agreement has been negotiated together with a list of nominated contractors.</p> <p>Additionally, there are trade operative contractors on the approved list.</p> <p>The Interim Procurement Manager is of the opinion that the contractors on the framework should be used and the existing</p>	<p>The CPR's should be amended to clearly state that where a corporate contract or framework agreement is in place that they must be used unless an exemption from the CPR's has been</p>	Significant	<p>Yes</p> <p>Yes</p>	<p>This request will need to be fed into the CPR review</p> <p>The corporate decision to use individual framework agreements</p>	<p>31 May 2012</p> <p>31 December 2012</p>	<p>Arwel Staples</p> <p>Arwel Staples</p>

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Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>contractors housed on the approved list be removed from that particular work category.</p> <p>However, the trade operative framework and the resultant list of contractors has not been published and is therefore not accessible to relevant members of staff.</p> <p>There has been no formal corporate instruction requesting the Environment Directorate to remove the trade operative contractors from that specific part of the approved list database.</p> <p>The implication is that as an Authority FCC pay a set amount to the NWPP in order for them to negotiate competitive framework agreements.</p> <p>However, there are still contractors (being used) on the approved list detailed as being approved and vetted for the same category of work as included on the framework agreements. The contractors on the approved list will also undertake other work category areas in addition to the specific framework agreement work type.</p> <p>The Interim Procurement Manager was of the opinion that the framework should be reviewed for efficiencies and savings in the light of the poor take up of the contractors included within it.</p> <p>Additionally, the contractors on the</p>	<p>obtained.</p> <p>A corporate decision should be taken as to whether framework agreement contractors must be used over and above the existing contractors on the approved list i.e. existing approved list contractors are to be removed from the framework category of work.</p> <p>All information relating to frameworks and contractors should be held in one location and be publicised and accessible to all relevant officers of the Authority.</p>		Yes	<p>instead of existing contractors, shall be made on a case by case basis in conjunction with the Head of Procurement. In the event that framework contractors are deemed more beneficial, then an instruction will be made to remove existing contractors from the relevant category on the approved list.</p> <p>In order to implement this concept the Proactis e-sourcing solution will need to be considered as a direct replacement to the current in-house database. The Proactis solution will need to be configured with a view of undertaking a pilot project in advance of implementation date.</p>	31 December 2012	Richard Blake

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>framework agreement have incurred time and costs applying for inclusion on the agreement and expect to be considered for subsequent trade operative work.</p> <p>The CPR's allude to a general requirement to use such framework agreements. However, they do not go as far as to state that they must be used.</p> <p>There are plans for all-Wales CPR's which clearly state in their draft format that framework agreements must be used where they exist.</p> <p>There is a Draft Model for Contract Procedure Rules in Welsh Local Government as follows:-</p> <p>Version 0.62 June 2011</p> <p>16. Framework agreements & collaboration</p> <p>The authorised officer must ascertain whether there is a framework agreement approved by the head of procurement for use by the council. Where currently valid frameworks are available, the framework must be used in accordance with the guidance provided by the head of procurement.</p> <p>Any joint procurement arrangements with other local authorities and or public sector bodies including membership or use of any</p>						

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>consortia must be approved by the head of procurement.</p> <p>Established framework and consortia arrangements endorsed by the head of procurement for use by the council shall be mandatory.</p>						
13	<p>Details of 148 contractors were extracted from the financial ledger.</p> <p>101 of them were found to be included on the approved list.</p> <p>47 were found as being used when they were not on the approved list.</p> <p>However, out of the 47 contractors, 30 had not been used for at least 7 months and as such could have been subsequently removed from the approved list.</p> <p>17 contractors were found to have been used recently (09/12/10 to 04/07/11) who had never been included on the approved list.</p> <p>The total spend on these contractors over the period 2005 - 2011 was £6.1m. Two of the contractors had applied for inclusion on the approved list but had failed regarding Health & Safety issues and financial vetting respectively.</p> <p>Audit checking was not carried out as to whether exemptions from the CPR's were applied for by the respective officers sourcing the above 17 contractors.</p>	<p>All council employees should be made aware that authorising work from a contractor not on the approved list could result in disciplinary action for failure to comply with the Contract Procedure Rules.</p> <p>To raise awareness the approved list of contractors and the requirement to use them should be published on the info net.</p>	Significant	<p>Yes</p> <p>Yes</p>	<p>The only way to prevent the use of Non Approved Contractors will be to enforce disciplinary action on those officers engaging the contractors. This was recommended to a recent Member Task & Finish Group on the Approved List. LSG/Exec report prepared by Robert Robins in 2010. This request will need to be fed into the CPR review</p> <p>Regular Workforce News Item to be written and posted on the Infonet. Development of Infonet page on new look Infonet</p>	<p>31 May 2012</p> <p>July 2012</p>	<p>Arwel Staples</p> <p>Richard Blake /</p>

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Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	The list of 17 contractors was forwarded to the Procurement Unit to enable them to check as to whether any were contained on subsequent framework agreements etc.						
14	<p>Discussions were held with the Senior Cemeteries Officer who stated that the approved list was scheduled to be used by Denbighshire and Wrexham County Councils. At the time of the audit Denbighshire was in the process of gathering all relevant information appertaining to their contractors for input onto the Flintshire approved list.</p> <p>Discussions have also been held with Wrexham County Borough Council but are not at the same advanced stage of development.</p> <p>A draft service level agreement has been drawn up by Flintshire Legal Services defining the terms and conditions that would govern the operation of the inter authority approved list.</p> <p>Discussions were held with the Interim Procurement Manager responsible for Flintshire and Denbighshire County Council who stated that the P2P system Proactise (which is used by Flintshire, Wrexham and Denbighshire County Councils) may potentially have a module which could serve as an approved list for</p>	<p>A strategic meeting should take place between the officers responsible for the Flintshire County Council approved list and procurement officers from Flintshire, Denbighshire and Wrexham to discuss:</p> <ul style="list-style-type: none"> Whether there is to be an inter authority approved list in operation between Flintshire, Denbighshire and Wrexham County Council. <p>Whether the e-sourcing system</p>	Significant	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Several meetings have already taken place between the three Authorities Lead Officers on the project and also Procurement Representatives. Agreement on the initiative has been reached in principle for the use of the system under Flintshire's management on a Rolling 12 month agreement with both DCC & WCBC contributing £20k p.a. each for the service.</p> <p>A corporate proposal is being considered to procure the Proactis e-sourcing solution, which will give access to an approved list management module.</p>	<p>31 May 2012</p> <p>31 December 2012</p> <p>April 2013</p>	<p>Richard Blake</p> <p>Arwel Staples</p> <p>Arwel Staples</p>

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>the three authorities. It transpired that only Denbighshire had the above mentioned module (Contractor Engagement Module). He also stated that as part of the North Wales Procurement Partnership a Minor works framework is to be introduced (which would effectively carry out the same function as the Flintshire Approved List) i.e. provide a list of suitable contractors to carry out work below the EU tendering threshold.</p> <p>Additionally, he also stated that the use of SQuID (Supplier Qualification Information Database) may be deemed mandatory by the Welsh Assembly Government.</p> <p>The Welsh Assembly Government's Value Wales is working in partnership with public sector organisations throughout Wales to reduce the barriers that limit access to public sector procurement opportunities, especially for Small and Medium Enterprises (SMEs).</p> <p>The aim is that all of the common core questions and answers sought at the early stages (selection stage) of procurement processes will be stored on a Contractor Qualification Information Database (SQuID).</p> <p>Additionally some preliminary discussions have taken place with a view to the NWPP frameworks being held, administered and</p>	<p>Proactis can be configured to operate as an approved list system</p> <ul style="list-style-type: none"> Whether the proposed North Wales Procurement Partnership minor works framework will supersede or work alongside of the current approved list. What the future role and purpose of the Flintshire Approved List is to be, against the backdrop of 		Yes	<p>In order to implement this concept the Proactis e-sourcing solution will need to be considered as a direct replacement to the current in-house database. The Proactis solution will need to be configured with a view of undertaking a pilot project in advance of implementation date.</p> <p>The corporate decision to use individual framework agreements instead of existing contractors, shall be made on a case by case basis in conjunction with the Head of Procurement. In the event that framework contractors are deemed more beneficial, then an instruction will be made to remove existing contractors from the relevant category on the approved list. However, the development of a Minor Works framework</p>	<p>April 2013</p> <p>April 2013</p>	<p>Arwel Staples</p> <p>Arwel Staples</p>

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Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	vetted using Flintshire's approved list database.	<p>the Welsh Assembly Government's Value Wales agenda.</p> <p>The outcome of this meeting will need to be communicated to/ agreed by CMT as per Internal Audit Report CD0030P1, Corporate Governance.</p>			<p>agreement via the NWPP is currently being reviewed, with a strong possibility that the current tender process will be terminated.</p> <p>In order to ensure that the FCC approved list administration is consistent with the standardised Pre-Qualification Questionnaire (Squid) process developed by Value Wales, there is a need to ensure that the approved list solution is compatible and can be interfaced with the National Procurement Website. The implementation of the Proactis e-sourcing solution, should ensure that the interface is already in place, since Proactis and Value Wales are already in discussions with interfacing the two solutions.</p>		

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
9	<p>It is clear from the CPR's that there is a requirement to ensure that there is a fair and equitable rotation of the use of contractors across the Authority.</p> <p>A report was extrapolated from the approved list detailing all contractors that have been used since 2006. The fact that contractors had not been used was derived from the fact that there was no payment information from Masterpiece on the Database.</p> <p>The results were as follows:</p> <p>Total number of contractors 603 Total number used 232 (38%) Total number not used 371 (62%)</p> <p>The percentage of unused contractors does appear to be high but the above information does not show if contractors had been asked to submit a quote/tender for work but that they were unsuccessful.</p> <p>There is a facility within the database which records whether or not a contractor has been asked to tender for work. However, it was not possible to generate a report at the time of audit review.</p> <p>To determine whether contractors are invited to tender in equitable rotation would require a separate audit exercise.</p> <p>Alternatively, a percentage of contractors who had not been used could be contacted</p>	<p>A formally approved rotation policy should be developed to ensure the fair and equitable rotation of work across the Authority.</p> <p>A customer satisfaction form should be devised and issued on a random and periodic basis to contractors in order for them to express their views and opinions on the operation of the approved list.</p>	Significant	<p>Yes</p> <p>Yes</p>	<p>To ensure fair and adequate rotation of work around all available Approved Contractors a formal Contractor Rotation Policy should be adopted. This proposal was agreed by the recent Member Task & Finish Group on the Approved List and a working suggestion has already been drawn up. However, the requirement for the formal rotation of contractors, will need to feed into the CPR review. The implementation of the Proactis e-sourcing solution will also make available an in-built rotation of contractors functionality.</p> <p>A Customer / Supply Survey could be established and sent out to all Approved Contractors annually, the results of which could</p>	<p>31 December 2012</p> <p>31 December 2012</p>	<p>Richard Blake</p> <p>Richard Blake</p>

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>with a view to determining whether they had ever been approached to submit a quote or a tender.</p> <p>It should be noted that there is no formal rotation policy in operation within FCC. Any future rotation policy should be linked to the performance of individual contractors i.e. randomly select five contractors with an overall performance score of 75%.</p> <p>Additionally there is no mechanism in place to enable contractors to feedback their views and opinions on the operation of the approved list.</p>				<p>contribute to local PI's that could be established to monitor and improve the performance and management of the Approved List of Contractors. The implementation of the Proactis e-sourcing solution will make available functionality to carry out customer satisfaction surveys as well as monitor feedback as a performance rating.</p>		

Facilities Services Catering – LL0140R1

We have made seven significant recommendations, as follows:

- Efficiency Savings have not been incorporated into the business plan.
- Income may not be received for all meals provided.
- Monies owed to the Council are not collected.
- The department will have a budget overspend.

- Salaries and wages have been incorrectly calculated.
- Free school meals may be provided without proof of eligibility.
- Service Level Agreements do not clearly state the charging arrangements for the collection of school dinner monies.

Ref		Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1	The service business plan identifies as an aim 'To ensure that financial aspect of service delivery is adequately monitored. Regularise budget monitoring arrangements for all areas of the service'. The business plan does not refer to the efficiency savings within it's aims but does state one of the risks as 'Achieving the Flintshire future efficiencies within budget year'. The budget includes an efficiency of £49,000 a year for the next three years for 'Target to increase take-up of school meals' and an efficiency of £175,000 for 2011/12 (rising to £300,000 in 2012/13 and 2013/14) for 'Rationalisation of number of kitchens in light of possible large requirement for capital investment in order to rectify LPG Health and Safety issues'. The Hard and Soft Facilities Management Business Case does not refer to either of these efficiencies. The business plan does not state whether the service should be self financing or whether the service is to be subsidised and to what amount. The service runs at a deficit every year but the service plan does	Efficiency savings identified in the budget need to be incorporated into the service business plan. The business plan should state clearly the financial targets for the section.	Significant	Y	Identified savings will be incorporated into the Facilities Services project plan as part of the Flintshire's Future Plan	May 2012	R IMHOOF

Ref		Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
		not state the target for the year.					
3.1	The Catering Services department do not analyse this information by school. This means that whilst they have an idea which debtors relate to which school, there is no accurate picture of which schools are not performing well in assisting in the collection of dinner debts. As part of our other testing in this audit, we reviewed the weekly cook's returns and found one school (Mountain Lane) whereby the weekly return did not state 'yes' or 'no' to whether there had been any dinner debts that week. From discussion with the School it appeared that there is one debt at the school for £52.60.	The debt should be analysed by school. In the absence of any analysis of debts, the catering staff should be reminded to complete the catering returns weekly stating the number of dinner debts.	Significant	Y	The division will be trialling an online payment system in June which will incorporate the management of dinner debt	June/July 2012	V BELL / A TREVOR
4.1	The Education Finance department maintain a monitoring spreadsheet that extracts information from Masterpiece. This spreadsheet also calculates the budget to date and calculates the projected year end figures. A summary of this information showing the projected net surplus/deficit is sent to Catering Services. From discussion with catering staff, this information is not used as they consider the budgets to be inaccurate. The catering manager uses other monitoring information produced within the department that calculates the cost of	The information provided to the Catering Services department by Education Finance should provide an analysis of any overspends. The information maintained by the Catering Services department should be reconciled to the	Significant	Y Y Y	Budget monitoring on a monthly basis will commence in May 2012 with reconciliation between the weekly/monthly information from schools and the general ledger (Masterpiece) Stock usage will be monitored on a monthly	May 2012	R IMHOOF V BELL A TREVOR D BATEMAN H FRANCIS

Ref		Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p>food and labour per meal and the weekly average cost of the meal for each school. This information is calculated from the information submitted on the School Cooks return and record of weekly stock forms. This information is not reconciled to the General Ledger.</p> <p>A review of the month 11 monitoring information maintained by the finance department shows that the overspend is largely due to supplies. This information had not however been provided to the Catering Services department as they only receive a summary that shows the net surplus/deficit.</p>	<p>General Ledger. The stock received information should be reconciled to purchases of stock from the ledger. Any discrepancies should be investigated.</p>			<p>basis and compared to targeted GP</p>		
6.1	<p>A sample of 5 monthly paid catering staff were tested in order to confirm whether or not the submitted and authorised timesheets matched the spreadsheets that were completed and sent to the payroll department for processing. For the sample of 5 catering staff each weekly timesheet for a particular month was chosen in order to discern the accuracy of the hours stated and then transmitted for payment.</p> <p>It should be noted that at the time of the audit 3 timesheets could not be located in the Facilities Services department, each of the 3 timesheets was applicable to separate individuals tested, so only 2/5 of the sample could have a full months pay</p>	<p>The Catering Services department must ensure that in all instances timesheets are kept on file and made available.</p> <p>In addition to this the department must ensure that all information from the weekly timesheets are checked and accurately transcribed into the</p>	Significant	Y Y	<p>A sign in/out procedure with be put in place</p> <p>Email sent to admin team regarding the need for accuracy and any amendments logged with time sheets for audit trail</p>	<p>May 2012</p> <p>April 2012</p>	<p>A TREVOR</p> <p>A TREVOR</p>

Ref		Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p>tested. It was confirmed by the Admin Officer that the missing timesheets should be present in the files with the remaining timesheet and that their omission was down to a misplacement error.</p> <p>For the sample of 5 catering staff testing confirmed that;</p> <p>4/5 of the sample provided a discrepancy between the timesheets and the master spreadsheet which is used, with the remaining 1/5 of the sample having the values agreeing. Of the four discrepancies;</p> <p>1/4 of the sample had overstated quantity of 1.15 hours for one week's timesheet, for this individual this equates to an overpayment of £7.33 for that particular month. This overpaid figure confirmed by the Admin Officer as being attributed to a transcription error between the timesheet and the spreadsheet.</p> <p>1/4 of the sample had an overstated quantity of 1 hour for one week's timesheet in addition to not having a timesheet present and available to test. The value of this 1 hour overpayment is £6.28 and was confirmed by the Admin Officer as being attributed to an addition error.</p> <p>1/4 of the sample had discrepancies in two of the weekly timesheets which totalled a monthly discrepancy of 1.8 hours overpayment, this equates to an</p>	master spreadsheet.					

Ref		Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p>overpayment of £11.30. In addition to these timesheets displaying discrepancies it was also confirmed that one of the timesheets was not available at the time of the audit. The errors in the recording of the hours were attributed to transcription and addition errors which were confirmed by the Admin Officer.</p> <p>The remaining discrepancy arose in relation to another timesheet that was not available at the time of the audit.</p>						
7.1	<p>Ewloe Green</p> <p>A review of the dinner register against the free school meal prints found that there were five children receiving free school meals that were not shown as eligible. The information in the register was correct as it showed the correct expiry date. For two of the cases, the expiry date shown was 24/2/12 and was therefore within the three week period for checking. For three of the cases, the expiry date was 9/9/11, this was followed up with the free school meals officer who stated that they were on the system as having an application form returned to them in January with a request for further information.</p> <p>Venerable Edward Morgan</p> <p>From review of the records held by the school's secretary, it can be confirmed that</p>	<p>Schools should be reminded that they cannot provide free school meals to children who have not been notified to them as eligible outside of the three week time period. The Catering Services department should follow up the cases with Ewloe Green to ensure that the free meals are no longer being provided and that the parent has been advised to complete the application form.</p>	Significant	Y	<p>Guidance to be given to schools regarding the issue of meals to children (free or not) and be advised that Facilities Services will charge the schools hospitality code for any meals served under the instruction of the head teacher</p>	April 2013	<p>R IMHOOF T DAVIES V BELL</p>

Ref		Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p>the list the school hold for students eligible for free school meals, matches that of the Flintshire County Council Catering Services report of students eligible for school meals at Venerable Edward Morgan Primary School. The only exception is one pupil who is eligible to take free school meals, but has declined the offer, and does not claim a free school meal.</p> <p>Mountain Lane</p> <p>From review of the records held by the School Secretary, it can be confirmed that the list of the students eligible for free school meals matched the list provided by the free school meals department, the only exception was one pupil whose eligibility had run out, however we were able to confirm that the free school meals department are currently processing a renewal form for the pupil.</p>						
8.1	There are no SLAs in place, the schools are allocated a sum as part of their school budget to pay for staff to collect dinner monies.	An SLA should be in place between the schools and the Council stating how much has been allocated to them to pay for the collection of dinner monies and setting out expectations for	Significant	Y Y	This will be under review pending the 'E-payment Project' The division will be trialling an online payment/EPOS system	April 2013 June 2012	R IMHOOF R IMHOOF

Ref		Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
		<p>delivering this service.</p> <p>Consideration should be given to implementing the cashless system into primary schools, thereby removing the need for the schools to carry out this function.</p>			in June which will incorporate the management of dinner debt		

Traffic Management Act – EN0070R1

We have made one fundamental and four significant recommendations, as follows:

- Failure to comply with legislation for submitting internal notices.
- A lack of procedural documentation for staff
- No agreement with street works staff for submitting notices
- No comparison exercises with other authorities for best practice.

- No monitoring of compliance currently in place.

