

Public Document Pack

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



To: Cllr Alison Halford (Chair)

CS/ST

Councillors: Glyn Banks, Haydn Bateman,
Alan Diskin, Tim Newhouse, Ian Roberts and
Arnold Woolley

18 March 2014

Paul Williams

Sharon Thomas 01352 702324
sharon.b.thomas@flintshire.gov.uk

Dear Sir / Madam

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **WEDNESDAY, 26TH MARCH, 2014** at **10.00 AM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

AGENDA

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
- 3 **MINUTES** (Pages 1 - 10)
To confirm as a correct record the minutes of the meeting held on 29 January 2014 (copy enclosed).
- 4 **WALES AUDIT OFFICE - ANNUAL FINANCIAL AUDIT OUTLINE 2013/14**
(Pages 11 - 44)
Report of Head of Finance enclosed.

County Hall, Mold. CH7 6NA
Tel. 01352 702400 DX 708591 Mold 4
www.flintshire.gov.uk
Neuadd y Sir, Yr Wyddgrug. CH7 6NR
Ffôn 01352 702400 DX 708591 Mold 4
www.siryfflint.gov.uk

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

- 5 **TREASURY MANAGEMENT UPDATE 2013/14** (Pages 45 - 54)
Report of Head of Finance enclosed.
- 6 **INTERNAL AUDIT PROGRESS REPORT** (Pages 55 - 90)
Report of Head of Finance enclosed.
- 7 **INTERNAL AUDIT STRATEGIC PLAN** (Pages 91 - 114)
Report of Head of Finance enclosed.
- 8 **WHISTLEBLOWING POLICY** (Pages 115 - 124)
Report of Head of Finance enclosed.
- 9 **DATA PROTECTION AUDIT BY THE INFORMATION COMMISSIONER'S OFFICE** (Pages 125 - 150)
Report of Head of Legal and Democratic Services enclosed.
- 10 **ACTION TRACKING** (Pages 151 - 158)
Report of Head of Finance enclosed.
- 11 **FORWARD WORK PROGRAMME** (Pages 159 - 162)
Report of Head of Finance enclosed.

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

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

Disclosure at this time would be prejudicial to the ongoing disciplinary investigation and therefore not in the public interest.

- 12 **EMPTY HOMES SCHEME** (Pages 163 - 224)
Report of Head of Finance enclosed.

AUDIT COMMITTEE **29 JANUARY 2014**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 29 January 2014

PRESENT: Councillor Alison Halford (Chair)

Councillors: Glyn Banks, Haydn Bateman, Tim Newhouse, Ian Roberts and Arnold Woolley

LAY MEMBER: Mr Paul Williams

APOLOGY: Councillor Alan Diskin

IN ATTENDANCE:

Chief Executive, Head of Finance, Head of Legal & Democratic Services, Internal Audit Manager, Democracy & Governance Manager and Committee Officer

Ms. Amanda Hughes of Wales Audit Office

Mr. Huw Lloyd-Jones of Wales Audit Office (for minute number 67)

Finance Manager - Technical Accountancy (for minute numbers 69 and 70)

65. DECLARATIONS OF INTEREST

No declarations of interest were made.

66. MINUTES

The minutes of the meeting of the Committee held on 18 December 2013 were submitted.

Matters Arising

Minute 61: Size of Audit Committee - In response to clarification sought by Councillor Tim Newhouse on where this matter was to be considered, the Head of Legal & Democratic Services explained that as a change to the Constitution may be required, this would need to be referred to the Constitution Committee on 26 March 2014 to seek a recommendation to full Council.

RESOLVED:

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

67. IMPROVEMENT ASSESSMENT LETTER FROM THE AUDITOR GENERAL FOR WALES

The Chief Executive introduced the report to advise Members of the Council's recent Improvement Assessment Letter from the Auditor General for Wales and to note the Executive response. The Letter and response had been

endorsed by both Cabinet and the Corporate Resources Overview & Scrutiny Committee. In welcoming the fact that no new statutory recommendations had been made, the Chief Executive explained that the previously received Letter from Wales Audit Office (WAO) had reflected on the Council's duties under the Improvement Plan whereas this second Letter was retrospective in commenting on the Council's duties of annual reporting on performance.

Mr. Huw Lloyd-Jones of WAO confirmed the view that the Council had discharged its improvement reporting duties under the Measure. Areas were suggested where the Council could strengthen its arrangements to comply with the guidance. He explained that whilst the Letter provided an assessment of the Council's report of its performance for 2012/13, changes put in place since that time had greatly improved the format and content of the 2013/14 Improvement Plan and should consequently improve the reporting of performance in 2013/14. He was satisfied with the Council's response to the Letter and highlighted the remark that 'public interest in these types of plans was low so promotional activity should be kept in proportion'. Following a request for examples of effective feedback arrangements, he stressed the importance of recognising the willingness of the public to provide feedback.

The Chief Executive said that the new Improvement Plan was more effective and had received positive feedback from partners and members of the public. Although there was a high level of engagement with the public on issues such as housing, education and social care, this was not expected to be the case on matters of general interest such as the Council's Improvement Plan.