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
1	<p>The Traffic Management Act (TMA) 2004, updated in 2007, was introduced to reduce congestion through better management of the road network by requiring local authorities to take a pro-active approach to reducing delays on the network.</p> <p>Under the latest regulations, powers are now available to take enforcement action against any local authority failing to perform its network management duties. Local authorities will be expected to report</p>	Works for road purposes notices must be submitted to the Highways Regulatory Services Team for all highways works undertaken by the authority in order to comply with current legislation in place.	Fundamental	Y	Further development of the Mayrise System will provide an automated process for notification.	1 April 2013	Head of Streetscene

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>on their monitoring arrangements and performance against targets.</p> <p>Section 53 of the New Roads and Street Works Act (NRSWA) requires an authority to place information about its own works on the street works register and this should be done in similar timescales to external contractors.</p> <p>The categorisation of street works is clearly documented within the NRSWA and details four categories where notices are required.</p> <ul style="list-style-type: none"> • Major works - 3 months minimum • Standard works - 10 days minimum • Minor works - 3 days minimum • Immediate works - Urgent & Emergency - within 2 hours. 						

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>It is the responsibility of the Highways Regulatory Services Team to record all notices received for authority led works on the street works register.</p> <p>Discussions were held with the Street Works Engineer and Highways Inspector from the Regulatory Services Team who is responsible for recording notices onto the street works register.</p> <p>Concerns were raised regarding the lack of notices being submitted from various teams across the authority. These were identified from orders being received for road closures with the knowledge that works for road purposes notices have not been submitted.</p> <p>Additional concerns have since been reported following a recent Highway Authorities and Utilities Committee meeting where the issue of using scorecards was raised. These scorecards are regional and national performance</p>						

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>indicators supported by the Department for Transport which will analyse the standard of notices sent by all undertakers and works for road purposes. This could have a significant impact on the authority due to the level of notices currently being received.</p> <p>Audit was notified that all key staff have been advised of the necessary requirements for recording works for road purposes under the act and presentations have also been provided.</p> <p>Discussions were also held with the key officers responsible for submitting notices and it was identified that they were aware of the Traffic Management Act and the requirement to submit relevant notices within defined timescales. However, it was agreed that notices were not being submitted for all works for road purposes</p>						

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>and this was due to a number of factors with the main reasons being how works for road purposes are conducted and a lack of resources being available.</p> <p>It was established that works for road purposes are undertaken on a planned and reactive basis. Notices for either type of work are not currently being submitted on a regular basis. The TASK system is currently used for recording all works for road purposes. Initial concerns were identified in that users may record the number of works for road purposes for reactive works under one heading and therefore it is not possible to determine both the total number of works undertaken and the number of jobs requiring notices to be submitted.</p>						

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>Additional pressures were also reported regarding the time taken to complete and submit notices and it is felt by the key officers that resources are not currently available to fully adhere to the regulations. An example was provided of workers undertaking 5-6 reactive works for road purposes per day being out on site without having the equipment readily available to submit the appropriate notices as required</p> <p>However for planned works, no apparent reason could be provided for these notices not being submitted and notices should be compiled during the process when determining what planned works are to be undertaken.</p>						

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	There are concerns that the authority is at risk for failing to comply with regulations as street works are not dealt with consistently between internal and external notices. The authority currently issues penalties to external companies i.e. utility works, who fail to comply with these regulations, however no actions are taken for internal notices not being completed.						
2	It was identified that specific procedural documentation is not in place for the completion and submission of notices for works for road purposes. However, there is a "Code of Practice for the Co-ordination of Street Works and Works for Road Purposes and Related Matters" which provides information on the authority submitting notices regarding its	A procedural document for key staff detailing the exact requirements needed for the Highways Regulatory Services Team should be introduced.	Significant	Y	Current code of practice outlining noticing requirements to be re-circulated to all Streetscene officers.	1 June 2012	Senior Street Works Engineer

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>own works being recorded on the street works register.</p> <p>Discussions were held with a number of key staff involved in the process for undertaking works for road purposes and although they were aware of the legislation, the exact requirements were not clear and it was felt that a checklist or a brief summary of the exact requirements would be beneficial.</p>						
4	<p>A discussion was held with the Senior Street Works Engineer and it was identified that 166 notices had been received for internal works for the current financial year. This was in comparison to 4140 notices being received from utilities companies. It is understood that the two sets of figures should be similar and there are obvious failings for internal notices being produced.</p>	<p>Agreement will need to be obtained with key officers to establish a method to ensure that all notices required for each particular works undertaken are submitted to the Highways Services Regulatory Team. This may involve changing the way individual jobs are recorded.</p>	Significant	Y	See paragraph 1	1 April 2013	Head of Streetscene & Senior Street Works Engineer

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>Discussions were also held with key officers responsible for managing works for road purposes and it was identified that jobs are not always specified into individual works and often are included within set job codes over a period of time.</p> <p>Over 1500 jobs have been recorded for the current year by street works, however this figure does not reflect the actual number of jobs undertaken. Set job codes are recorded for a number of varying types of work including reactive works, maintenance and repairs, potholes, patching and general sign maintenance which could include a requirement for a notice to be completed.</p>						

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	A sample was selected of works undertaken and it was identified that no notices had been submitted and this was confirmed with the key officers involved, who reported the lack of resources available in order to complete this work.						
4	As above.	Liaison should be undertaken with other local authorities to determine best practice and the findings should be shared with management to determine a best way forward.	Significant	Y	Whilst FCC are committed to the Mayrise system, contact will be made through the Mayrise user group to consider options currently being used in other Counties in respect of the notification process.	1 August 2012	Head of Streetscene & Senior Street Works Engineer

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
5	<p>A discussion was held with the Senior Street Works Engineer and it was identified that in addition to services providing information on specific works for road purposes being undertaken there is also a requirement to submit traffic light and road closure applications and these are received by the Highways Services Regulatory Team.</p> <p>The applications are for temporary traffic notices to be issued and displayed on public highways as required within the Road Traffic Regulation Act 1984. Information detailed on the applications is input into the street works register by the regulatory team staff.</p> <p>An exercise was undertaken for this review to identify the total number of traffic light and road closure applications had been received over a four month period and establish the number of notices that have been submitted to support</p>	<p>Following agreement with key officers for adhering to the regulations, the regulatory team should consider undertaking this exercise on a regular basis in order that relevant officers can be notified of applications requiring notices to be submitted.</p>	Significant	Y	Quarterly performance reports to be issued to area managers for each Streetscene area.	1 April 2013	Senior Street Works Engineer

2 Action Plan

Para	Findings	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
	<p>these applications. It was identified that from the 61 internal applications received a total of only 12 notices had been submitted equating to 20%. A further comparison from utilities companies identified a total of 134 applications being received for which 129 notices had been submitted equating to 96%.</p> <p>It was identified that traffic light and road closure applications are not compared to the notices received by regulatory team staff and this exercise was only undertaken as part of the audit review.</p>						

Performance Indicators

CORPORATE			
Performance Indicator	Target Number of Days	Reports Finalised for Audit Committee 26 Mar 12	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	9 days
Time from issue of draft report to receipt of management response	20 days	0 days	0 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	130 days*
Time from receipt of management response to issue of final report	5 days	0 days	2 days

* Procurement - Discussions over corporate issues, linked to regional and sub-regional collaboration and proposed national contract procedure rules.

FINANCE			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 26 Mar 12	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	5 days	5 days
Time from issue of draft report to receipt of management response	20 days	12days	26 days*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	1 day	11 days

Financial Reporting and Council Tax / NNDR. Work on budgets and single status took priority.

Performance Indicators

LEGAL AND DEMOCRATIC			
Performance Indicator	Target Number of Days	Reports Finalised for Audit Committee 26 Mar 12	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	7 days
Time from issue of draft report to receipt of management response	20 days	0 days	32 days*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	0 days

* Electoral Registration. Delayed response due to the elections.

HUMAN RESOURCES			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 26 Mar 12	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	0 days
Time from issue of draft report to receipt of management response	20 days	0 days	0 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	0 days

Performance Indicators

INFORMATION TECHNOLOGY			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 26 Mar 12	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	22 days	17 days
Time from issue of draft report to receipt of management response	20 days	19 days	35 days*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	4 days	1 day

* Self Service Passwords. Further discussions with management.

LIFELONG LEARNING			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 26 Mar 12	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	0 days	10 days
Time from issue of draft report to receipt of management response	20 days	0 days	34 days*
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	0 days

* School Transport

Performance Indicators

COMMUNITY SERVICES			
Performance Indicator	Target Number of Days	Reports Finalised for Audit Committee 26 Mar 12	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	14 day	0 days
Time from issue of draft report to receipt of management response	20 days	27 days	0 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	0 days
Time from receipt of management response to issue of final report	5 days	0 days	0 days

ENVIRONMENT			
Performance Indicator	Target Number of Days	Reports Finalised for the Audit Committee 26 Mar 12	Reports Finalised for this Audit Committee
Time from completion of fieldwork to issue of draft	20 days	12days	10 days
Time from issue of draft report to receipt of management response	20 days	47days	20 days
Corporate Reports - Time from issue of draft report to receipt of management response	30 days	0 days	36 days*
Time from receipt of management response to issue of final report	5 days	2 days	5 days

* Traffic Management Act

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
Corporate	CD0020R1	Risk Maturity	28	20	N/A
Finance	FD0080R1	Financial Systems	65	20	Limited
Lifelong Learning	LL0110R1	CRB Checks (schools)	36	30	Limited

Risk Maturity – Further discussions with management

Financial Systems – Work on budget and single status took priority

CRB Checks – Changes of responsibility. HR now involved along with Lifelong Learning.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

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 plans for 2011/12 and 2012/13. The plans are attached (Appendices A and B). Amendments to the plan are shown in Appendix C. The results of the current recommendation tracking since the previous Audit Committee are also attached (Appendices D and E).

2.00 BACKGROUND

2.01 The status of all projects at 1st June 2012 is included in the operational plans. The plans show 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.

3.00 CONSIDERATIONS

3.01 Work is almost completed on the 2011/12 plan and has commenced on the 2012/13 plan.

3.02 Four additions have been made to the plan at the request of management. These are shown in Appendix C and will be completed using the days in the contingency allocation.

One project has been deferred at the request of management. This is also shown in Appendix C.

3.03 Recruitment to vacant posts in the new Internal Audit staff structure has been completed. The department will be at full strength from 2nd July 2012, which will facilitate the delivery of the 2012/13 plan.

3.04 A summary of recommendation tracking is given in Appendix D. Two responses were not received from management. These will be followed up.

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

3.06 The implementation dates for six of the recommendations have been put back several times. These will be followed up with management to ensure that they are still valid and that the latest implementation dates are realistic and will be achieved.

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

Operational Plan 2011/12
Operational Plan 2012/13
Amendments to the plan
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
Council Governance					
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	DRAFT
18	Procurement– Select List	Review the use of the select list for procurement	20	20	FINAL

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	DRAFT

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	ON GOING
Collaborative Working	Confirm that business cases for Flintshire input to collaborative projects are being tested.	10	10	WIP
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 Flintshire Futures teams	50	25	ON GOING
Lean Team	Participation in Lean Team projects.	50	25	ON GOING

Total	180	120	
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FINANCE

Risk Based Coverage

Risks/ Source	Risk Area	Auditable Area	Original Plan days	New Plan days	Status
Council Governance					
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	FINAL

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	Original Plan days	New Plan days	Status
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	DRAFT
Housing Benefit	To satisfy external requirements of Department of Work and Pensions.	20	20	DRAFT
Council Tax and NNDR	External audit to place reliance on testing undertaken by internal audit.	20	20	DRAFT
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	FINAL
Cash and Banking	To verify that cash and banking controls are effective and operated in accordance with procedures.	20	20	FINAL

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	FINAL
Insurance	Review the Authority's insurance processes	10	10	FINAL
Corporate Grants	Systematic audit of the arrangements which have been established by the Authority to record, monitor and report external grants.	15	X	
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	FINAL
Total		245	190	

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	FINAL
Pension Contributions	Verification of the contributions made from admitted bodies.	20	20	FINAL
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	FINAL
Data protection	Management concern. To review compliance with external regulation. Reviews cover different parts of the organisation each year.	10	10	DRAFT
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	DRAFT

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	FINAL

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	WIP
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
Council Governance					
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	WIP
Self Service Passwords	Review new procedure to enable users to reset their own passwords	5	5	FINAL

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	WIP
Registrars	Establish systems in place and review service area based on key risks	10	10	DRAFT
Customer Complaints	Review compliance with complaints procedure	20	20	FINAL
Operations Management	Consider all functions of Operations Management and prioritise coverage based on risk.	20	20	WIP
Additional Work				
Purchase to Pay (P2P)			10	ON GOING
Total		120	115	

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	DEF
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	FINAL
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	DRAFT

Transport	Review operational controls	15	15	FINAL
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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	FINAL

Total		205	165	
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COMMUNITY SERVICES

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	FINAL
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	FINAL
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	DEF
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	WIP
Additional work				
Affordable Housing	In agreement with management, after request from Audit Committee		10	WIP
Total		150	85	

ENVIRONMENT

Risk Based Coverage

Risks/ Source	Risk Area	Auditable Area	Original Plan days	New Plan days	Status
Community Leadership					
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	FINAL
CL09	Regeneration	Review of the operation and effectiveness of the Regeneration Partnership.	5	5	FINAL
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	
Council Delivery					
CD02	Public Protection Statement of the Priorities of the Administration 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	FINAL
Council Governance					
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	DRAFT

Operational					
	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	FINAL
	Communities First	Follow up	10	X	

Other Internal Audit Coverage

Topic	Source / Rationale	Original Plan days	New Plan days	Status
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 rd Party Claims	Systematic review of 3 rd 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	FINAL
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	FINAL
Carbon Reduction Commitment	Regulatory requirement to provide Internal Audit assurance of reporting under the carbon reduction commitment scheme.		15	FINAL
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	1210

Note

Rent Arrears deferred at the request of management. New processes being given time to bed in.

Pupil Statistics - partly covered in Performance Indicators review (statistics). Pupil funding formula being developed, due for audit in 2012/13.

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All Assignments sorted by Directorate

CORPORATE

Risk Based Coverage

Risks / Source	Risk Area	Auditable Area	Days	Status
Council Governance				
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	FEB
18	Procurement Effective and cost efficient local, regional and national procurement	Review the application of the Procurement Strategy, and performance against it.	20	JAN

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	Days	Status
Performance Indicators	To provide assurance that the reporting of performance is accurate	20	OCT

Other Internal Audit Coverage

Topic	Source / Rationale	Days	Status
Corporate Governance	Review the application of the Corporate Governance principles in support of the Annual Governance Statement.	10	JAN
Collaborations	Review the rigour of business cases to ensure the collaborations are of benefit to Flintshire	10	ONGOING
Partnerships	Identify all partnerships and governance arrangements	10	JUN
Theatre Clwyd	Review of the resilience of business planning and income projection	20	SEP
Business Continuity	Review to focus on staff movements, in particular consideration of testing	10	JUL

Advisory / Consultancy work

Topic	Source / Rationale	Days	Status
Flintshire Futures	Participation in project with the Flintshire Futures teams	30	ONGOING
Lean Team	Closing meetings Track recommendations	30	ONGOING JUN

Total 170

FINANCE

Risk Based Coverage

Risks/ Source	Risk Area	Auditable Area	Days	Status
Council Governance				
CG06	Medium Term Financial Strategy and Plan	To review the strategy and plan after the planned update by mid 2012/13.	20	NOV

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	Days	Status
Main Accounting	General Ledger, Income and Debtors, Accounts Payable, Cash and Bank, taxation External audit to place reliance on testing undertaken by internal audit.	50	DEC
Housing Benefit	To satisfy external requirements of Department of Work and Pensions.	20	FEB
Council Tax and NNDR	External audit to place reliance on testing undertaken by internal audit.	20	NOV

Other Internal Audit Coverage

Topic	Source / Rationale	Days	Status
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	TBA
Corporate Grants	Review of grants register.	15	WIP
Taxation	Review of VAT and CIS	20	AUG
Flintshire Connects	Review of new payment systems	10	TBA

Total	170	
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PENSION FUND

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	Days	Status
Pensions Administration and Contributions	External audit to place reliance on testing undertaken by internal audit. Verification of the contributions made from admitted bodies.	40	JAN
Total		40	

LEGAL AND DEMOCRATIC SERVICES

Other Internal Audit Coverage

Topic	Source / Rationale	Days	Status
Commons Register	Management concern. Intention to make the records electronic, currently manual.	10	FEB
Data protection	To work with ICO inspection	10	JAN
Members Allowances	This area should continue to be reviewed bi-annually.	10	NOV
Total		30	

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source / Rationale	Days	Status
Payroll & HR System	Regulatory annual audit. Forms part of the overall external audit opinion on the application of controls.	50	DEC

Other Internal Audit Coverage

Topic	Source / Rationale	Days	Status
Agency /Temporary Staff	To review the implementation of new guidance, including temporary staff and consultants	10	MAR
Disciplinary Policy	Review for compliance with policy	15	OCT

Payroll / pensions	Review link between payroll and pensions	10	SEP
Single status – costing of pay model	Review the processes engaged in the costing of the Pay Model	15	TBA

Advisory / Consultancy work

Topic	Source / Rationale	Days	Status
Service Review	Input to new procedures	10	ONGOING
Midland Trent: Phase 2	Review any new functionalities which may be introduced during the year.	15	ONGOING

Total		125	
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INFORMATION AND COMMUNICATIONS TECHNOLOGY

Risk Based Coverage

Risks / Source	Risk Area	Auditable Area	Days	Status
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Council Governance

9b	Information Governance Information protects and manages the Councils information assets.	Various projects; e.g. Internet / e mail monitoring, security policy compliance. Security of proposed printing solution (originally FF project)	30	AUG
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Other Internal Audit Coverage

Topic	Source / Rationale	Days	Status
IT Procurement	Ensure all purchases are in line with best practice, value for money is achieved and contract procedure rules/financial procedure rules are followed	10	OCT
Electronic document management	To be agreed	15	FEB
Mobile working, mobile phone security, smart phones	Access controls, physical security	20	AUG

Total		75	
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LIFELONG LEARNING

Coverage for External Audit Reliance or to fulfil Regulatory Requirements

Systems	Source of Requirement	Days	Status
Grants	WAG requirement for Internal Audit to review specified grants e.g. community schools	20	ONGOING

Other Internal Audit Coverage

Topic	Source / Rationale	Days	Status
Leisure Centres - operation	Review of income. Focus review on income streams from new facilities at DLC and new centralised administration function.	20	AUG
Youth & Community	Review operational controls	10	OCT
Facilities Services – Cleaning Services	Review of the operation of cleaning services.	10	NOV
Pupil Referral Unit	To review operational controls at sites occupied by the unit.	10	JUN
CCTV	Consider control issues raised as a result of the regional review.	10	NOV
Student Services	Review application of eligibility criteria for student loans.	15	NOV
Free School Meals	Review eligibility of funding.	10	OCT
Payments processing	Review of processes / procedures	10	WIP
Music Service	Review payments for lessons.	5	WIP
Funding Formula	Review of new system currently being developed.	15	TBA

Advisory / Consultancy work

Topic	Source / Rationale	Days	Status
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	10	ONGOING
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	ONGOING

Schools Audits

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

Total	220	
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COMMUNITY SERVICES

Risk Based Coverage

Risks / Source	Risk Area	Auditable Area	Days	Status
Council Delivery				
CD12e	Sheltered Housing	Review of new operating procedures – mobile wardens	10	FEB

Other Internal Audit Coverage

Topic	Source / Rationale	Days	Status
Mobile working and work ticket validation	First review following the introduction of this significant change in working practices	25	DEFERRED
Allocations	Review the new allocations policy	10	NOV
Gas Servicing	New procedures are being developed to ensure that the Authority operates a sound gas servicing programme	15	AUG
Rent Arrears	To review the control of arrears and the recovery of outstanding debts	15	JUN
Vehicle Tracking Follow Up	To review the implementation of the system	15	JUL
Care Homes		10	JUN
Disabled Facilities Grants		20	JAN
Section 33	Review of stores operation	10	WIP
Fostering	Boarding out, special guardianships and resident order payments	20	WIP
Performance information	After CSSIW inspection, review of systems used to collect data	20	JUL

Total	170	
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ENVIRONMENT

Risk Based Coverage

Risks/ Source	Risk Area	Auditable Area	Days	Status
Community Leadership				
CL10	County Network Regeneration Protection Town and	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	AUG

Council Delivery

CD05	Highways Infrastructure	To be agreed	20	TBA
27	Waste Management	Review how the Authority is addressing waste management in terms of recycling and participation.	20	OCT

Other Internal Audit Coverage

Topic	Source / Rationale	Days	Status
Licensing	To be agreed	10	AUG
Pollution Control	To be agreed	15	SEP
Fleet Management	Review of controls following the fleet review	20	JAN

Total	105	
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Investigations, Provisions and Development

	Days	Status
Pro-active fraud work and NFI	50	
Provision for investigations	200	
Provision for ad-hoc requests from Directorates	100	
Follow up reviews	30	
Audit Development - IDEA	30	
Regional Collaboration	50	

Total	460	
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Overall Total	1565	
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Amendments to the Operational Plan

Audits added to the plan

HR

I Trent – compliance testing on Private Vehicles and Driving check after introduction of new procedure

Lifelong Learning

Payments processing – efficiency of the Lifelong Learning payments section.

Cheque Book Schools - three schools have moved to having their own bank account. Review of procedures and controls.

Pensions

Pensions Contributions – reconciliation of payments from other Authorities between the Pensions system and Flintshire Accounting system.

Audits deferred

Community Services

Mobile working and ticket validation – management request, new system to be given time to become fully operational.

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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
CORPORATE										
RISK MANAGEMENT	CD0020P1	Jul-11	Fundamental	0	0	0	YES	0	0	0
			Significant	4	1	3		3	2	1
PROCUREMENT	CD0070P1	Mar-12	Fundamental	0	0	0	YES	0	0	0
			Significant	4	0	4		4	4	0
USE OF CONSULTANTS	CD0500P1	Jan-11	Fundamental	1	0	1	YES	1	0	1
			Significant	10	4	6		6	0	6
FINANCE										
GENERAL LEDGER	FL0030L3	Apr-08	Fundamental	1	0	1	YES	1	1	0
			Significant	6	3	3		0	0	0
MEDIUM TERM FINANCIAL STRATEGY	FD0040R1	Dec-11	Fundamental	1	0	1	YES	0	0	0
			Significant	7	0	7		4	3	1
MEDIUM TERM FINANCIAL STRATEGY	FD0040P1	Apr-11	Fundamental	1	1	0	YES	0	0	0
			Significant	3	1	2		2	0	2
PROCUREMENT	FL0070M1	Sep-09	Fundamental	0	0	0	YES	0	0	0
			Significant	9	5	4		1	0	1
MAIN ACCOUNTING	FD0080P1	Dec-11	Fundamental	1	0	1	YES	1	0	1
			Significant	10	0	10		6	2	4
MAIN ACCOUNTING	FD0080N1	Sep-10	Fundamental	1	0	1	YES	0	0	0
			Significant	6	3	3		1	0	1

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CAPITAL PROGRAMME	FD0090P1	Jan-12	Fundamental	0	0	0	YES	0	0	0
			Significant	13	0	13		1	0	1

ACCOUNTING FOR ASSETS	FL0160L1	Sep-08	Fundamental	1	1	0	YES	0	0	0
			Significant	2	1	1		1	1	0

ENFORCEMENT	FL0300L1	Oct-08	Fundamental	0	0	0	YES	0	0	0
			Significant	20	9	11		1	0	1

LEGAL & DEMOCRATIC

DATA PROTECTION	LD0220P1	Oct-11	Fundamental	2	0	2	YES	1	1	0
			Significant	3	3	0		0	0	0

EMPLOYMENT PRACTICE CODES	LD0220N1	Mar-10	Fundamental	3	3	0	YES	0	0	0
			Significant	25	23	2		2	0	2

HUMAN RESOURCES

HOLIDAY ENTITLEMENTS	HR0220N1	Sep-10	Fundamental	0	0	0	YES	0	0	0
			Significant	6	3	3		3	0	3

EMPLOYEE APPRAISALS	HR0240P1	Jun-11	Fundamental	0	0	0	YES	0	0	0
			Significant	8	0	8		6	2	4

SUBSISTENCE & ALLOWANCE	CS0130M1	Feb-09	Fundamental	1	0	1	YES	1	0	1
			Significant	3	0	3		3	2	1

IT

MASTERPIECE SECURITY SYSTEMS	IT0230P1	Apr-11	Fundamental	1	1	0	YES	0	0	0
			Significant	1	0	1		1	0	1

LIFELONG LEARNING

YOUTH & COMMUNITY	EC0030K1	Sep-07	Fundamental	0	0	0	NO	0	0	0
			Significant	6	5	1		1		

E TEACH	LL0190N1	Aug-10	Fundamental	0	0	0	YES	0	0	0
			Significant	4	1	3		3	0	3

SCHOOL BUDGETARY CONTROL	LL1010P1	Nov-11	Fundamental	0	0	0	YES	0	0	0
			Significant	3	0	3		2	0	2

COMMUNITY SERVICES

MULTI-SKILLING	CS0033N1	Sep-10		0	0	0	YES	0	0	0
				4	3	1		1	0	1
RENT RECOVERY & ENFORCEMENT	CH0060M1	May-09	Fundamental	0	0	0	YES	0	0	0
			Significant	5	4	1		1	1	0
CHILDREN'S SERVICES TAXIS	CS0070P1	Mar-11	Fundamental	0	0	0	YES	0	0	0
			Significant	14	13	1		1	0	1

ENVIRONMENT

STREETSCENE - CLEANLINESS	EN0010R1	Feb-12	Fundamental	0	0	0	YES	0	0	0
			Significant	12	1	11		2	2	0
BUSINESS ENTERPRISE UNITS	EN0010N1	May-10	Fundamental	0	0	0	YES	0	0	0
			Significant	8	5	3		3	0	3
SECTION 106 AGREEMENTS	EN0020P1	Feb-11	Fundamental	0	0	0	NO	0	0	0
			Significant	18	10	8		3		
FLEET MANAGEMENT	EN0060P1	Jun-11	Fundamental	0	0	0	YES	0	0	0
			Significant	7	0	7		2	0	2
DATA MANAGEMENT PUBLIC PROTECTION	EN0080N1	Mar-10	Fundamental	4	2	2	NO	2		
			Significant	18	8	10		9		
TECHNOLOGY FORGE	EN0100N1	Apr-10	Fundamental	0	0	0	YES	0	0	0
			Significant	5	4	1		1	0	1
DESIGN CONSULTANCY	HW1000J1	Mar-06	Fundamental	1	1	0	YES	0	0	0
			Significant	6	5	1		1	0	1
COMMUNITIES FIRST - CENTRAL	EN0140N1	May-11	Fundamental	0	0	0	YES	0	0	0
			Significant	8	7	1		1	1	0

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

Project Ref:	CD0020P1
	Risk Management

Directorate:	Corporate Services
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DATE OF AUDIT: July 2011

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</p>	S	<p>Recommendation: The Risk Management Strategy should be amended to require the inclusion of the identification and management of operational risk in departmental Service Plans. Services should maintain operational risk registers</p> <p>Management Comment: Agreed, this is already the case in many service plans. We suggest that local risk registers should be established using a standard template provided by the Risk Manager.</p>	Oct 2011	2	<p>Revised Date 1: April 2012</p> <p>Revised Date 1: 30th Sept 2012</p>	<p>Work in progress – operational risk templates will be produced with the service plans for 2012/13. Training/awareness-raising sessions to be held to assist managers with completion.</p> <p>Report going to CMT on 22nd May with 2 x options for operational template for services to use who do not currently have operational risks in their service plans. These templates will then be in use for the half yearly review of the service plan (Q2) September 2012, reported during November.</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>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 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 requiring the input of the IT Department. Other projects have been able to by-pass</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	1	<p>Revised Date 1: April 2012</p> <p>Revised Date 1: April 2012</p>	<p>CMT have re-endorsed the use of the Project Management methodology and system. 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> <p>This has been fully completed from this end just waiting for confirmation from IT (requested via e-mail 8th May 2012).</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
20	<p>It was found that there is no central database / record of the partnerships entered in to on behalf of the authority. Without this information, it is not possible to identify what commitments have been made on behalf of the authority or if these partnerships fit with the strategic goals of the authority.</p> <p>Risk management needs to be at the heart of all contracts and strategic partnerships to ensure that a process of assessment is undertaken. Risks must be identified and accountability assigned to the responsible party at the outset, prior to any formal contractual arrangement taking effect. Close liaison with the Monitoring Officer is essential for this purpose. It should be noted that even 'loose partnerships' may result in increased risk and joint and several liabilities.</p>	S	<p>Recommendation:</p> <p>A central recording and approval process for the commitment to enter in to partnerships and collaborative arrangements should be established. This process should ensure that proposed partnerships fit with the strategic aims of the Authority, ensure that the Authority is not committed to any risks that do not meet its risk appetite and have been subject to adequate authority before commitment.</p> <p>Management Comment:</p> <p>A record will be established with the required information in it.</p> <p>As a first stage the structure, hierarchy and contents will be defined.</p> <p>The record will then be populated.</p>	April 2012	1		Database complete.

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

Project Ref:	CD0070R1
	Procurement

Directorate:	Corporate Services
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DATE OF AUDIT: MARCH 2012

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3d)	<p>The prescribed system is as follows:</p> <p>A full Equifax financial report is run on the contractor when they initially apply for inclusion on the database.</p> <p>Subsequently, every 18 months thereafter the Support Services Section send in a copy of the contractor financial accounts to enable the Procurement Section to run a further financial report and to update the contractor 50% annual turnover figure.</p>	S	<p>Recommendation:</p> <p>The above procedure should be documented to ensure continuity in the event of staff leaving the section responsible for carrying out the check.</p> <p>Management Comment:</p> <p>Full updated Work Instructions need to be written for the Approved List of Contractor process</p>	April 2012	1	Nov 2011	

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 168	<p>To pass the financial vetting Flintshire's current policy is to score 40 or above and grade D or above. Any contractor with a score below 40/D will fail the financial vetting check.</p> <p>There are different types of reports available although for the approved list the Procurement Unit only use the "full report" option for limited companies or for an un limited company a "credit report plus" which gives less information but the same scores/grades as the full report.</p> <p>However, discussions were held with the Procurement Unit Administration Assistant who stated that no further checks were carried out as to the financial stability of the contractor after the initial full Equifax report (when contractors first apply to be included on the approved list).</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>Discussions were then held with the Senior Cemeteries Officer who was of the understanding that a full Equifax check was carried out every 18 months (when financial accounts were sent over).</p> <p>It then became apparent that a full financial Equifax check is only carried out when a contractor applies for inclusion on the approved list.</p> <p>Below is a breakdown detailing the financial year that accounts were last vetted for the 20 contractors in the sample:</p> <p>2010 - 1 2009 - 14 2008 - 4 2007 - 1</p> <p>This situation has arisen due staff turnover and a lack of documented procedures within the Procurement Section.</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>Additionally, not all contractor financial accounts had been passed over by the Support Service Section to the Procurement Unit at the specified 18 month interval. This was due to the Support Service Section waiting for the information to be passed over to them by Denbighshire County Council as part of the planned inter authority approved list information sharing exercise.</p> <p>The implication of the above is that contractors included on the approved list are showing as being financially viable when in fact they have not been subjected to a full Equifax financial check since first applying for inclusion on the list (or more than 18 months ago). As such they may not be financially viable to carry out and complete work on behalf of the Authority.</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>An example was brought to the attention of Internal Audit by the Interim Procurement Manager whereby a concrete slab for a salt barn was required and as such a list of contractors was compiled by the relevant officer.</p> <p>The contractors then submitted their prices for carrying out the work. The list of contractors was then subsequently forwarded onto the Procurement Unit for financial vetting purposes. However, 1/5 contractors failed the subsequent Equifax financial vetting process (Contractor C). The company in question was last subject to a financial check on 10/07/09. In this particular tendering exercise the successful contractor was one which had passed the Equifax financial vetting process.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 172	<p>The above example illustrates that there are contractors contained within the approved list who are not financially viable (as per Equifax credit rating) to carry out and complete work on behalf of the Authority.</p> <p>Additionally, the Senior Cemeteries Officer stated that accounts cannot be vetted every 12 months (as per CPR's) as companies need an extra 6 months for them to be prepared by their accountant. This is why the 18 month period has been in operation.</p> <p>An additional control is the 50% turnover rule. This is in place to ensure that contractors do not become financially dependent upon Flintshire County Council</p> <p>From the sample of 20 contractors the following was noted:</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 173	<p>Only 1/20 financial accounts had been forwarded to the Procurement Section in accordance with the 18 month cycle</p> <p>Below is a breakdown detailing the financial year that the database was last updated in respect of annual turnover amount for the 20 contractors in the sample:</p> <p>2009 - 1 2008 - 14 2007 - 4 2004 - 1</p> <p>The implication of the above is that the annual turnover figure used for contractors is out of date and as such contractors may have been given work over and above their 50% turnover limit.</p> <p>The Senior Cemeteries Officer stated that very few contractors actually reach their financial limit during any one year.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 174	<p>It should also be noted that the 50% annual turnover limit figure has not been reviewed for a number of years. It is not known exactly when this figure was agreed by the then Deputy Director of Finance.</p> <p>Additionally, the 50% annual turnover limit figure is not applied consistently across the organisation. It is only applied to contractors on the approved list administered by the Administration Section (Environment). Supplies and services contractors and social care contractors are not subject to its restrictions.</p>						
	3e)	As above	S	<p>Recommendation:</p> <p>Consideration should be given to transferring the task of vetting contractors on the approved list to the Support Service Section (Environment).</p>	April 2012	1	Nov 2011

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 175			<p>Alternatively, contractor financial accounts should be passed over by the Support Services Section to the Procurement Unit at the prescribed 12 month intervals.</p> <p>Management Comment: It is agreed that the Financial Vetting Process, be undertaken by the Support Service Section (Environment). This will lead to improved efficiency and quicker turnaround times for the Application Process. Training will be required for those staff involved.</p>				
	5	Insurance details are verified every 12 months in respect of public and employers liability. Contractors are checked to ensure that they possess public liability cover for £5million or over and employer liability for £10 million or over.	S	<p>Recommendation: All approved contractor insurances should be at the defined level of cover i.e. Public Liability cover for £5million or over and Employer Liability for £10 million or over.</p>	Mar 2012	1	Dec 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>19/20 contractors were found to have current insurances in line with the above requirements.</p> <p>Contractor D only had Employers Insurance to the value of £5 million (should be £10 million).</p>		<p>Management Comment:</p> <p>CPR's only refer to a minimum level of Public Liability Insurance for Approved Contractors, no reference is made to any requirement for Employers Liability within CPR's. Currently 100% of Approved Contractors have the required minimum level of PI Insurance</p>				
8d)	<p>Various classifications of defaults have been established with Major, Medium and Minor ratings in each classification.</p> <p>Contractors performance should be monitored by Project Officers, Clerk of Works or Health & Safety Officers whilst work is being undertaken</p> <p>If a default is recorded the officer should complete form CDS1. The top copy is served</p>	S	<p>Recommendation:</p> <p>The Contractor Default Procedure should be publicised on the Info net.</p> <p>Management Comment:</p> <p>Workforce Information Article to be written and placed on infonet. Develop information page on new Infonet</p>	31.12.2011	1	Feb 2012	

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>on the Contractor and Pink Copy sent to Administration Section. Details of the Contract are recorded on the form along with details of the default and agreed action required to resolve the default. Once this action is taken and the default resolved details are recorded on the yellow copy of the form and sent through to Administration Section. The green copy is retained on file.</p> <p>All the above details are recorded on the Contractor Information System which generates electronic reminders if actions are not resolved within agreed timeframes.</p> <p>Each classification / rating of default is attributed a fixed number of points. If a Contractor accumulates either 200 points or 5 separate recorded defaults in a rolling 2 year</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 178	<p>period, they are sent a warning letter advising them that they have hit a trigger and that the work has fallen below the required standards. Any further work assigned will be closely monitored and improvements will be expected.</p> <p>If a further 100 points or 2 defaults are then recorded the Contractor is invited in for interview with all the relevant officers involved. It is at this point that the Contractor may be removed from the Approved List.</p> <p>From the sample of 20 approved contractors only one incidence of there being a default was noted.</p> <p>In fact only one contractor has been removed from the list for poor performance since its introduction some four years ago.</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>Three contractors have received Warning Letters.</p> <p>Further discussions were held with Senior Cemeteries Officer who stated that the majority of default notices were issued by staff who previously worked in the now defunct Community & Housing directorate i.e. the Directorate from which the approved list originated.</p> <p>The Default Procedure is displayed on the approved list database.</p> <p>Training was given on the Default Procedure when it was launched some four years ago.</p> <p>The Section is currently developing a process whereby users of the database can electronically submit a default notice via the database itself which will make it easier for users to submit reports on poor or good performance.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 180	<p>Further discussions were held at the closing meeting where it was decided that all contractors used should be subject to a set of performance questions at the end of each completed job.</p> <p>This will enable an overall performance rating to be compiled for each contractor.</p> <p>The results of the exercise should be input into the contractor database. An automated mechanism should be devised to identify and pursue officers who have not input feedback.</p> <p>This situation is not enhanced by the fact that the default procedures are not publicised on the Info net.</p> <p>As part of the testing process a report detailing all users of the contractor database was requested from the IT section.</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 181	<p>There is no formal user access review carried out by the Cemeteries Officer. This is covered elsewhere in the report.</p>						
	<p>The user report was supplied by the Team Leader Development (Information & Business Services) as a list of email addresses and as such creates an ideal opportunity to contact all users of the system to make them aware of the Default Procedures and to update them with any new initiatives, instructions etc. The user report was forwarded to the Senior Cemeteries Officer.</p>						