Mr. Lloyd-Jones said that this area of work under the Local Government Measure 2009 was focussed on compliance and recognised the various priorities of the Council in terms of service delivery and financial challenges.

In response to a query from the Chair on the suggestion for more information on the impact of the Council's collaborative activity, the Chief Executive explained that this was about seeking a better description and was not a view on the Council's performance on collaboration.

Mr. Paul Williams questioned the value of the Letter as this was a retrospective view. The Chief Executive explained that consideration of the Letter was a statutory requirement.

RESOLVED:

That the report and Council's response be noted.

68. RISK MANAGEMENT UPDATE

The Chief Executive introduced the update report on the improved risk management approach as part of streamlining and integrating the business planning arrangements. In reporting that the improvements were operating successfully, he welcomed any feedback from Members on further changes and drew attention to the best practice template example for one of the Improvement

sub-priorities appended to the report as a more effective and timely reporting tool on major priorities and in-year risks. Also included was an overview of risks associated with the priorities set out in the Improvement Plan.

In response to the comment from Mr. Paul Williams under the previous agenda item, the Chief Executive explained that the Improvement Plan for 2013/14 had been subject to a mid-year review. The review gave assurance that overall performance was very strong.

Queries were raised by Councillor Haydn Bateman on the risks from the provision of affordable housing. The Chief Executive explained that some risks were beyond the control of the Council and were dependent on the economic mix of housing required within the construction industry. Following a question from the Chair on the risk to keep up with demand for alternative housing models for an ageing population, the Chief Executive explained that this related to extra care housing. Whilst the provision at Llys Eleanor and Llys Jasmine had proved successful, grant funding has now ceased and options were being explored for similar quality provision in Flint and Holywell through a self-funding model, without grant funding, to meet the growing demand.

Councillor Glyn Banks asked if there was scope for the Council to encourage developers to build affordable housing as part of the planning process. The Chief Executive pointed out that the desired mix of housing was not always achieved in the planning process and that the Council could only exercise limited controls. He gave assurance that this topic was under the remit of the Housing Overview & Scrutiny Committee and commented that the move from the Unitary Development Plan (UDP) to Local Development Plan (LDP) could create opportunities. The Head of Legal & Democratic Services added that this was an area where an increased level of affordable housing could be pursued with private developers and that the predicted outcomes had been allocated as 'Green' due to discussion at the Housing Overview & Scrutiny Committee on alternative ways to generate interest. As part of the monitoring role of the Audit Committee, further detail and assurance could be sought from the Housing Overview & Scrutiny Committee.

In commenting on the summary of risks, the Chief Executive drew attention to those under Welfare Reform and pointed out that despite work being undertaken, a 'red' target was indicated due to the long-term impact and unknown consequences.

Following a query from the Chair on the back-office function, the Chief Executive spoke of additional Flintshire Connects facilities planned for Flint, Connah's Quay and Buckley.

Mr. Williams suggested that to help the Committee to monitor trends, an additional column could be used to indicate the date by which it was anticipated the improvement would be made. The Chief Executive agreed that this was a helpful suggestion and would incorporate it.

RESOLVED:

- (a) That the improved risk management approach, as part of streamlining and integrating the business planning arrangements, be endorsed; and
- (b) That the summary of strategic risks as related to the Council's Improvement Priorities be noted.

69. TREASURY MANAGEMENT STRATEGY 2014/15 AND TREASURY MANAGEMENT UPDATE 2013/14

The Finance Manager - Technical Accountancy introduced the draft Treasury Management Strategy 2014/15 for review prior to recommendation to Cabinet. The report also provided an update on matters relating to the Council's 2013/14 Treasury Management Strategy up to the end of December 2013. She gave an overview of the minor changes which had been made to the Strategy for 2014/15 compared with 2013/14 Strategy, as indicated in the report, and referred to the detailed information on loans in Appendix 3 which had been previously requested.

The Chair expressed her appreciation to those who had attended the Treasury Management training session earlier in the week and the excellent presentation which had been received from the Council's Treasury Management advisors, Arlingclose. She went on to thank the Head of Finance and Finance Manager for the report on this complex subject and drew attention to the responsibility of the Committee to scrutinise the Council's borrowing and investment activity.

On the long-term borrowing analysis, Mr. Paul Williams referred to concerns previously raised on the high interest rates of loans and penalty clauses, and said that discussion on this subject at the training session had given assurance that the Council was looking at borrowing from a commercial viewpoint and had built robust processes to review debt into the Strategy, supported by professional advice from Arlingclose.

In response to queries raised by Councillor Haydn Bateman on the Investment Strategy, the Finance Manager explained that the option to invest with providers of social housing was available if an appropriate opportunity should arise during the year. The Strategy also included the option to use an external fund manager, although there were currently no plans to do this.