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

Project Ref:	CD0500P1
	Use of Consultants

Directorate:	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.</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</p>	F	<p>Recommendation:</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> <p>For the engagement of</p>	01.04.11	2	<p>Revised Date 1: 01.12.11</p>	<p>Procurement Manager and Head of Finance undertaking:-</p> <p>(1) CPR Review</p> <p>(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:</p> <p>1. A WLGA 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.</p> <p>2.Limited capacity in Procurement and Finance</p> <p>3. Connection to newly commissioned reviews of</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 183	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 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		consultants the CPR's should be clearer and more detailed to ensure a robust process that is strictly adhered to. Management Comment: Accepted in full			<p>Revised Dates 2: 1.1.12</p> <p>1.4.12</p> <p>Interim arrangements in place from 1st June, 2012</p>	<p>core base costs across Directorates (to include Consultancy costs, need, value for money and evaluation) and use of agency/interims/consultants under the Flintshire Futures programme</p> <p>National working group progress has slipped. Presentation to Society of Welsh Treasurers on 28.10.11 for agreement. Local work will follow the outcome of the national review.</p> <p>Society of Welsh Treasurers will feed back by the end of January 2012. FCC will produce a plan to review and develop the CPRs for implementation by April 2012 using the latest draft national set. Should any amendments be needed to mirror any changes in the final national CPRs these will be recommended for incorporation into the FCC CPRS at a later date.</p> <p>The Society of Welsh Treasurer's have now approved the national CPR's. Work has commenced involving procurement and legal staff to draft Flintshire CPR's taking account of the national set, these will be complete by 1st</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>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>					<p>Full review of CPR's completed by 1st October, 2012</p>	<p>October, 2012.</p> <p>The Corporate Management Team, on Tuesday 22nd May, agreed an interim control mechanism for the engagement of consultants which will ensure that a more rigorous and challenging approach is undertaken prior to the engagement of consultants, management of the consultants during their engagement and reviewing the outputs and outcomes. These new arrangements will be implemented from the 1st June.</p>
2	<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</p>	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>	01.06.11	2	<p>Revised Date 1: 1.4.12</p> <p>Revised Date 2: 1.10.12</p>	<p>To follow national review. Revised CPRs to be in place for new financial year.</p> <p>Management guidance to be developed to underpin the CPRs.</p> <p>See response to recommendation in 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
	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		Management Comment: Accepted in full				
11	<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>	S	<p>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.</p> <p>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> <p>Management comment: Accepted in full</p>	01.06.11	2	<p>Revised Dates 1: 1.1.12</p> <p>1.4.12</p> <p>Revised Dates 2:</p>	<p>See point 1.</p> <p>See point 2</p> <p>As above in 1.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
4	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.	S	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. Management Comment:: Accepted in full	01.06.11	2	Revised Dates 1: 1.12.11 1.4.12 Revised Dates 2: 1.6.12	Interim arrangements via a new Contracts Register. Permanent – will be incremental on the introduction of the new P2P system. Within the interim control mechanism referred to in 1 above, part of the process will be to ensure that the procedure for engaging a consultant is “logged” with the central procurement unit who will hold a central database and be able to produce accurate data about the use and engagement of consultants.
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.	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	2	Revised Date 1: 1.4.12 Revised Date 2: 1.10.12	See point 2. The revised CPRs and / or supporting guidance will define how the use of consultants will be recorded. See point 1 and 4 above. In addition the CPU have now classified all suppliers including consultants using the Thomson Classification system which will allow enhanced spend analysis and reporting.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	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.						
7	<p>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.</p> <p>Our enquiries with senior managers revealed that post performance reviews are not carried out as a matter of course.</p>	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 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</p>	01.06.11	2	<p>Revised Date 1: 1.4.12</p> <p>Revised Date 2: 1.6.12</p>	<p>See point 2. To be incorporated as part of the supporting guidance for managers.</p> <p>See point 1.</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>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.</p> <p>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.</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 of invoices</p> <p>Management Comment: Accepted in full</p>	01.04.11	2	<p>Revised Date 1: 01.10.11</p> <p>Revised Dates 2: 1.1.12</p> <p>1.4.12</p> <p>Revised Dates 3: 1.7.12</p>	<p>As per 1 above</p> <p>See point 1.</p> <p>See recommendation 1 above.</p> <p>To be included as part of the revised CPRs. In the interim guidance will be issued by the Corporate Procurement Unit.</p>

Project Ref:	FL0030L3
	General Ledger

Status: 1 – Implemented
2 – Not Implemented
3 – No longer applicable
DATE OF AUDIT: April 2008

Directorate:	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
5	<p>The current accounting process does not provide corporate management or corporate finance with an accurate year to date and monthly financial position. This weakness has been identified and reported in Financial Monitoring and Control (FL0010L1).</p> <p>Accruals accounting is a fundamental accounting concept which requires that revenues and costs should be included in the period in which they are incurred and not the period in which the cash is received or paid. Debtor and creditor accruals are input to the ledger via AP and AR systems. The Authority only calculates year end accruals as part of the preparation of the Financial Statements.</p>	F	<p>Recommendation</p> <p>To ensure that a fair view is reported at Directorate level and corporately consideration should be given to introducing a set of corporate accounting policies which identify the approach to be adopted by Directorates in reporting financial performance.</p> <p>Particularly in the short term to improve the quality of financial information:</p> <ul style="list-style-type: none"> An accruals/commitment policy should be issued to Directorates to ensure consistency across the Authority. The Authority needs to account on an accruals basis each month. 	May 08 (Report)	2	<p>Revised Date 1: July 2008</p> <p>Revised Date 2: 31.12.08</p>	<p>Comment Received: June 2008</p> <p>A draft report is planned, which will be strongly influenced by a demonstration of related software, for the CMT meeting 10 July 2008</p> <p>Revised Implementation Date: July 2008</p> <p>Discussions taking place with supplier, after which a report will be presented to CMT.</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 190	<p>It is standard good practice to account for accruals on a monthly basis to improve the accuracy of accounts and to allow for more meaningful management decision making.</p> <p>Masterpiece does not have the facility to input automatic reversing accrual journals.</p> <p>Commitment accounting whilst good practice is not standard practice across the public sector. Commitment accounting refers to items which have been requisitioned or ordered but not delivered/received but represent a future commitment against available resources. Accounting for commitments provides a higher level of resource control.</p> <p>There is not a corporate commitment system, Directorates have developed their own systems to monitor known commitments to aid financial management but there is no consistency across the Directorates.</p>		<p>Budget profiling should be considered to ensure meaningful variances.</p> <p>Management Comment Agree in principle to all of the recommendations. However the current General Ledger system does not have the capability to allow monthly accruals.</p> <p>It is intended to prepare a report for CMT outlining the issues arising from this report for corporate consideration as to the way forward.</p> <p>Corporate Policies and Budget Profiling will be considered through the Finance Officer's Group.</p>			<p>Revised date 3: 30.06.09</p> <p>Revised Date 4: Ongoing</p>	<p>Agreement to procure COA software signed 5th January 2009.</p> <p>Also, since the last progress report, it has been agreed that Finance Teams (and by inference all processes undertaken by them) are to be formally the responsibility of the Head of Finance. The practical issues involved in this are to be formulated starting with the appointment of a project manager on 8th January.</p> <p>Further to the above, a decision will be made by 30th January on the potential to collaborate on the Xchange Wales initiative. This will have significant effects on any accruals process.</p> <p>It would not be appropriate to consider formal recommendations in advance of these events. It is now considered that 6 months is a reasonable time to aim to wrap these into one report for CMT consideration, probably as part of the Finance Function Review.</p> <p>Finance Function review currently considering appointments to the new Senior Management Structure. Detailed structures will take longer than initially expected. Once the detailed structures are in place a consistent approach to all financial processes/procedures and policies will be implemented.</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 191	<p>The Education commitment system feeds into the General Ledger, with the information being held in fiscal set 8. All other analysis of commitments and accruals is conducted off ledger.</p> <p>A key action in the Financial Management Service Plans 2007/08 is 'Review Masterpiece commitments module capabilities and the potential to implement across the Authority'. This has yet to be progressed.</p>				1 3	Revised date 5: 31.3.11	The current core financial system (Masterpiece) cannot accommodate monthly accrual reporting. A review of the financial system is scheduled for 2010/11.
						Revised date 6: Mar 2012	<p>It is anticipated that the finance function review will be fully implemented by late summer.</p> <p>Once the detailed structures are in place a consistent approach to all financial processes/procedures and policies will be implemented. In addition, system upgrades and improvements are also planned for 2011/12.</p> <p>The review of the financial system is now scheduled to be early 2012.</p>
							<p>A corporate approach to financial reporting is in place.</p> <p>Although systems upgrades are planned, it is not now planned to move to accruals accounting in the short term</p>

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

Project Ref:	FD0040R1
	Medium Term Financial Strategy

Directorate:	Finance
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DATE OF AUDIT: December 2011

ACTION PLAN

Page 192

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
7	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	S	<p>Recommendation: 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.</p> <p>Management Comment: 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>	Mar-12	1		The 2012/13 budget report to County Council on 1st March included an updated MTFP and this included funding for schools over the next 3 years in line with local and national priorities.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>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>		The MTFP is a live document and is regularly updated as changes are made to projections and assumptions.				
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> <p>- Regular reviews of the MTFS and the forecasts within the MTFP.</p>	S	<p>Recommendation:</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>	Ongoing	1		Improvements have been made regarding a corporate approach to dealing with the annual budget and the MTFP. These will continue to be developed over the coming years.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 194	<p>- Achieving and demonstrating Value for Money.</p> <p>- Effective financial management.</p> <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 by the end of July 2011.</p>		<p>Management Comment::</p> <p>It is anticipated that the implementation of the new finance structure will assist with this recommendation.</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 195	<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>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
14	A fees and charges policy is currently being developed which when finalised will be incorporated within an updated MTFS.	S	<p>Recommendation:</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> <p>Management Comment:</p> <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>	Mar-12	2	December 2012.	Members agreed not to pursue the Deloitte's work on fees and charges as part of the 2012/13 budget strategy. It is planned to revisit the Deloitte's work and to resume discussions with Members over the summer with a view to having an agreed policy in place by December.
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	S	<p>Recommendation:</p> <p>It is recommended that budgets and service plans are developed concurrently to further enhance financial management.</p>	Ongoing	1		Budgets are not just prepared on an annual basis, but over the medium term through the MTFP. Service Plans are used where possible, and they include a section where figures are requested over three years. So significant emerging issues that have a financial impact should be raised.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>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.</p>		<p>Management Comment: 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.</p>				

Project Ref:	FD0040P1
	Medium Term Financial Strategy

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

Directorate:	Finance
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DATE OF AUDIT: April 2011

ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
4	The MTFS is linked to a number of internal strategies/policies, mainly Council Tax Strategy, Fees and Charges Policy, Prudential Borrowing Policy, Capital Receipts Policy, Treasury Management Policy and Debt Recovery Policy. These are all to be provided as appendices to the MTFS document. The Finance Division has identified a number of projects to be carried out under the Flintshire Futures Programme in 2011/12. These are Corporate Debt Recovery, Payment Methods and Fees	S	Recommendation: The Authority's MTFS should be a single integrated strategy that can clearly demonstrate how resources will be used to achieve priorities using differing assumptions on challenge. This needs to include details of joint plans and how these will be achieved over the medium-term with resources available.	Dec 11	1		
			Work on completing some of the policies, namely Fees and Charges and Debt Recovery should be a priority moving		2	December 2012	Policies to be developed in 2012/13 after discussion with Members.

ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>and Charges. Initial project scoping has taken place and it is planned to develop these into detailed project plans by April 2011. The Prudential Borrowing Policy has not as yet been developed but a protocol has been established awaiting approval by CMT, prior to consideration by members. Other established policies such as the treasury management policy have still to be fully integrated within the MTFS.</p> <p>The MTFS would benefit from a full integration of the relevant internal policies and strategies incorporating graphs where appropriate of percentage of total budget achieved with sensitivity and risk analysis. This would provide Members with a much clearer picture within the one document rather than having to refer to the various appendices to the strategy.</p> <p>The MTFS and MTFP have</p>		<p>forward.</p> <p>Management Comment:</p> <p>The MTFS is scheduled to be published in May 2011.</p> <p>However, progress with joint plans and policy development will be driven by the North Wales Collaboration Programme Boards and the Flintshire Futures workplan – this will be more medium to longer term.</p>				

ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 200	still to be further developed to ensure the full integration of revenue, capital and asset planning. There is no mention of joint plans or working in partnership within the Authority's draft MTFS. The MTFS would be enhanced by including details of all joint plans and how in financial terms these are supporting the work of the Our enquiries revealed that the Authority's MTFS has not as yet been communicated to officers or members as it is still in draft format. The MTFP however, is remodelled and shared on an ongoing basis and is communicated to CMT, LSG and first and second tier officers each time it is updated.						
	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	S	Recommendation: The MTFS should incorporate capital programme planning with sensitivity reviews based on key variables. Management Comment:	Summer 2011	2	Revised Date 1: 01.02.12 Work has been progressing on identifying capital expenditure needs across all services. Meetings have taken place with all Departments during August, and in September will be the subject of detailed consideration by the Corporate Management Team, in preparation for reporting

ACTION PLAN

Para.	Recommendation	Cat	Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	expenditure plans.		Officers have committed to providing Members with a Prudential Borrowing Strategy post April 2011.				to Members. 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.
						Revised Date 2: March 2013	Work is continuing to improve and develop the Council's approach to Capital Programme planning and monitoring. It is planned to include these developments within the planned MTFS update in 2012/13.

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

Project Ref:	FL0070M1
	Procurement

Directorate:	Finance
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DATE OF AUDIT: September 2009

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 202 3	CPR 1.1 states "Heads of Service must keep a register of all contracts completed". However, no such register of contracts completed is in place.	S	<p>Recommendation: Each Head of Service must keep a Register of all Contracts completed. (CPR 1.1)</p> <p>To ensure that there is consistent practice across the Authority consideration should also be given to prescribing a specific format for the capture of this information.</p> <p>Management Comment:: The contact officer group referred to in recommendation 1 will meet to consider adopting a threshold for contracts that need to be entered on a</p>	30.10.09	2	Revised Date 1: End August 2010	No Compliance on this. The aim will be to gather this information from the nominated 4 per Directorate officers. We would also have to provide a useful threshold contract figure.
						Revised Date 2: January 2011	See point 1a)
						Revised Date 3: June 2011	An e-mail request has been sent in January 2011 to all service areas, requesting details of their contracts, in order to compile a corporate contract register. Further reminders will be sent out w/c 21 March 2011. A list detailing those officers who are yet to provide contracts lists is to be presented at CMT.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 203			corporate register. This should relate to all contracts entered into by all Directorates and Corporate Services.			Revised Date 4: January 2011	Now need to consult with Directorates to agree members Procurement Training is available on request. However by promoting such training conveys the message that the Council is content that procurement activity is controlled and managed within the Directorates. I would propose that the provision of training remains but only on request.
						Revised Date 5: September 2011	Revised Contract Procedure Rules are being developed nationally by a WLGA led working Group. It's expected that a Draft version of the CPR's will be sent out for wider consultation during April. It's expected that this work will be completed during August 2011, with the option to incorporate local variations. Hence, the need to consider the work of the national group prior to changing local CPR's
						Revised Date 6: 01.04.13	The implementation of the e-procurement solution will require that a corporate contract register is populated. Following an initial request for contract data , some contract register details has been captured. However, a full register will not be in place until the e-procurement solution is fully implemented by April 2013.

- 1 – Implemented
- 2 – Not Implemented
- 3 – No longer applicable

Project Ref:	FD0080P1
	Main Accounting

Directorate:	Finance
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DATE OF AUDIT: DECEMBER 2011

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 204 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 (WOF) and 7 balances on which recovery action had been suppressed at the request of the invoice issuing department. Testing identified; - timely recovery action had not been taken against 8 of the 21 balances reviewed. As a	F	Recommendation: 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 less than 97 days old need to be resolved as a matter of priority. A statement of policy and an operational procedure should be developed for the management of suppressed accounts, which sets out;	31.03.12	2	Revised Date 1: 31.03.13	The income collection process has been assessed as part of the project and Aged Debtor balances have been reviewed and the process for resolving some of the high value ones assessed. The Corporate Debt Policy will address the process for suppression of accounts and management of suppressed accounts. Salary overpayment recovery will also be included in the review and there will be a process identified in the Corporate Debt Policy to deal with these debts.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 205	<p>result 4 of these balances had been recommended for write off by the Corporate Debt Recovery team;</p> <ul style="list-style-type: none"> - inappropriate account suppressions were in place for 4 of the 21 balances reviewed (including an inappropriate 'Stop' marker); - Corporate Debt Recovery has limited information to enable effective collection of 1 of the 22 balances reviewed (salary overpayment). - 2 of the 22 invoices reviewed were considered to have been inappropriately raised and as such were considered to be unrecoverable. <p>In addition the review of outstanding balances identified inadequate periodic review of suppressed accounts; inadequate action taken to recover aged debtors less than £500 (with resources being directed towards 'quick wins',</p>		<ul style="list-style-type: none"> - The criteria for suppressing an account; - The arrangements for monitoring and managing suppressed accounts; <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.</p> <p>A statement of policy and an operational procedure should be developed for the management of accounts with Stop Markers, which sets out;</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>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>-The criteria for placing a Stop marker on an account; -The arrangements for monitoring and managing accounts with Stop markers; -The documentation that should be retained to ensure an adequate audit trail.</p> <p><i>This is the same recommendation as made in September 2010.</i></p> <p><i>Management response:</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.</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>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			<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 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> <p>Management Comment: Within the Flintshire Futures Programme is a review of the Council's Corporate Debt arrangements.</p> <p>Deloitte are undertaking this piece of work and will be producing a report on findings and making recommendations where appropriate.</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
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</p>	S	<p>Recommendation:</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></p> <p><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></p> <p><i>31/10/2010</i></p>	31.03.12	2	31.12.12	The sample tested will be reviewed along with the process for reclaiming VAT based on Authenticated receipts. If necessary, guidance / training will be provided to relevant officers.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 209	<p>issue an authenticated receipt for payment and 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</p>		<p>Management Comment::</p> <p>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.</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	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.						
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</p>	S	<p>Recommendation:</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>	31.03.12	2	31.3.13	<p>The Accounts Payable function has now been transferred to Corporate Finance.</p> <p>This area will be reviewed in the current financial year.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 211	<p>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 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</p>		<p>Management Comment:</p> <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>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 212	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.						
	22	The methodology used by the Authority for bad debt provisioning has been revised during 2010/11. Initially a Consultant was brought in to review bad debt provisioning resulting in the development of a methodology which met the requirements outlined by PwC in the ISA 260	S	Recommendation: 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.	31.03.12	2	Revised Date 1: 31.03.2013

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 213	<p>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 suggested</p>		<p>Management Comment: This will be considered as part of the corporate debt review assisted by Deloitte as per 20 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
Page 214	<p>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</p>						

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 215	<p>UK (which has now superseded the SORP and associated 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>						
	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>S</p> <p>Recommendation: For each earmarked (specific) reserve held by the Authority there should be a clear protocol setting out: The reason for / purpose of the reserve; How and when the reserve can be used;</p>	31.03.12	1		<p>The Final Budget Report to County Council on 1st March included a separate section on the level and use of reserves, as part of the CFO statutory duty.</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 Financial Procedure Rules do not make any reference to earmarked (specific) reserves or earmarked service balances carried forward.</p>		<p>Procedures for the reserve's management and control; and A process and timescale for review of the reserve to ensure continuing relevance and adequacy.</p> <p>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.</p> <p>Management Comment: 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>		2	Dec 2012	<p>This will be included in the Financial Procedure Rules.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			Reference within the Finance Procedure rules will be looked at as part of the annual review.				
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</p>	S	<p>Recommendation:</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> <p>Management Comment:</p> <p>A critical review of all reserves held has been undertaken in recent budget processes and a significant amount was</p>	31.03.12	1		<p>As part of the budget process and closedown process all earmarked reserves have been reviewed and where relevant transferred back to general reserves.</p> <p>The Final Outturn report will also include details of the final amounts held as at 31 March 2012.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 218	<p>place to show that some of the 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</p>		<p>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.</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>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 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>						
28	Executive are not required to approve specific items of spend against earmarked service balances brought forward (as when Executive	S	<p>Recommendation:</p> <p>Guidance should be provided to Directorate Finance Officers re the level of monitoring and reporting</p>	31.03.12	1		Monthly monitoring through Directorate Finance Teams

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 220	<p>approve the carry forward they approve it for a specific purpose; the Directorate Finance Managers are then 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</p>		<p>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 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> <p>Management Comment::</p> <p>This will be progressed through CFMT</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>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 Finance Officers around the treatment of earmarked service balances or the level of monitoring and reporting that is required around these balances.</p>						

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

Project Ref:	FD0080N1
	Main Accounting

Directorate:	Finance
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DATE OF AUDIT: September 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
21	<p>A sample of 22 sales credit notes raised between April 2009 and January 2010 were reviewed to ensure that each credit note was supported by an authorised sales credit order (with supporting documentation where appropriate). Testing identified;</p> <ul style="list-style-type: none"> - 18 of the 22 sales credit orders raised had not been authorised at an appropriate level; - 20 of the 22 supporting batch headers had not been authorised at an appropriate level; - none of the 22 sales credit 	S	<p>Recommendations:</p> <p>The Authority's Financial Procedure Rules should be strengthened to include reference to the authorisation of sales orders and sales credit orders by authorised signatories in line with the procedures currently in place for purchase orders.</p> <p>Management Comment:</p> <p>The Authority's Financial Procedure Rules should be strengthened to include reference to the authorisation of sales orders and sales</p>	Feb 11	2	<p>Revised Date 1 : Feb 2012</p> <p>Revised Date 2 : Dec 2012</p>	<p>This activity is undergoing a complete review as one of the Flintshire Futures Projects– Corporate Debt Review (LEAN)</p> <p>The recommendation will be taken on board as part of the next annual review of Financial Procedure Rules (viz. FPR 9: Income and Expenditure).</p> <p>Unfortunately due to delays in implementing the FFR and long tem illness within the section it has not been possible to complete this action by the revised date. The review of FPRs will take place over the summer / autumn 2012.</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>orders reviewed contained enough detail to determine why the credit note had been raised (narrative referred simply to 'cancellation of original invoice').</p> <p>If sales credit orders are not appropriately authorised there is a risk that erroneous sales credit notes could be raised, leading to an understatement of reported income.</p>		<p>credit orders by authorised signatories in line with the procedures currently in place for purchase orders.</p>				

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

Project Ref:	FD0090P1
	Capital Programme

Directorate:	Finance
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DATE OF AUDIT: January 2012

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	<p>As required by regulation the Council has regard for the CIPFA Prudential Code and we consider that the Authority satisfied the basic requirements of the Code by agreeing prudential indicators, with locally set values, limits and ratios.</p> <p>The indicators are designed to support and record local decision-making and there is a need to ensure that they are used as an effective tool for this purpose.</p>	S	<p>Recommendation:</p> <p>The prudential indicators should be used as a key tool in deciding investment policy.</p> <p>The prudential indicators should meet the requirements of the Prudential Code.</p> <p>The Audit Committee should be the lead committee on the prudential indicators and appropriate training should be provided to members to enable them to discharge this duty.</p>	Apr-12	1 2	December 2012	Guidance in relation to the LG Measure is still awaited. On receipt of this guidance consideration will need to be given to the appropriate committee to consider the setting and revising of the budget, which will include Prudential Indicators. Subject to the guidance being received, it is planned that this will be agreed by the end of the calendar year in preparation for the 2013/14 budget round.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 225	<p>We confirmed that the indicators are produced on a timely basis and in accordance with the Code, and receive the necessary approvals; the calculation of the indicators is supported by working papers. The working papers should demonstrate that the indicators reconcile back to the statutory accounts. In both years reviewed (2010/11 and 2011/12) the information for the Housing Revenue Account was not complete.</p> <p>There has been a low level of prudential borrowing in the past, but this is likely to increase, which will increase the need for greater monitoring.</p> <p>The Audit Committee has been nominated to oversee the Treasury Management function but this has not extended to the adoption or review of the prudential indicators.</p>		<p>Members and officers should undertake training on prudential indicators to ensure that their purpose is fully understood.</p> <p>Management Comment: The use of Prudential Indicators as part of the investment policy and the need for training is accepted. Currently, responsibility is with the Executive who recommend to Council. The role of the Audit Committee is under review as part of the L.G. measure.</p> <p>The latest Accounting Code of Practice states <i>'The body that sets the budget for the local authority will usually be the full council of that local authority. Whether or not this is the case, the setting and revising of the prudential indicators should follow the same route as the setting and revising of the budget of the local authority.'</i></p>				In the meantime, the importance of Prudential Indicators and their use as a key tool for investment policy continues to be recognised and will be reported under current arrangements to Cabinet and Scrutiny.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
			The 2012/13 Prudential Indicators will be set according to existing arrangements. A review will be undertaken in order to establish arrangements for the new Council.				

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

DATE OF AUDIT: September 2008

Project Ref:	FL0160L1
	Accounting For Assets

Directorate:	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	<p>The majority of assets on the database are property based and are therefore static and readily identifiable.</p> <p>Each item on acquisition is allocated to a unique reference code based on the general ledger code and any subsequent expenditure relating to this asset is recorded to this code. When the Technology Forge system is fully operational it will hold specific details relating to the asset which will provide additional information on the asset.</p>	S	<p>Recommendation</p> <p>A detailed implementation and testing plan for the capital accounting module within the Technology Forge system should be compiled.</p> <p>Management Comments</p> <p>Corporate & Capital Accounting</p> <p>Related discussions are currently underway with ICT and Valuation team colleagues.</p>	31.03.09	1	Revised date 1 30.06.09.	<p>Property Asset and Development</p> <p>Valuation module workshop(s) have taken only a monthly basis and are diarised until May 2009.</p> <p>Corporate & Capital Accounting</p> <p>Necessary date for completion (for the benefit of the 2009/10 final accounts process).</p>

	<p>The arrangements for the recording of assets should be robust, with a clear audit trail of changes made. Management accept that the use of spreadsheets for this purpose may not be the most appropriate solution, but until the new asset management software is fully operational and tested the spreadsheet based system is being retained.</p> <p>There has been limited involvement by Accountancy staff in the implementation of the Technology Forge system as resources have been concentrated on getting the main database operational.</p>					<p>Revised date 3: 01.04.12.</p>	<p>Corporate & Capital Accounting</p> <p>Progress has been hindered by a range of influences – medical and accounting; the requirement to prepare the Council’s accounts on the basis of International Financial Reporting Standards (IFRS) w.e.f. 2010/11 has heavily involved the same accounting and valuation staff who would otherwise have been progressing the Technology Forge Project work. The IFRS requirements have also required updating of the TF system software in order to accommodate the accounting changes.</p> <p>A related key action is included within Corporate Finance’s 2011/12 draft Service/Action Plan – the aim now is to have the (IFRS compliant) TF system loaded, reconciled, tested and implemented for 2011/12 final accounts purposes.</p>
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	<p>Concerns have been expressed over possible problems in the ability of the system to be quickly updated to reflect changes necessary to comply with changes in accounting practices.</p>					<p>Revised date 4: 30.06.12.</p>	<p>Corporate & Capital Accounting</p> <p>The TF System is now live and will be will be used for 2011/12 final accounts purposes. 2011/12 revaluation data is due to input into the system during the coming week which will complete the move to the new system.</p> <p>All future revaluation data will be processed via TF, and related accounting undertaken from system outputs.</p> <p>Internal Audit may wish to review the system in due course, as part of future planned audit work.</p>
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Status: 1 – Implemented
 2 – Not Implemented
 3 – No longer applicable

DATE OF AUDIT: October 2008

Project Ref:	FL0300L1
	Enforcement

Directorate:	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"> Responsibility for the notification of deceased 	June 2009	2	Revised Date 1: March 2010	Significant resource issues have resulted in a delay implementing this recommendation.
						Revised Date 2: Nov 2010	Resource allocated to conduct review of Corporate Debt Policy and Procedures.
						Revised Date 3: 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
			with debt to the relevant recovery team; • Responsibility for the identification of next of kin and Executors of the Estate; • Responsibility for the submission of claims against the Estate. • The arrangements for monitoring and managing 'deceased with debt' accounts. 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.			Revised Date 4: 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's 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.
						Revised Date 5 March 2013	The Corporate Debt Project has now commenced and a Debt Policy has been drafted which will be submitted for Members approval in September and will underpin the Corporate Debt process. All aspects of the lean review, Audit Reports and the Deloitte's report will be addressed as part of the project process.

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

Project Ref:	LD0220P1
	Data Protection

Directorate:	Legal & Democratic
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DATE OF AUDIT: October 2011

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
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.	F	<p>Recommendation:</p> <p>A procedure or guidelines should be introduced immediately for staff to follow when removing confidential records from the office environment.</p> <p>This has been recommended previously and it is important that it is introduced immediately.</p>	Mar-12	1		Guidance issued to staff on 05/05/2012 and included in the File and Recording Policy. with version and date clearly identified.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	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.		Management Comment: Was discussed at SMT on 15/10/11, Officers identified the requirement for the addition of the guidelines and their implementation.				

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

Project Ref:	LD0220N1
	Employment Practice Codes

Directorate:	Legal & Democratic
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DATE OF AUDIT: March 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1.2.3	The application form states that short listed candidates will be asked to complete a "Disclosure of Criminal Convictions" form with disclosure being sought in the event of a successful application. There is inconsistency between the application form and CRB policy Disclosure forms (along with a request for subsequent disclosure) are only completed by candidates when they have accepted posts which are deemed within the CRB policy to require disclosure. No disclosure forms are	S	<p>Recommendation:</p> <p>The procedure for obtaining information relating to criminal convictions should be reviewed to ensure consistency is achieved between the CRB policy and application form.</p> <p>Management Comment::</p> <p>Application form is due for review and recommendations will be incorporated in scope</p>	01.07.10	2	<p>Revised Date</p> <p>1:</p> <p>31.12.10</p>	<p>Application process and form has been reviewed and a report relating to the changes to the application form has been created and is currently awaiting approval before proceeding further – due 1 November 2010.</p> <p>CRB process is also being reviewed with the intention of ensuring consistency between the CRB policy and application 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
Page 236	<p>completed at short listing or offer stage.</p> <p>The CRB policy (5.2) states that anyone applying for a post should disclose details of any convictions (including spent) and cautions, reprimands or warnings. There is no section on the application form for this to occur, details are only obtained upon receipt of the CRB results</p>					Revised Date 2: 01.06.2011	Further changes in legislation relating to absence will require further amendments to the application form. Currently we are sending out an addendum relating to this whist the final changes to the application form are being approved.
						Revised Date 3: 31.12.11	CRB processes are being reviewed , a paper has been prepared for CMT relating to CRB checks and how to continue – this also links through the the HR Service Review which will require a full review of current processes -
						Revised Date 4: 23.2.12	CRB Report presented to CMT on 14 th Feb 2012 awaiting decision re agreement. All CRB Processes mapped out in full.
						Revised Date 5: 31.05.12	IT have committed to making the changes to the applications form as outlined in recommendation by 31 st May.

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>	Apr-12	2	Revised Date 1: 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
						Revised Date 2: End of March 2011	As above
						Revised Date 3: 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.
						Revised date 4 On hold	HR are currently without a Policy Officer and therefore this piece of work is on hold.

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

Project Ref:	HR0220N1
	Holiday Entitlements

Directorate:	HR & OD
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DATE OF AUDIT: September 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2	<p>The Authority does not have a formal Holiday Entitlements policy.</p> <p>As the International Financial Reporting Standards (IFRS) now requires Local Authorities to accrue for any entitlements not taken at the end of any given year it becomes more imperative to have a standardised policy which is clear and transparent.</p>	S	<p>Recommendation:</p> <p>It is recommended that the Authority implements a comprehensive Holiday Entitlement Policy which is ratified by members and reviewed regularly to avoid confusion and bring consistency.</p> <p>Management Comment::</p> <p>Need to review current holiday entitlements in line with T's and C's for each of the contractual types.</p> <p>Need to review content of contracts arrangements and current practise around holidays and develop robust guidelines around holiday</p>	Nov 2010	2	<p>Revised Date 1: April 2012</p>	<p>We have made initial enquiries in relation to Trent Phase 2 and how this would support from a systems point of view however this needs to link to points made below.</p> <p>In order to proceed would need to understand how much of a priority this is for the organisation – also need to link to Finance as they would be a key stakeholder in any process development.</p> <p>After carrying out research and internal investigation it would appear that this is not only about implementing a policy it is about understanding entitlement across the whole organisation.</p> <p>Original commitment was to action this by the end Nov, however the Hr priorities have changed in line with Flintshire Futures and other</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>entitlement. Project plan to be developed – this will be shared with Audit.</p>				<p>organisational requirements, therefore resource will need to be identified by Senior Management to carry out this piece of work.</p> <p>We would suggest that the first step needs to understand current practices to holiday entitlement across the organisation to understand the risks and impact of applying a standardised policy.</p> <p>Updated 25th May 2011</p> <p>We have internally recognised and agreed that a comprehensive holiday policy needs to be agreed which would include reference to holiday entitlement and carry over.</p> <p>A piece of work has been undertaken to identify the general issues re holidays and holiday entitlement and a draft policy has been written.</p> <p>Further consultation is now required to agree on processes/methods to address the issues raised.</p> <p>All of this work will be done in parallel with the Phase 2 Project which will at a future point deliver the capability of recording annual leave for all employees electronically and linking through to payroll. We do not as yet have an expected date for delivery of this functionality but anticipate that</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 will be in 2012. Rebecca Noble 25.05.11
						Revised Date 2: 01.04.13	Work has commenced upon the creation of a central policy document, however other organisational priorities particularly Single Status has impacted upon resources available to progress. Changes in the practices and procedures would ideally commence at the beginning of a financial/leave year. John Griffiths 31.05.12
3	Testing revealed that there is no comprehensive document for officers to follow in their administering of Holiday Entitlement records. Guidance notes can be found on the Info net regarding annual leave entitlements, the calculation of Bank and Public Holidays in relation to part time employees and special leave of absence. These documents are not regularly updated. There has been some confusion as to how to apply holidays where staff work	S	Recommendation: Guidance from HR should be clear and precise on all aspects of the process of calculating the correct holiday entitlements for all employees. It is imperative that officers are aware of individual responsibilities and those of HR. This could be achieved by producing a comprehensive appendix to a Holiday Entitlement Policy which gives clear procedures and guidance on best practice in	TBC Timescales can be provided once project plan is agreed (approx Nov 2010).	2	Revised Date 1: March 2011 Revised Date 2: Nov 2010	We have removed outdated material from the Infonet and have identified existing policies/guidance that need revision. Including Bank Holiday Entitlement for part timers, Special Leave, - SC to Action New/ Standardised Holiday Policy work links back to comments made under section 2. Refer to comments made in section 2 re Trent project We have taken steps to ensure that the date of continuous service is now captured earlier on in the recruitment process and that new starters are also prompted to provide this information.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Bank Holidays particularly with regard to Leisure Centre staff and shift hours also apply.</p> <p>Previous service rules require clarity as the Trent system does not give details of aggregated service which can lead to incorrect holiday entitlements being applied where the system is used to check start dates for entitlement calculation purposes. Our review highlighted two officers with the maximum holiday entitlement but showing less than 10 years service from their commencement dates. HR reported that it is the responsibility of the managers to witness written confirmation of the aggregated previous service but in these instances the Head of Service reported that he had never seen evidence and that this was the responsibility of HR.</p>		<p>administering and monitoring holiday entitlements across the Authority to ensure consistency and accuracy of approach.</p> <p>Management Comment:: Phase 2 iTrent implementation is being scoped at the moment and one of the functions this would potentially give us is the ability to process all holiday requests through Employee and Manager self Service this would immediately ensure consistency.</p>			<p>Revised Date 3: April 2012</p>	<p>Training has taken place within the Service Centre to ensure that all HR SC Assistants are aware of the importance of capturing date of continuous service and know how/where to put this on the system.</p> <p>HR need to establish clarity in relation to continuous and aggregated service and how this links to holiday entitlement. This will link through to comments in section 2 –</p> <p>Update 25 May 2011 Please see comments above in relation to point 2</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	Testing highlighted that procedures vary across the Authority on the application of 5 days extra leave entitlement after working 5 years and the extra days earned for length of service up to 20 years.					Revised Date 4: 01.04.13	Work has commenced upon the creation of a central policy document, however other organisational priorities particularly Single Status has impacted upon resources available to progress. Changes in the practices and procedures would ideally commence at the beginning of a financial/leave year. John Griffiths 31.05.12
5	<p>Our review revealed that there are a number of staff receiving Holiday Entitlements under the old 'Clwyd' rules:</p> <p>Five Project Workers are receiving 20 days plus 5 for length of service and 2 extra statutory days.</p> <p>Two other officers within Community Services, one an instructor at Glanrafon, the other employed at Abbey Metal, have 9 extra days leave plus length of service and additional pay. This dates back over 10 years when there was a change in contracts and conditions of service agreed with the unions. Manual</p>	S	<p>Recommendation: Holiday Entitlements should be consistent across the Authority to ensure fairness and transparency, and in accordance with the principals of Single Status.</p> <p>Management Comment: Phase 2 iTrent implementation is being scoped at the moment and one of the functions this would potentially give us is the ability to process all holiday requests through Employee and Manager self Service this would immediately ensure consistency. See point 2 also</p>	TBS	2	Revised Date 1: April 2011	Single Status will only apply to Green Book employees and holidays are not in scope of Single Status therefore this cannot be seen as a resolution.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 243	workers at the Canton Depot have an additional 6.5 days holiday entitlement originating from 2000 when hours were decreased from 39 to 37per week.			Nov 2010.		Revised Date 2: April 2012	Original commitment was to action this by the end Nov, however the Hr priorities have changed in line with Flintshire Futures and other organisational requirements, therefore resource will need to be identified by Senior Management to carry out this piece of work. We would suggest that the first step needs to understand current practices to holiday entitlement across the organisation to understand the risks and impact of applying a standardised policy. Resource will have to be agreed with HS. Update 25 May 2011 Please see comments above in relation to point 2
						Revised Date 2: 01.04.13	Work has commenced upon the creation of a central policy document, however other organisational priorities particularly Single Status has impacted upon resources available to progress. Changes in the practices and procedures would ideally commence at the beginning of a financial/leave year. John Griffiths 31.05.12

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

Project Ref:	HR0240P1
	Employee Appraisals

Directorate:	
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DATE OF AUDIT: June 2011

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 244 1	<p>It became apparent that the Policy had not been reviewed or revised since it was implemented in April 2005. As can be seen from this report not all employees are complying with or are fully aware of the requirements of the policy.</p> <p>The Senior Human Resources Advisor stated that "The Employee Appraisal Policy had not been revised but is due to be as part of the People Strategy 2009-2012."</p>	S	<p>Recommendation:</p> <p>Consideration should be given to:</p> <ul style="list-style-type: none"> reviewing the Employee Appraisal Policy as part of the People Strategy 2009-2012 and re-launching / re-publicising the Employee Appraisal Policy <p>Management Comment: The Appraisal Policy for the Workforce.</p>	April 2012	2	December 2012	HR do completely agree with the majority of recommendations in this report however the HR team do not currently have an HR Policy Officer as such it has not been possible to review the policy. HR is undergoing a Service Review and therefore a Policy Officer will not be in place until such a time as the review is complete.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3	From the sample extracted 6/8 members of staff had not received a 6 monthly review within the last 12 months. 5 out of the sample had never received a 6 monthly review.	S	<p>Recommendation:</p> <p>To enable both the manager and job holder to comment on performance and progress made to date on the objectives set in the full appraisal, HR should remind all Line Managers that all employees should be subject to a 6 monthly review</p> <p>Management Comment:</p> <p>Will be emphasised as part of the re-launch.</p>	April 2012	1	May 2012	Communication to be issued as per point above Action - RN
10	4/8 Line Managers in the sample were unaware of the identified person within their directorate. Additionally they were not aware of the need to notify the identified person in their directorate of the training needs of their employees. It was pleasing to note that there were identified officers in the Environment and	S	<p>Recommendation:</p> <p>As per the Employee Appraisal Policy an identified person within each directorate needs to be nominated and be provided with an electronic form for recording training needs for their directorate.</p> <p>The identified person or persons from each Directorate need to be publicised e.g. on the Info net.</p>	April 2012	2	Dec 2012	<p>Consideration will be given to this when revising the policy.</p> <p>Agreed that we need to re-design the process for capturing and communicating training needs identified as part of the appraisal process.</p> <p>Understanding requirements and mapping out "To Be" processes will also form part of the development of Training modules on iTrent system to take place July – Dec 2012</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>Community Services directorates.</p> <p>At present the Environment directorate has a Lotus Notes Database that records all training requests but cannot analyse them. A development request has been lodged with the ICT section to further augment the database with a view to it being able to analyse and classify the training needs of the whole directorate.</p> <p>Community Services has two nominated officers, one for Housing Services and the other for Community Services. Presently, Housing Services training information is captured on the PDP Database and Community Services on their own database. The ICT section is in the process of migrating the Housing Services Database into the Community Services Database and in doing so taking the appraisal functionality into the Community Services Database</p>		<p>Alternatively, rather than having an electronic form or each Directorate having its own method of capturing training needs data, consideration should be given to compiling a bespoke corporate database for use by all staff to capture, classify, analyse and report training needs etc</p> <p>Management Comment::</p> <p>This can be developed as part of local/directorate arrangements</p>				

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>As stated previously none of the sample were aware of the existence of an electronic training form/schedule and the identity of the nominated directorate contact was not always known.</p> <p>Therefore training requests from appraisals are not generally forwarded electronically to the Corporate Training Unit by the defined date to enable them to compile their Annual Training Policy.</p> <p>Discussions were held with the Training Unit who stated that they receive very few training requests as a result of the appraisal process.</p>	S	<p>Recommendation:</p> <p>As per the Employee Appraisal Policy the identified person should forward the electronic form by no later than 30 September so that identified training needs can be included in the budget plans for the following fiscal year.</p> <p>Management Comment:</p> <p>The proposal of setting a "window" for completion of appraisals will be considered as part of the review of the Appraisal Policy.</p>	April 2012	2	December 2012	Consideration needs to be given as to whether this is practical to implement.
11b)	As 11a)	S	<p>Recommendation:</p> <p>As described in section 10, consideration should be given to the compilation of a bespoke, corporate database to capture, classify and analyse</p>	Dec 11	2	Revised Date1: March 2012	The next phase of I Trent has been implemented; managers who have registered onto the system can now input data from appraisals they have conducted. This information can then be accessed by Corporate Training for the development of training plans.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 249			<p>training needs. Uniform reports could then be produced detailing the corporate training needs from each directorate which in turn could be forwarded to the Corporate Training Unit by 30th September</p> <p>Management Comment:: The development and introduction of a Lotus Notes type database system to be explored.</p>				In addition, Conway County Borough have developed a new Personal Development system. I have contacted the Training Manger at Conway, and we will discuss this at our next North Wales Training Group meeting on the 5th of March. If suitable, this could be implemented within Flintshire.
						Revised Date 2 = Dec 2012	<p>iTrent is the HRMIS system that is in use across 11 other Welsh LA's and currently in use at FCC. We intend to develop functionality using the Trent system to allow us to capture training needs and history against an employee record. Work will commence on scoping out our requirements and will include taking best practise from other LA's in July 2012.</p> <p>Owner: RN & SH</p>

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

DATE OF AUDIT: February 2009

Project Ref:	CS0130M1
	Subsistence & Allowance

Directorate:	HR & OD
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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>The allowance rates for incurred mileage are set nationally and are laid out in the National Agreement. (Green book).</p> <p>The amounts for post entry training are also set nationally and are detailed in the National Agreement.</p> <p>All other expenses including fares and subsistence are set locally. At present there is no policy or guidelines in which to follow. The most recent rates for hotel use is dated February 1997 and were written by the then HR Director.</p> <p>They have not been reviewed or increased during this eleven year period. Of the four Directorates examined only</p>	F	<p>Recommendation</p> <p>A policy or guidelines should be drawn up for staff to use prior to completing travelling and subsistence allowance claims. The policy should include clear guidelines on all rates of expenses, the process of completing the claim forms and other relevant information. The policy should be widely available to all staff and should be reviewed at least annually. This will ensure consistency and uniformity across all Directorates.</p> <p>Management Comment</p> <p>A policy / guidelines can be produced by Human Resources.</p>	31.07.09	2	<p>Revised Date 1: End of December 09</p> <p>Revised Date 2: 31 July 2010</p>	<p>Information relating to current expenses rates, practice across the Council, current written documentation including claim forms have been reviewed. The guidance now needs to be drawn up and circulated across the organisation.</p> <p>Resource has now been allocated to complete this work as a matter of priority. Draft guidelines for expenses have been drawn up by HR and will be circulated for comment by end of June 2010 once advice received from Kevin McSweeney has been incorporated (see below). Review of existing rates including benchmarking has taken place. Proposal to CMT by end of July.</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>one Directorate was still using the hotel rates (ASC). Staff from this Directorate are only allowed to claim up to £75.11 basic allowance and up to £85.66 enhanced allowance, (London, Cardiff or Edinburgh). Staff from the other three Directorates were able to claim in excess of this if the claim had been duly authorised. (e.g. Hotel costs, C&H - £124.50, E&R- £110, Finance - £175.00.)</p> <p>The Auditor also found items of expenditure that did not relate to Travelling and Subsistence, that had been paid via the employee's claim form.. For example, one member of the E&R Directorate had claimed for coffee expenses and another had claimed for a hot water geezer. There was one instance where four members of the same office had incurred subsistence allowance, although just one member of</p>					<p>Revised Date 3: 30th November 2010</p> <p>Revised Date 4: 31 March 2011</p>	<p>Expenses Guidelines were drafted and circulated for comment and feedback by 9th July 2010. Clarity now being sought regarding elements of proposed guidelines and potential impact of Flintshire Futures programme. Contents of guidelines may be amended as a result. To be reviewed as FF programme is developed. HR to review position again before end of November.</p> <p>The need to review our position in relation to expenses and subsistence rates and practice has been reinforced given our current discussions on other Costs of Employment matters and proposals for change that are currently being formulated, discussed with the TUs and agreed with Elected Members. The natural progression from moving forward with these proposals will be to consider other elements under Costs of Employment, which will include expenses and subsistence. More time is required to do this and the work undertaken to establish our current position will not be wasted. Our proposals for change will be considered and formulated by the end of this financial year 2010 /11 in preparation for implementation in the early part of 2011/ 12.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 252	<p>staff had claimed the subsistence rates on the other staff's behalf.</p> <p>Another member of staff was found to be using public transport to travel to local meetings within the County although they are paid essential car user allowance for providing their car for work.</p>					Revised Date 5: October 2011	<p>Whilst there are clearly 'housekeeping' issues regarding the proper authorisation of claims, it is felt that to review guidance and ensure that this is being closely adhered to by employees and managers should be implemented simultaneously.</p> <p>In line with ongoing discussions regarding above proposals.</p>
						Revised Date 6: 1 April 2012	<p>The Expenses guidance has been reviewed in light of Part 3 (terms and conditions) proposals and has been amended accordingly. The HR and OD team are currently designing and implementing the module on iTrent for Expenses and Subsistence (to enable employees to claim their expenses and managers to authorise claims electronically). The principles set out in the guidance need to be tested on the system and possible amendments made to the guidance if necessary to ensure that they are workable for processing both paper and electronic claims. The testing of the system is being carried out currently and will be completed by March 2012. The guidance will be finalised and implemented in readiness for the start of the financial year 2012 / 2013</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						Revised date 7: August 2012	As above – the delays we are experiencing are due to the fact that only a small minority of Managers have completed the iTrent Manager Self Service roll out process. We do also need to consider that the Part 3 negotiations (Single Status) may impact the roll out of the proposed expenses guidelines and associated processes.
Page 253 3	Within the E&R Directorate it was not always the line Manager that had authorised the claim. The reason given for this relates to the line Managers not having an authority code to be able to authorise claims.	S	<p>Recommendation</p> <p>Only authorised line Managers should be authorising claim forms relating to their immediate staff. Authorising Officers should have a reasonable knowledge of the journeys made or subsistence claimed, prior to endorsing the travel claim form.</p> <p>Management Comment</p> <p>To be included in policy / guidelines</p>	31.07.09	2	Revised Date 1: As above	As above – recommendations re authorisation accepted and will be incorporated into written guidance.
						Revised Date 2: 31 st July 2010	As above – recommendations re authorisation accepted and have been incorporated into draft written guidance.
						Revised Date 3: 30 th November 2010	Guidance drafted but some elements may be in scope of Flintshire Futures programme. HR to review position again before end of November.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 254						Revised Date 4: 31 March 2011	See comments above regarding the review of expenses and subsistence rates and implementing guidance for authorisation simultaneously.
						Revised Date 5: October 2011	In line with ongoing discussions regarding above proposals
						Revised Date 6: April 2012	See explanation in 1 re progress. These requirements are set out in the guidance. Only managers who are authorised to approve claims will be allowed to do so on the iTrent system.
						Revised Date 7: August 2012	See explanation in 1 re progress. These requirements are set out in the guidance. CMT have agreed that Line Managers will be able to authorise expenses claims submitted on iTrent as they have a closer understanding of journeys etc carried out by the individual and all claims will be fully auditable.

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>In the main receipts had been obtained for items of expenditure. A small proportion of claims did not have a receipt.</p> <p>One claim relating to hotel accommodation did not have a receipt attached but a copy of the staff members credit card statement. This should not have been accepted.</p> <p>If receipts are not submitted and the Inland Revenue were to pick this up then the Council could be penalised.</p>	S	<p>Recommendation</p> <p>The claims forms should always provide the necessary receipts for incurred costs, prior to being processed.</p> <p>Management Comment</p> <p>To be included in policy / guidelines</p>	31.07.09	1	Revised Date 1: As above	Recommendation accepted.
						Revised Date 2: 31 July 2010	Draft guidance includes clear advice regarding receipts including explanations of what is needed and why. Advice taken from Kevin McSweeney regarding HMRC requirements for inclusion in guidelines.
						Revised Date 3: 31 March 2011	See update above regarding the review of expenses and subsistence rates and authorisation practice.
						Revised Date 4: October 2011	Relevant wording already incorporated into draft Guidance.
						Revised Date 5 : April 2012	See above – this has already been incorporated into the guidance.
						Revised Date 6: August 2012	See above – this has already been incorporated into the guidance.

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>Receipts for fuel usage usually contain all the requirements asked for. Receipts for subsistence claims do not always contain the Revenue & Customs requirements.</p> <p>Also, when certain types of subsistence are claimed for, the member of staff should separate and identify the V.A.T. onto the claim form. At present this is not carried out. The Senior Accountant (tax expert) should be contacted to give further advice to individuals.</p>	S	<p>Recommendation</p> <p>As part of a new policy which should be written, the Senior Accountant (tax expert) should be asked for his advice on the specific requirements relating to Revenues & Customs requirements. This can then be incorporated into the new policy.</p> <p>Management Comment</p> <p>To be included in policy / guidelines</p>	31.07.09	1	As above	<p>Recommendation accepted. A Policy and Guidelines are to be drafted. A timeline to be provided once this is in scope.</p> <p>See previous comments</p>
						31 July 2010	<p>Resource has now been allocated to complete this work as a matter of priority. Draft guidelines for expenses have been drawn up and will be circulated for comment by end of June 2010. Draft guidance includes clear advice regarding receipts including explanations of what is needed and why. Advice taken from Kevin McSweeney regarding HMRC requirements for inclusion in guidelines.</p>
						31 March 2011	<p>Recommendations will be incorporated into the review of expenses and subsistence rates and authorisation practice.</p>
						October 2011	<p>Relevant wording already incorporated into draft Guidance.</p>

Project Ref:	IT0230P1
	Masterpiece Security System

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

DATE OF AUDIT: April 2011

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>	S	<p>Recommendation: 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>Management Comment: A paper will be produced reviewing the problems and</p>	After July 2011 (post FM4 upgrade)	2	Revised Date 1: 04/05/2012 (To complete and present report to Head of Finance)	Needs further work. FM4 upgrade problems still requiring a lot of staff input. As Stated recently the current Accounting System (Masterpiece) can not comply completely with the Audit Recommendations. Implantation of the recommendations can therefore only be achieved following the procurement of a new Financial System. 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

ACTION PLAN

Para.	Recommendation	Cat	Recommendation & Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 258	<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 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>limitations of the current system and identifying practical possibilities for improvement. The paper will be produced for the Head of Finance to consider.</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>				P2P project (Pilot went live 25 th November)
						Revised Date 2: TBA	<p>The report has not yet been completed due to a change in staff taking on the responsibility of the Financial Systems. Following this settle-in period, concentration can now be focussed on completing this report.</p> <p>Although, as has been previously mentioned, recommendations can only be truly met by the implementation of a new system.</p>
						Revised Date 3: 29/06/2012	<p>Although the report has not been completed yet, work is being carried out with the Systems team and Infor to produce an audit log from Masterpiece which should provide more information on user activity.</p>

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

Project Ref:	LL0190N1
	E-Teach

Directorate:	Lifelong Learning
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DATE OF AUDIT: August 2010

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 highlighted the fact that schools are increasingly using agencies to recruit teaching staff. These agencies, namely Capita and New Directions are offering standard rates as against the statutory pay grades for teachers. For long term supply teachers this could have a big impact on costs.</p> <p>Currently The Authority pays two annual subscriptions to E-Teach, one for the supply pool software package and one for E-Teach online recruitment. Together this represents a total cost net of VAT of £28,445. Set against this the cost of advertising is recouped</p>	S	<p>Recommendations:</p> <p>A full evaluation of the E teach system needs to be undertaken to determine the most cost effective and efficient method going forward for providing education personnel to schools as against other potentially viable options.</p> <p>A budget exercise needs to be completed on the costs of using agency placements for supply teachers in comparison to the E-Teach system.</p> <p>Management Comment:</p> <p>Review of the spend on supply for 09/10 has been carried out.</p>	30.03.11	2	<p>Revised Date 1: w/c 1/3/2012</p>	<p>Initial dialogue with corporate IT to ascertain feasibility of devising in-house supply payment system. Not currently in scope of corporate IT plan for 2011/12;</p> <p>Informal consultation with secondary headteachers and unions over proposal to remove system;</p> <p>The system is also used to pay additional hours for all part time staff in schools (approx 2000 employees). An alternative system would therefore need to be provided through Trent; Any such review currently on hold pending review of HR 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>from the schools and for the school year 2008/9 the total cost of reimbursement for the E-Teach advertising was £10539.</p> <p>A sample of invoices paid to Capita and New Directions was selected and reviewed for rates paid for supply teachers and compared to the rates charged through E-Teach. Our testing revealed one teacher also registered with E-Teach and therefore a comparison with rates could be made. The flat rate charged by Capita is £179.99 per day and the rate to the same teacher through E-Teach would be £177.70 plus £40.00 on costs. Depending on the qualifications and grade of the teacher the costs could be further reduced by using agencies over E-Teach.</p> <p>Payments made to Capita and New Directions between May 2009 and April 2010 to date total £384,659.43. This</p>		<p>Schools spent £2.7m on supply recruitment. Therefore the total net cost of eteach of £28k is minimal – i.e. approx £280 per school per year. Schools will pay a fee to an agency for each day of supply engaged.</p> <p>The Audit has identified that some £350K was spend on agency staff during 09/10. This however only represents 13% of the total spend – the rest being managed via the eteach system.</p> <p>The £28k total cost to eteach includes the payroll function. If this was not provided there would be staff time needed to complete, submit and process paper timesheets monthly thereby occurring costs associated with printing, postage and officer processing</p> <p>The eteach supply database is offered to schools under a Service Level Agreement. This is due for renewal April 2011. Consideration to be given to ongoing financial viability of</p>			<p>Revised date 2: By 31 December 2012</p>	<p>To consider under procurement arrangements whether the system continues from February 2013 anyway. Procurement, financial and consultation programmes to be instigated</p> <p>HR Review delayed no new date of implementation fixed.</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>includes £34,451 for software and training. A significant proportion of the remainder relates to payments for supply teachers.</p> <p>Discussions with the bursar at Connahs Quay High School revealed that schools are using agencies for staff because it is cheaper and sometimes quicker to obtain staff in this way. Negotiations can also be made with agencies for securing 'the best deal'.</p>		providing this service to schools .				
2	<p>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.</p>	S	<p>Recommendation:</p> <p>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</p>	Oct 2010	2	<p>Revised Date 1: March 2011</p> <p>Revised date 2: Oct 2011</p> <p>Revised date 3 TBC</p>	<p>Eteach contacted and additional business specification to be contracted and costed into new contact upon renewal March 2011</p> <p>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.</p> <p>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.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 262	<p>The payroll cannot be run until all the errors have been addressed.</p> <p>Our review revealed that the data exported from E-Teach monthly does not include the number of records and total 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>		<p>2007.</p> <p>Management Comment:: None</p>			Revised Date 4: TBC	As above – still no new date.
						Revised Date 5: TBC	As above – still no new date.
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>	S	<p>Recommendations: 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</p>	30.03.11	2	Revised Date 1: Oct 2011	<p>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</p> <p>Current timetable for new eteach specification to</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>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> <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>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: There are approximately a total 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>			<p>Revised Date 2: TBC</p> <p>Revised date 3 31/12/12</p>	<p>be rolled out on a phased basis has now been cancelled by eteach. No new date has been given for implementation of revised timetable.</p> <p>No new date has been given for implementation of revised timetable.</p>

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

Project Ref:	LL1010P1
	School Budgetary Control

Directorate:	Lifelong Learning
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DATE OF AUDIT: November 2011

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 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 were requested from both the Principal Accountant and Internal Audit.</p>	S	<p>Recommendation: The current scheme for financing schools should be fully revised and issued as soon as possible.</p> <p>Management Comment: The scheme will be revised in line with the School Funding regulations issued in 2010.</p>	31.03.2012	2	31/3/2013	The review of the Scheme for Financing Schools is currently under review. Elements have been reviewed and submitted to the Schools Budget Forum, Union Reps, Governors as part of the consultation. These elements will be taken to the Schools Budget Forum for approval in May. This will be an ongoing process throughout 2012/13 and I do not anticipate that it will be completed before March 13 in its entirety. This will include the update to the Financial Procedures.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	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.						
21	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	S	<p>Recommendation:</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> <p>Management Comment::</p> <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>	Ongoing	2	31/3/2013	This issue will form part of the funding formula review which is ongoing and aims to complete in 2012/13 and will focus on how projections can be used to inform 3 year budget projections.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 266	<p>schools were issued with population projections, however no exercise was undertaken for primary schools at this time.</p> <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>		<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>				

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

Project Ref:	CS0033N1
	Multi-Skilling

Directorate:	Community Services
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DATE OF AUDIT: September 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
2	<p>A request was made to management and Human Resources for a copy of the final agreement, however, no record could be located. A draft version of the agreement (v3 21/08/06) was available and this was obtained from both parties.</p> <p>A review of the executive and housing committee minutes also identified discussions taking place regarding the pilot scheme, however, audit were unable to establish if the pilot agreement had actually been approved.</p> <p>Further discussions with</p>	S	<p>Recommendation: Dependant on the future direction of the service, a final signed agreement should be obtained for any future agreements.</p> <p>Management Comment: Negotiations with staff and trade unions are currently underway to reach an agreement on modernising the work of the Building Maintenance Unit. A signed agreement by all parties will conclude the negotiations.</p>	June 2011	2	<p>Revised Date 1: July 2012</p> <p>Revised Date 2: November 2012</p>	<p>A series of meetings have taken place and negotiations are ongoing.</p> <p>A series of meeting have taken place, however, any new agreement will have to take into account other measures being introduced to improve the repairs service and we are working with Deeside College to develop a multi skilling NVQ for all trade staff as a pre-requisite to continued multi skilling payments. Therefore this issue is highly complex and requires detailed negotiations with staff and trade unions.</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>management identified that the service is now looking to replace the current scheme. Proposals to modernise and enhance the service have already been forwarded and agreed by the Executive Committee (13/07/10) and formal negotiations with the unions are being conducted.</p> <p>The report to the executive identified improved productivity levels and repairs performance over the last year. A project to further improve performance by introducing mobile working and changing working practices has been established. It is intended that this will be piloted in January 2011 for full implementation by April 2011.</p> <p>If a new agreement is to be introduced the service should ensure that a final, signed agreement is obtained, approved by members but 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
	will be based on the decision made from point 1 of this report.						

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

DATE OF AUDIT: May 2009

Project Ref:	CH0060M1
	Rent Recovery and Enforcement

Directorate:	Community Services
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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	<p>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.</p> <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>	S	<p>Recommendation</p> <p>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.</p>	July 2009	3	<p>Revised Date 1: March 2010</p>	<p>A Rent Arrears Working Group has been set up to review in detail the current rent arrears policy and procedure with a view to updating and amending where necessary. A separate Former Tenants Rent Arrears Working Group will be set up to review the current Former Tenant Rent Arrears Policy and Procedure.</p> <p>As part of this review, all former tenant arrears recommended for write off will be audited by the Neighbourhood Housing Manager to ensure compliance with the Policy.</p> <p>Further work will also be undertaken on the viability of using an external agency to trace and collect former tenant arrears.</p> <p>The revised Allocations Policy that was adopted in February 2009 now includes that Housing applicants can be deducted points for any former tenant arrears still outstanding (10 points per £100).</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 271	<p>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>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>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>			Revised Date 2: Sep 2010	<p>A new dedicated Income Management team has now been agreed by Scrutiny and will be in place in September 2010.</p> <p>Part of this new team's responsibility will be to review in detail the former tenant rent arrears procedure and process to increase the collection of former tenant arrears. One particular area that needs to be looked at is the methods of recovery used in collecting former tenant arrears i.e. looking to use an outside debt recovery company</p> <p>The revised implementation date of September 2010 coincides with the expected date that the new Income Management team will be in place.</p>
						Revised Date 3: Jan 2011	<p>The revised implementation date of January 2011 coincides with the expected date that the new Income Management team will be in place.</p>
						Revised Date 4: May 2011	<p>As above – revised implementation date.</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 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> <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>Revised Date 5: July 2011</p> <p>Revised Date 6: Nov 2011</p>	<p>A new dedicated Income Management team has now been agreed by Scrutiny and will be in place in July 2011.</p> <p>Part of this new team's responsibility will be to review in detail the former tenant rent arrears procedure and process to increase the collection of former tenant arrears. One particular area that needs to be looked at is the methods of recovery used in collecting former tenant arrears i.e. looking to use an outside debt recovery company</p> <p>The new dedicated Income Management team started on the 11th July 2011.</p> <p>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.</p>

ACTION PLAN

Para.	Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 273	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.					Revised Date 7: Jan 2012	The new dedicated Income Management team started on the 11 th July 2011.
						Revised Date 8: May 2012	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
							We are planning on conducting a Lean Review on the former tenant rent arrears function. This will take some months to complete, as this will be done by a Lean Review Team, which we are currently recruiting to. The Lean Review Team will also need to be trained before being able to conduct this Lean Review.

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

Project Ref:	CS0070P1
	Children's Services Taxis

Directorate:	Community Services
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DATE OF AUDIT: MARCH 2011

ACTION PLAN

Page 274

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1	<p>It became apparent during the audit that Transfer Request Forms were sometimes: unsigned, not coded, coded incorrectly, lacking an end date, not displaying the names of escorts, did not always show the successful operator, daily price, contract number, were lacking an approval and date and that requests for transport were sometimes made at short notice.</p> <p>It is therefore necessary to formalise the processes contained within the system with both Children's Services and Transportation signing up to the level of service they expect from each other and</p>	S	<p>Recommendation: To formalise the process for requesting transport for children consideration should be given to either the compilation of a Service Level Agreement or a set of written procedure notes</p> <p>Management Comment: Template to be provided by Transport Section and discussion to ensue with PMI Team.</p>	01.04.11	2	<p>Revised Date 1: 1.9.11</p>	<p>SLA not yet agreed – will bring up at next group managers meeting to progress – awaiting appointment of new manager to progress.</p> <p>I have a meeting with Managers from Education on Monday – I have a copy of our SLA with Education and will be recommending that we amend this document to use as SLA for Children Services Transport.</p> <p>Next meeting is then with SC Managers on Wednesday 21st September to further discuss.</p> <p>Met with CS Managers November 10th and agreed to meet with key Managers to agree a SLA.</p> <p>Peter Robson and Mike Sullivan to agree SLA and have implemented by 1st April 2012. This will</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	the level of documentation and timescales that are required to administer the service efficiently and effectively. Additionally consideration should be given to the compilation of written procedures.						take several meetings with input from Managers from LLL and Children Services.
						Revised Date 2: 01.06.12	20 th May – next meeting is 31 st May – Procedures now working fine but written document still to be finished.

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

Project Ref:	EN0010R1
	Streetscene – Cleanliness of the Public Realm

Directorate:	Environment
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DATE OF AUDIT: FEBRUARY 2012

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
1.1	<p>An out of date Dog Control Strategy, issued in May 2009, is in place. This strategy has little relevance to the enforcement objectives that the Authority currently faces. There is no strategy in place to address graffiti, fly posting and litter offences included in the Clean Neighbourhoods & Environment Act 2005</p> <p>There is a policy in place for the highway sweeping element of the Cleansing Service. The policy identifies that the frequencies set for cleaning the various types of footway meets the</p>	S	<p>Recommendation: Dog fouling, littering, bin emptying and graffiti should be included as part of an updated policy and strategy for Streetscene. This policy should be subject to consultation with members.</p> <p>Management Comment: Streetscene standards have been approved by Members for bin emptying, dog fouling in enclosed play areas and school frontages and graffiti removal. Performance against these standards will be reported quarterly to Environment and Overview Scrutiny Committee</p>	Streetscene launch date 5 th March 2012	1		

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 277	<p>requirements of the Environmental Act 1990 and the Code of Practice on litter and refuse within the Clean Neighbourhood & Environmental Act 2005.</p> <p>There is no policy in place covering dog fouling clear up, littering, bin emptying and graffiti. These services will form part of the restructured Streetscene Service.</p> <p>There is no enforcement strategy for fly tipping offences in place. Preparation of the policy is still at the draft stage. It is recognised that a formal enforcement policy needs to be in place to assist in the success of any future fly tipping prosecutions.</p>						
	10.1	A review of the minutes of the Environment Overview & Scrutiny committee meeting was undertaken. It was noted that the Team Leader -	S	Recommendation: Performance indicators should be established and reported to members and management to aid the evaluation and	Streetscene launch date 5 th March 2012	1	

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	<p>Enforcement took over the role in February 2011 and attended the Environment Overview & Scrutiny Committee meeting on 6th April. Only general progress made with tackling littering and fly tipping was reported to the committee. The number of Fixed Penalty Notices issued for dog fouling was also reported.</p>		<p>review of progress made in tackling dog fouling, littering, fly posting, graffiti and fly tipping issues.</p> <p>Management Comment:: Performance against the Streetscene standards will be reported quarterly to Environment and Overview Scrutiny Committee. The targets will be challenged annually at the Members challenge workshop</p>				

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

Project Ref:	EN0010N1
	Business Enterprise Units

Directorate:	Environment
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DATE OF AUDIT: MAY 2010

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	Revised Date 1: February 2011	Service Review and Grant Thornton Options Review still on-going. Business Plan to be drafted on findings of the above.
						Revised Date 2: 30.06.11	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.
						Revised Date 3: November 2011	A mid year review of the revenue budget and business occupation will inform the development of the plan

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 280						Revised Date 4: Feb 2012	<p>The Grant Thornton report was completed in July 2011. The conclusions were drawn on the market buoyancy since the report and evidence within in were backward looking and comprised budget data and assumptions regarding capital land values which are no longer appropriate.</p> <p>A further internal report to take account of the reality of the present situation was earmarked to be undertaken when the position and economy / budgets stabilised.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
15	<p>A review was undertaken of the costs for specifically operating the two business centres and data was 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 the management of both sites was undertaken externally by Flintshire Enterprise Limited.</p>	S	<p>Recommendation:</p> <p>Consider the findings within this report and the pending options review to determine 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>	Aug 2010	2	<p>Revised Date 1: March 2011</p> <p>Revised Date 2: Nov 2011</p>	<p>Grant Thornton Report is on-going, options review will detail efficiencies.</p> <p>As above</p> <p>The business centres were transferred to valuation and estates in April 2011.</p> <p>The Grant Thornton report has been completed.</p> <p>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> <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
Page 282	<p>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.</p> <p>A further review could potentially result in increased rental charges to the service. 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>Revised Date 3: Not known</p>	<p>A clear revenue budget plan which is very dependent upon staff costs can only be finally established once a service review presently undertaken is completed. An important step towards that is to settle the temporary and contractual arrangements for staff so that the outgoings are clear and can be projected in to the future. Until the service review and other outcomes which affect revenue are know this cannot be done clearly.</p> <p>This change in revenue outgoings compared to any previous complement of staff and budgets which fed into the Grant Thornton report will put the business centres into a very different position</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	Revised Date 1: April 2011	Grant Thornton Report is on-going. An Investment Plan will be considered once the report is finalised.
						Revised Date 2: October 2010	<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>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 284						Revised Date 3: November 2011	Due to changes during the year and the weakness of the local economy additional data is being collated. The announcement of the Deeside Enterprise Zone at the start of the year also needs to be considered and whether this has any effect on the centres.
						Revised Date 4: Feb 2012	<p>Further work is being done since the Grant Thornton report is historic, based on prior historic information and did not take account of the market and these developments.</p> <p>The Centres are in a service review and any revenue budgets and other key costs would be dependent upon that review. The commencement of the service review was initiated at the end of 2011.</p> <p>The service will be putting forward a capital request proposal in the interim.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 285							<p>Review of budget position at end of financial year shows improved trading position.</p> <p>This together with the awaited details for Enterprise Zone will provide an updated position to compare with Grant Thornton report findings. Further review therefore to be arranged.</p> <p>Staffing levels at both sites have been addressed through defined term contracts..</p> <p>Service review and capital expenditure proposals on-going.</p> <p>Existing reports on property and maintenance / condition have been considered. These remain accurate for this assessment purpose having been produced in early 2010.</p>

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

Project Ref:	EN0060P1
	Fleet Management

Directorate:	EN0060P1
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DATE OF AUDIT: JUNE 2011

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
3	CO2 emissions for vehicles under the control of Fleet Services reduced from 2,790 tonnes in 2006/7 to 2,699 in 2009/10. This represents a reduction of 3.26% which has exceeded the 3% reduction target. Grey fleet CO2 emission information has been calculated by the Sustainable Development Officer. The figures relating to type of fuel used and engine size were initially obtained via information contained within the questionnaires	S	Recommendation: The recommendations contained within the Energy Saving Trust's report should be considered, namely: updating and adopting the travel plan and participating in a free of charge green fleet review which focuses on business travel. A business travel policy should be produced as stated within the objectives contained within the draft travel plan. The policy should concentrate on ensuring journeys are conducted in the most	01.04.12	2	Revised Date 1: 1 July 2013	The delay in appointing to the role of Transport and Logistics Manager will put back the development of the business travel policy. The new post will be filled during summer of 2012 and the production of the policy will be one of the key challenges for the successful applicant. The Single Status agreement incorporating the Part III payments are programmed for completion in November 2012. Until this element of work is completed, the new business travel policy cannot be agreed.

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 287</p>	<p>completed by employees to inform the draft travel plan. This information has been applied to the total number of business miles which were claimed by grey fleet users for 2008/9 and 2009/10. This calculation has been used to provide a base for a carbon emissions tonnage for the grey fleet for those periods.</p> <p>The issue of business mileage and the operation of the grey fleet as a whole is currently under discussion by the Head of Street Scene and the Head of Fleet Services. This point is further addressed in section 3.9</p> <p>The fuel used by Fleet Services contains up to 5% biofuel. Fleet Services continue to explore the usage of biofuels; the Head of Fleet Services attended a seminar on biofuels during September 2010.</p>		<p>environmentally efficient way within the constraints of Council business. The policy should address the use of the grey fleet.</p> <p>Plans should be put in place to enable the target of 3% CO2 reduction in 2010/11 (to include the grey fleet) to be achieved.</p> <p>The recommendations contained within the Wales Audit Office report "Fleet Management Briefing" should also be considered when the business travel plan is drafted i.e.:</p> <p>Journeys should be challenged</p> <p>Smarter ways of working should be considered - (e.g. home working, video conferencing), and</p> <p>Drivers should be incentivised to change to more efficient vehicles.</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 288	<p>The current fuel policy for Council vehicles includes a section on the environment stating that "it is not felt prudent at this time to recommend one definitive fuel strategy". However the use of diesel containing up to 5% biomass to international standards is endorsed in the policy and is recommended to be progressively introduced in depot fuel supplies</p> <p>The Energy Saving Trust produced the "Local area carbon emissions reduction report" in February 2010. The report rated the County Council as weak to fair in terms of transport focusing on the non implementation of the travel plan. The report made a number of recommendations relating to improving the current draft travel plan and recommended the County Council undertake the Energy Saving Trust's free of charge green fleet review which focuses on business travel.</p>		<p>Management Comment::</p> <p>A business travel policy will be developed and presented for approval. This will include the Grey Fleet</p>				

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
	The Welsh Assembly Government's Forum for the Future document, Transport and Mobility Module (April 2009), also advocates developing an organisation-wide travel plan with progression targets and incentives for staff (pg 40).						
9	<p>Responsibility for the operation and management of the grey fleet has not been assigned at a corporate level.</p> <p>There is no currently no requirement for managers to undertake the checks which are proposed within the draft Transport and Travel Corporate Standard relating to the grey fleet operation.</p> <p>It was noted that the Head of Fleet Services is currently exploring future options for the grey fleet including its elimination through the use of pool cars.</p>	S	<p>Recommendation:</p> <p>Responsibility for and future operation of the grey fleet should be determined and included within the fleet strategy.</p> <p>The proposed guidelines for managers, contained in the draft Transport and Travel Corporate Standard, should be disseminated to managers (either through adoption of the standard or via another policy document) to enable them to undertake the necessary checks of grey fleet drivers. Appropriate training should be provided to managers to enable</p>	01.04.2012	2	<p>Revised Date 1: 1 April 2013</p>	Pilot schemes to introduce robust driver/vehicle checks for all Council journeys are being piloted during May 2012. The outcome will be assessed ahead of full county-wide implementation before December 2012

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 290	<p>The Wales Audit Office Fleet Management Briefing report October 2008 stressed the importance of considering robust arrangements for the grey fleet in light of the Corporate Manslaughter Act (effective April 2008). Organisations can now be found guilty of corporate manslaughter as a result of serious management failures resulting in a gross breach of relevant duty of care. Failure to comply with the Act could result in considerable penalties or fines. The Health and Safety at Work Act 1974, requires employers to take appropriate steps to ensure the health and safety of their employees and others who may be affected by their activities when at work - including when they are driving their own vehicle.</p>		<p>them to complete this task and comply with the requirements.</p> <p>The following corporate control measures relating to business travel undertaken by the grey fleet are advocated by the Office of Government Commerce and should be incorporated into the business travel plan.</p> <p>Appropriate vehicles for grey fleet journeys should be specified, Minimum standards for health and safety and environmental criteria be established,</p> <p>Acceptable journey distances should be established.</p> <p>Management Comment:: Fleet Strategy to be developed and approved. This will include Grey Fleet.</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>Cost savings can also be achieved by reducing grey fleet usage. A recent report by the Cabinet Office's Efficiency Reform Group -Managing Grey Fleet in the Public Sector (October 2010) - includes the estimation that for every one million miles of grey fleet reduction over £250k cashable savings could be made.</p>		<p>The business travel policy once developed will be circulated to all staff and managers. The policy will specify</p> <ul style="list-style-type: none"> ▪ Minimum vehicle standard ▪ Insurance standard <p>Acceptable journey distances</p>				

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

Project Ref:	EN0100N1
	Technology Forge

Directorate:	Environment
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DATE OF AUDIT: April 2010

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 292 12	<p>All staff questioned were generally aware of the legislation, best practice and accounting practices that governed their module/area. However, not all officers were aware of the total number of properties for which they were responsible.</p> <p>The Senior Technical Officer explained that the legal tenure of a property was not always recorded on the system (particularly leased properties). As such it was not always possible to determine whether it was the responsibility of FCC</p>	S	<p>Recommendation: All module leaders should be aware of the total number of properties for which they are liable for maintenance (including properties which are leased out to other organisations, individuals etc.) A system should then be devised to evidence the fact that each module is complying with the legal, regulatory and best practice requirements governing the particular area (this could be linked to the Quality Assurance System</p>	July 2011	2	<p>Revised Date 1: Dec 2011</p> <p>Revised Date 2: April 2012</p>	<p>Quality Management System has been externally stage 1 audited on 19 July by the BSI and will be audited further at the end of November.</p> <p>This will cover the Valuation and Estates element of the modules. Similar reviews are being undertaken by other services with responsibility for their respective modules.</p> <p>Design Consultancy & Corporate Property Maintenance has, up to now, had their own Quality Management systems.</p> <p>However, now that the two sections have been brought together as one it is proposed to re-draft the Quality Assurance Documentation. Unfortunately, a delay in the re-structure has meant that little progress has been made on this task to date.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 293	<p>or the responsibility of the leaseholder to carry out an Asbestos, Disability, Condition surveys etc.</p> <p>There was not always documentary evidence that officers were complying with the requirements of various Acts, regulations and guidance etc.</p> <p>Ideally each module leader should have a definitive total population i.e. 1300 buildings (which they are responsible for). There should then be an action plan to carry out an inspection, condition survey etc. within a defined timescale, as detailed by the legislation, best practice, regulations etc that govern the area/module e.g. visit all buildings within 12 months as per Control of Asbestos at Work Regulations.</p>		<p>) Further assurances should be sought from Technology Forge as to whether the system can cope with the new method of accounting valuation</p> <p>Management Comment:: This will be dealt with through a number of work streams:</p> <ul style="list-style-type: none"> • The implementation of the valuation module • The development of a Quality Management System within Valuations and Estates (Corporate Property Maintenance already utilises a system) 			<p>Revised Date 3: April 2012</p>	<p>The Capital Accounting Module has been updated to allow for the requirements of IFRS. CIPFA have confirmed the approach to componentisation. Training in using this will be given as part of the implementation of the module which is to commence with a data load in Sept 2011.</p> <p>The previous years' transactions and the current Financial years' valuations will be recorded on the system once the data load, testing and training have been completed which is planned to be by the end of the calendar year 2011.</p> <p>Design Consultancy and Corporate Property Maintenance have reviewed their procedures.</p> <p>Valuation and Estates have also reviewed their procedures and have instigated a Quality Management System which is intended to obtain BSI approval in April 2012.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 294	<p>It is appreciated that some modules are governed by a legal timescale, WAG Target etc whereas others a target defined by FCC.</p> <p>Additionally some concerns were expressed regarding the capacity of Technology Forge to deal with the imminent changes set to impact on accounting regulations. At present the accounting regulations are governed by SORPS and the Royal Institute of Chartered Surveyors. However, from April 2010 it will be governed by the International Finance Reporting Standards.</p> <p>A meeting with CIPFA is planned for January 2010 for further details on the new methodology. Meetings have been held with TF with a view to establishing as to whether the system can cope with the new method of valuation.</p>		<ul style="list-style-type: none"> Regulatory, ;legal, best practice approaches will flow from membership of relevant professional bodies, system updates to reflect regulatory change, procedural and policy changes with the Council and attendance at benchmarking groups <p>Technology Forge have advised that the new method of accounting valuation should be available for use in April 2010. This, we are advised,, will facilitate the new procedures or at least Tf's interpretation of them. The RICS and CIPFA are yet to release formal guidance on this specific issue.</p>			<p>Revised Date 4: TBC</p>	<p>The Summary Asset Register data has been successfully loaded into the TF Live system. Checks and reconciliation on-going. Revaluations for financial year 10/11 are being manually entered and checked prior to test of year end process being run.2011/12 revaluations then to be entered, processed and accounts to be audited.</p> <p>Further training carried out – final session to be arranged.</p>

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

Project Ref:	HW1000J1
	Design Consultancy

Directorate:	Environment
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DATE OF AUDIT: March 2006

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
6	The Design Consultancy service areas do not set time budgets for individual projects. The current time recording and time costing systems, maintained on excel spreadsheets, could be updated to include budgeted hours against project codes, but the Heads of Department believe this may result in spreadsheets which are already very large becoming too slow and cumbersome.	S	<p>Recommendation:</p> <p>The requirement for the setting, and subsequent inclusion of budgeted hours against each project code on the time costing system (to facilitate formal monitoring of time costs), should be formally considered by senior management.</p> <p>Management Comment:</p> <p>New combined consultancy will review systems available with a view to purchasing new system in financial year 2006/07.</p>	1 April 2007	2	Revised Date 1: 1 April 2008	<p>Comment Received: June 2007</p> <p>New Consultancy is still being set up under Framework. The various systems will be reviewed with a view to obtaining a new system in the financial year 2007/08</p> <p>Revised Implementation Date: 01/04/2008</p> <p>The original spreadsheet system is still being used but it is anticipated that a collaborative system will be developed to the specifications required and made available to all North Wales Partner Authorities later this financial year.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 296	<p>The Heads of Department consider that in the absence of a time management system which allows the inclusion of budgeted hours against project codes, their periodic review of summary costing reports (paragraph 4), and their detailed knowledge of the work carried out within the teams, ensures they are aware of time charged against each project, and as such are able to informally monitor time charges for appropriateness.</p> <p>Internal Audit consider implementation of earlier recommendations to ensure the adequacy of timesheet review and authorisation procedures (paragraph 3) would ensure the departmental heads are aware of time allocation against individual project codes on a week by week basis.</p>					Revised Date 2: 01/04/2009	<p>The existing Time Management system has limitations and to incorporate budgeted hours within the process would have significant resource implications on the section. However, in linking this to the TASK System implementation later in 2008/09, budgeted hours can be incorporated within the set up of this.</p> <p>Please note that the income budget acts as the target for the Consultancy Team. In 2007/08, this totalled £742k.</p>
						Revised Date 3: 01/04/2010	<p>As mentioned above, the TASK System implementation for Time Recording is still awaited due to changeover problems from Windows to Web Based System.</p> <p>However, overall, the Consultancy Team income budget in 2008/09 totalled £750k and was measured against the chargeable time on the timesheets.</p>
						Revised Date 4: 01/04/2011	<p>It was anticipated that TOTAL/TASK be used for this process. However, due to resource implications, this has not progressed as planned. Therefore, the original spreadsheet system is still being used but it is anticipated that a collaborative system will be developed to the specifications required and made available to all North Wales Partner Authorities later this financial year.</p>

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
						Revised Date 5: 01/04/2012	Collaborative system under active development with Partner Authorities. About to go out to tender to software companies to deliver a web based system.
						Revised Date 01/04/2013	Development of new system on hold pending internal Service Review. Also there have been delays with Partner Authorities. Collaborative system to be jointly reviewed Autumn 2012

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

Project Ref:	EN0140N1
	Communities First – Central Function

Directorate:	Environment
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DATE OF AUDIT: MAY 2011

ACTION PLAN

Page 298

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
13	The references in the WAG guidance to representation on the Partnership Boards by a designated official of the GRB were discussed with the Senior Co-ordinator. She believes it would be impractical for the Chief Regeneration Officer or herself to attend the Partnership Board meetings of all 5 partnerships, and suggested that the County Councillors (who currently sit on the Boards as representatives of the community sector) should sit on the Partnership Boards as representatives of the GRB. To do this the guidance states that the	S	<p>Recommendation:</p> <p>In accordance with the WAG Guidance the GRB should delegate one of its senior officials to represent it on the Partnership Boards. This representation should come with full voting rights.</p> <p>As it is not considered appropriate for County Councillors to sit as representatives of the GRB on the Partnership Boards then this role should be undertaken by the Senior Co-ordinator or the Chief Regeneration Officer.</p>	Review Agreement Feb 2012.	1	30 September 2012.	<p>In the year to 31 March 2012, the Senior Co-ordinator attended 7 Partnership Board meetings, the Head of Service 1 Board.</p> <p>All 5 Partnership Boards had at least one visit. In addition, the WCVA nominated support attended 2, and the FLVC nominated CF support attended 2 on behalf of the GRB and the Programme to ensure good governance.</p> <p>12 Boards were therefore covered, meeting the commitment for the GRB to be represented at minimum 8-10 Board meetings per annum, to include all areas in rotation.</p>
					3		

ACTION PLAN

Para.	Original Test result / Implication	Cat	Recommendation and Management Comment	Original Agreed Implementation Date	Status	Revised / Implemented Date	Management Comment / Progress
Page 299	<p>Councillors would need to be formally delegated to represent the Local Authority on the Partnership.</p> <p>This suggestion was discussed with the Monitoring Officer who stated that he didn't believe that this was a responsibility that members should be given as representation on the Boards is an 'operational rather than a policy function'. In addition he confirmed that as an authority we do not delegate powers to single members, except at Executive level.</p>		<p>Due to the resource implications of representatives of the GRB attending monthly Board meetings for each of the 5 Partnerships consideration should be given to quarterly attendance, with the GRB representatives being copied in on all Board papers.</p> <p>Management Comment: The Agreement between FCC and the 5 PBs has only recently been adopted after a long period of negotiation, with WCVA (on behalf of WAG CF), PBs and with FCC Legal Services.</p> <p>Para . 5.4 says</p> <p>The Senior Coordinator shall not have a vote at partnership meetings, but will be responsible for ensuring the</p>				<p>Recommendations to review PB Constitutions for the GRB to have constitutional voting rights on PBs have been superceded by the closure of the current CF scheme at 30 Sept 2012.</p> <p>Revised proposals for the CF Future Programme will replace existing Partnership Board arrangements with different funding and governance arrangements.</p> <p>All previous and future Audit recommendations will however need to be adhered to if and when relevant..</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>requirements under paragraph 8 of this agreement are met.</p> <p>It would be difficult and probably counter productive in relationship terms to demand voting rights at this stage. The Agreement is due for review in 12 months, it can be raised then if CF is to continue.</p> <p>Attendance at PBs was included in the post PAC report revised WAF guidance Oct 2010. With reasonable advance notice of meetings, the GRB should aim to be represented at minimum 8-10 Board Meetings per annum, to include all areas in rotation.</p>				

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

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 investigation work.

2.00 BACKGROUND

2.01 One of the areas of responsibility of Internal Audit is to promote the Ant-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 new investigations have been referred and are being investigated:

1. An anonymous allegation has been received concerning Council property which may have gone missing. Information has been provided and the investigation is ongoing
2. A school has referred a case where invoices have been paid for services that are not required by the school. A member of staff has been suspended and Internal Audit are assisting with the internal investigation

3.03 The following investigations have been reported to previous committees and are still being investigated

3. Information was received regarding a potential fraudulent benefit claim by a member of the public. The subject is also in receipt of allowances from the Council under the Direct Payment scheme. Counsel opinion is currently being sought on the case.
4. Information was received regarding alleged collusion between employees and a supplier. An extensive investigation was undertaken by Internal Audit and the evidence gathered was passed to the Police.
5. A complaint was received that a member of staff abused his position for personal gain. A report has been presented to management which has resulted in disciplinary action being taken.

3.04 The following investigations have been completed

6. An employee (Headteacher) admitted to the theft of monies. The matter was referred directly to the Police. Internal Audit assisted with the evidence gathering. The employee has been convicted and was subsequently dismissed.

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**

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

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Number	Status	Referral	Draft report	Description	Value (if applicable)	Outcome	Recommendation		
		Date	date				F	S	M
1	Ongoing	30/04/12		Allegation of theft of Council property		Investigation being carried out into allegation			
2	Ongoing	21/05/11		School Invoices	£20,000	Assisting school with internal investigation			
3	Ongoing	22/09/11		Alleged abuse of benefits and care allowances		Referred to benefit fraud for investigation			
4	Ongoing	31/08/11		Fraudulent invoicing allegation		Employees charged with fraud and awaiting a plea hearing			
5	Ongoing	18/08/11		Alleged abuse of position		Investigation being carried out under the Authority's disciplinary procedure			2
6	Completed	19/10/11		Theft	£53,000	Employee convicted of theft and dismissed			

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **MONDAY, 25 JUNE 2012**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **INTERNAL AUDIT ANNUAL REPORT**

1.00 PURPOSE OF REPORT

1.01 To inform members of the outcome of all audit work carried out during 2011/12 and to give the annual Internal Audit opinion on the standard of internal control, risk management and governance within the Council.

2.00 BACKGROUND

2.01 The Internal Audit Manager is required to prepare a report summarising the outcome of all audit work undertaken during the year. This is part of the framework of assurances that assist the Council in preparing the Annual Governance Statement.

3.00 CONSIDERATIONS

3.01 The report gives a view on the adequacy and effectiveness of the Council's risk management, governance and control arrangements.

3.02 The report also summarises all the work undertaken during 2011/12. Summary information by Directorate is provided on the assurance levels given to the reviews together with the categorisation and number of recommendations made. Comparative information for the previous year is also provided.

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 Internal Audit Annual Report.

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

None.

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Flintshire County Council

Internal Audit Annual Report

Year ended 31 March 2012

Presented at the Audit Committee meeting of: 25th June 2012

Contents

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2 Internal Audit Assurance for 2011/12	2
Appendix A Internal Audit Opinions and Recommendations 2011/12	7

1 Introduction

1.1 The Role of Internal Audit

The role of internal audit is to provide management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. Internal audit is therefore a key part of Flintshire County Council (FCC)'s assurance cycle and if used effectively can inform and update the organisation's risk profile. Internal Audit is just one of the sources of assurance available to the Council and Audit Committee.

The definition of internal audit, as described in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom, is set out below:

- Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- Whilst Internal Audit "primarily" provides an independent and objective opinion to the organisation on the control environment, it may also undertake other, non-assurance work at the request of the organisation subject to the availability of skills and resources. This can include consultancy work; indeed, Internal Audit intrinsically delivers consultancy services when making recommendations for improvement arising from assurance work, and fraud-related work.

1.2 Governance Statement

Under the Accounts and Audit (Wales) Regulations 2005 Local Authorities are required to publish a statement on internal control. They have a choice as to whether they go further and complete a wider ranging Governance Statement. As they did last year, FCC is publishing a Governance Statement.

The assignment opinions that the Internal Audit service provides during the year are part of the framework of assurances that assist the Council prepare an informed governance statement.

1.3 RSM Tenon

RSM Tenon were re-appointed after a tendering exercise to provide the Internal Audit Manager for the Council's audit service from April 2011. The length of the contract is two years with the possibility to extend it for up to another year.

The contract covers

- The day to day management of the Internal Audit section
- Implementation of the revised Service Model and staff structure, and
- Regional Collaboration. Leading the Council's contribution to the pursuit of collaborative opportunities within North Wales for the delivery of Internal Audit and its management.

1.4 Professional Standards

The professional responsibilities for internal auditors are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland.

As such, the approach to internal audit also meets the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

A self assessment against the CIPFA Code of Practice in early 2012 showed substantial compliance with the standards.

The Wales Audit Office review of Internal Audit in early 2012 found that the department fully complied with eight of the CIPFA standards, partially complied with two and did not comply with one. That one was in relation to staffing where WAO noted that the department had not had sufficient staff to deliver the planned work programme, largely as a result of the ongoing finance function review. There was also an unusually large amount of time devoted to fraud and irregularity investigations during the year.

More than 100 audit days were 'bought in' during the year to help meet the shortfall, and recruitment has taken place. The department will have a full establishment from July 2012.

Although the plan was reduced, this was done in such a way as to enable the annual opinion given in Paragraph 2.2 to be formed, and to continue to support WAO in the delivery of regulatory work.

The quality of audit work is ensured by the use of an audit manual, ongoing supervision and management of staff and the review of all audit work. Performance targets are set and actual performance reported to each Audit Committee meeting.

2 Internal Audit Assurance for 2011/2012

2.1 Context

The internal audit service to FCC is required to provide the Council through the Audit Committee with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. In giving that opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal Audit Assurance Statement

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a reasonable conclusion on the adequacy and effectiveness of FCC's arrangements.

For the year ending 31 March 2012 based on the work we have undertaken my opinion is that FCC have adequate and effective arrangements in place for governance, risk management and internal control.

Where weaknesses have been identified I am happy that action plans are in place to address those weaknesses.

2.3 Scope of the Internal Audit Opinion

In arriving at that opinion, I have taken into account:

- The results of all internal audits undertaken during the year ended 31 March 2012 (see Appendix A for a summary of audits);
- The results of follow-up action taken in respect of audits from previous years;
- Whether fundamental or significant recommendations have been accepted by management and, if not, the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports or other assurance providers to the Audit Committee and/or Council;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been covered to date.

2.4 The Basis of the Opinion

In reaching this opinion the following factors were taken into particular consideration:-

Governance

A Corporate Governance Working Group has been set up during the year, charged with co-ordinating the annual governance self assessment and preparation of the annual governance statement. The group is chaired by the Democracy and Governance Manager and members include the Internal Audit Manager, the Policy Performance and Partnerships Manager, the Risk Manager, the Flintshire Futures Finance Lead and the Finance Manager – Strategy and Technical. The group has reviewed the content of the self assessment assurance certificates, issued them to Directors and Heads of Service, challenged the responses and reported the results. This process provides an opportunity for senior officers to consider the effectiveness of governance arrangements and a number of areas of continued improvement have been identified. The group has also considered the overall assurance framework and drafted the Annual Governance Statement. The Statement explains how Flintshire County Council complies with its own Code of Corporate Governance and also meets the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2010.

Risk Management

Risk Management systems have continued to develop in 2011/12. The Strategic Assessment of Risks and Challenges (SARC) has been refreshed towards the end of the year, with a refocus on emerging risks. Work is continuing on formalising the approach to operational risks.

Internal Audit carried out an evaluation of risk maturity during the year. This will be used as a basis to identify areas for further improvement and to continue to develop risk management within the Council.

Internal Control

The overall level of control has improved from last year.

There is a reduced number of 'limited assurance' audit opinions, down from 46% of the audits to 37%. The overall proportion of recommendations classified as fundamental remains at 3%, but significant recommendations are down from 55% to 51%. The overall number of recommendations made in the year was 364, compared to 448 last year in the same number of reports.

Finance, HR and Environment show the greatest number of audits where only limited assurance could be gained. In each case the findings were reported in detail to the Audit Committee, the recommendations have been tracked and progress is being made in improving the levels of control. Details are given in Appendix A.

Acceptance of Recommendations

All of the recommendations made during the year were accepted by management.

2.5 Governance Statement

The overall opinion may be used by the Council in the preparation of the annual governance statement.

2.6 Conflicts of Interest

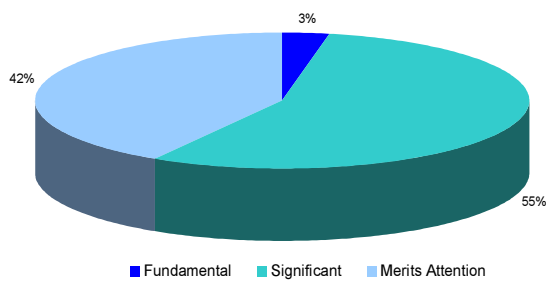
The department has not undertaken any work or activity during 2011/12 that would lead me to declare any conflict of interests.

2.7 Benchmarking Data

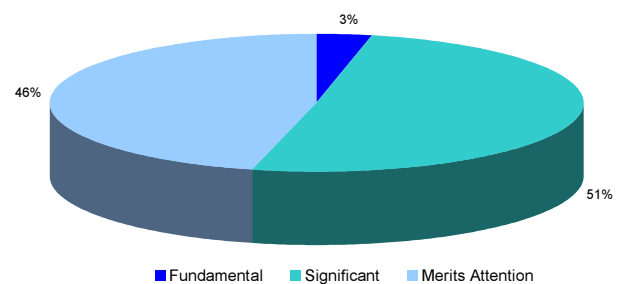
The tables below show the split of internal audit recommendations and opinions for FCC in 2010/11 and those made in 2011/12. There was an increase in the proportion of significant recommendations given this year and an increase in the number of limited assurance audit reports. This reflects audit involvement in high risk areas, leading to a greater number of recommendations.

Comparison of the categories of internal audit recommendations made 2010/11 and 2011/12

Recommendations 2010/11

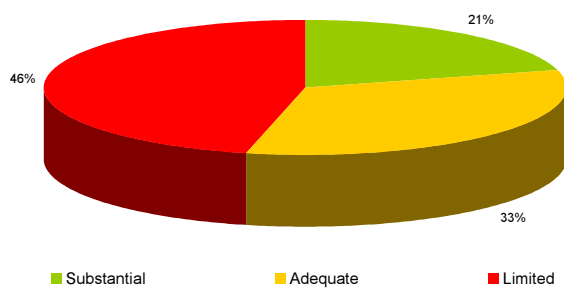


Recommendations 2011/12

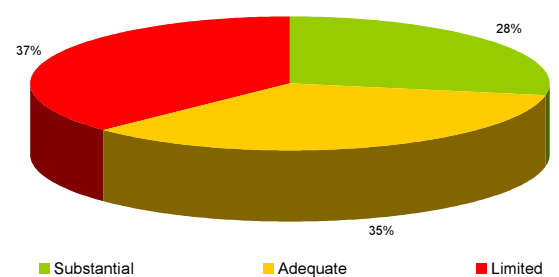


Comparison of assurance levels provided by internal audit in 2010/11 and 2011/12

Assurance Levels 2010/11



Assurance Levels 2011/12



2.8 Other Internal Audit Work

In addition to the reviews analysed above, we have also carried out the following internal audit work during the year.

Area of review	Comments
Schools	Control and Risk Self Assessment carried out. Responses received from 69 Primary schools and 12 Secondary Schools
Investigations	12 investigations carried out in the year, taking 208 days
National Fraud Initiative	104 days on work relating to NFI
Consultancy	86 days on consultancy work in the year.
Follow up reviews	2 follow up reviews, with good progress reported in both
Grant audits	4 audits of grants.
Non-assurance work	4 other reviews that did not produce an assurance level – Medium Term Financial Strategy, Streetscene, Benefits Printing and Transportation.

2.9 Internal Audit Performance

The performance of the department against performance measures and targets is set out below. During the year progress against the plan was adversely affected by higher than expected need for investigations and a secondment from the team. At the same time the department was not at full strength pending the completion of the Finance Function Review. As a result a revised plan was produced and submitted to the Audit Committee in January 2012. This plan was designed to fulfil regulatory requirements whilst still providing a range of risk based and advisory work, and also to provide sufficient information to reach an overall audit opinion for this report and the Annual Governance Statement.

22 audits were deferred in the revised plan. All were then considered during the planning meetings for the 2012/13 to 2014/15 audit strategy. As a result, 14 of them appear in the strategy. The remaining 8 had originally been requested by management during the planning meetings for 2011/12, but on further consideration were not considered to be necessary for the forthcoming years.

Progress against the revised plan was good with most projects commenced and many completed before the year end. The figure of 79% in the table is the number of draft reports issued in the year compared to the number in the original plan.

Performance Measure	Q1	Q2	Q3	Q4	11/12	11/12 Target
Audits completed within planned time	72%	82%	80%	90%	81%	80%
Average number of days from closure meeting to issue of draft report	16.4	12.9	12.5	15.9	14.4	20
Average number of days from response to issue of final report	7.4	3.5	3.10	4.0	4.5	5
Return of client questionnaires	75%	42%	25%	100%	61%	70%
Client questionnaires responses as satisfied	100%	100%	100%	100%	100%	95%
Proportion of audit plan completed					79%	75%
Chargeable audit days					76%	70%

Appendix A: Internal Audit Opinions and Recommendations 2011/12

Auditable Area	Audit Opinions				Number of Recommendations made				
	Limited	Adequate	Substantial	In Total	Fundamental	Significant	Merits Attention	In Total	Agreed
Corporate	2	1	0	3	0	21	4	25	25
Finance	4	3	2	9	4	48	53	105	105
Legal and Democratic	1	0	0	1	2	3	0	5	5
HR&OD	3	1	1	5	2	27	17	46	46
ICT	1	1	3	5	1	6	11	18	18
Community Services	0	5	3	8	0	16	21	37	37
Environment	3	3	2	8	1	54	51	106	106
Lifelong Learning	2	1	1	4	2	9	11	22	22
Total	16	15	12	43	12	184	168	364	364

The definitions for the level of **assurance** that can be given are:

	Level	Effectiveness	Control Adequacy	Control Application
positive opinions	Substantial Assurance	Targets have been met or exceeded.	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
	Adequate Assurance	Targets have been closely missed or there are appropriate reasons as to why they have not been met	Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger.	Controls are applied but with some lapses.
negative opinion	Limited Assurance	Targets have not been met and no reasons are given as to why.	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

Recommendations made during the year have been categorised 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.