Councillor Tim Newhouse suggested that the long-term borrowing analysis could identify with an asterisk any loans which were as a result of rescheduling to clarify that these were not new loans. The Finance Manager confirmed that the additional information would be incorporated in the table and that previously requested details on LOBOS (market fixed rate loans) would be included in the update report to the next meeting. A further suggestion was made by Councillor Newhouse that with professional advice, the Council could explore investment in a particular bank, with the request for branch presence in a local area. The Head of Finance explained that treasury management decisions were in relation to risk and

return and that banking arrangements were a separate matter. The Chair said that this suggestion would be noted by officers.

The Chief Executive spoke of the need for a balance to be creative with investments with consideration of security and rates of return for the Council's surplus funds. In response to comments on the potential for Local Government reorganisation, he pointed out that in the event of any agreement, individual Councils would need to reconsider their policies on liability and structure, however this was not currently an issue.

Councillor Newhouse stated that the treasury management training had confirmed that charges incurred in the early repayment of PWLB fixed loans were prohibitive whereas possibly this was not the case with LOBOS loans. The Head of Finance agreed that options to reschedule debt in a cost-effective way were limited but reminded Members that borrowing had resulted from necessary Council policy decisions and that the best rates had been sought according to the varying economic cycles at the time.

Mr. Williams explained that he had spoken with the Finance Manager about the inclusion of 'any other organisation' in the list of investment criteria and limits (Table 4) and had suggested that the wording be expanded to give assurance of safeguards from risk. The Finance Manager acknowledged that this was a change in the Strategy and could be removed if Members wished, however there were no current plans in place to progress this investment option and the amounts were minimal. The Chief Executive gave his view that this new investment opportunity posed a different risk therefore should remain in the Strategy with the assurance that this would not be pursued without further discussion on policy framework and risk assessment.

On the long-term borrowing analysis, Councillor Arnold Woolley suggested that it might be helpful to identify the purpose for which the loans were taken and to split the total figure to show those with supported funding from Welsh Government (WG). Whilst the Head of Finance agreed that consideration was needed on the context of the information to aid understanding, loans were not allocated to specific projects and were related to the rolling capital programme of work, hence that level of detail could not be given. The Finance Manager explained that the loans needed to be considered in the wider context of the Council's capital assets which were valued at circa £800m at the last balance sheet date. She further explained that WG recognised the need for all Councils to borrow through the Revenue Support Grant, with the supported borrowing figure for the next financial year in the region of £4.2m.

When asked by the Chair if reasons could be given for the last five PWLB loans on the long-term borrowing analysis, the Finance Manager confirmed that all five had been as a result of debt rescheduling and were not new loans.

Councillor Ian Roberts questioned the value of advice given by credit rating agencies in relation to Landsbanki and whilst agreeing with the suggestion made by Councillor Newhouse for greater presence of bank branches for local residents, referred to the closure of local NatWest branches. He asked if consideration could

be given to investment in Credit Unions to provide a source of credit for individuals in need thus avoiding the use of more costly alternative institutions.

The Head of Finance spoke about the need to balance the social responsibilities of the Council together with securely investing its surplus funds through the treasury management function, and the potential for policy decisions to combine the two.

The Chief Executive suggested exploring such investments with due consideration to security and rates of return, adding that the option for investment with other organisations could generate modest return for the Council's investments, whilst making a significant difference to those organisations.

Councillor Glyn Banks suggested that the final two organisations listed on the investment criteria could be separated.

Following the earlier suggestion from Councillor Woolley on the presentation of the long-term borrowing analysis, Councillor Newhouse asked if information could be provided to highlight some of the more interesting areas of spend, such as schools.

On recommendation 4.01 of the report, Councillor Woolley proposed that the Committee request that Cabinet follow up the suggestion from Councillor Roberts to look into investing with Credit Unions for the economic benefit of the people of Flintshire. This was duly seconded by Councillor Roberts and on being put to the vote, was carried.

RESOLVED:

- (a) That the draft Treasury Management Strategy 2014/15 be recommended to Cabinet on 18 February 2014 with a request to look into investing with Credit Unions for the economic benefit of the people of Flintshire; and
- (b) That the Treasury Management 2013/14 quarterly update be noted.

70. COUNCIL BANKING ARRANGEMENTS

The Finance Manager - Technical Accountancy introduced the progress report on preparations to tender the Council's banking arrangements as the current contract was due to expire in May 2014. She provided details of the method used for tendering and explained that delays had been incurred in the tender exercise being carried out by Eastern Shires Purchasing Organisation meant that arrangements with the current provider, Nat West, would continue on a monthly rolling basis until the new contract was in place, thus avoiding any risk from loss of service provision to the Council.

A cross-directorate group of senior officers had been established to consider future banking requirements for all Council establishments in a wider context, along with more efficient and modern methods of dealing with petty cash. However, it was recognised that due to the increasing number of bank branch

closures across the UK, it was likely that this could have an impact on the Council during the course of the three year banking contract.

Councillor Ian Roberts explained that the issue had arisen as a result of the closure of one third of Nat West branches in Flintshire and that no prior warning of this had caused inconvenience for schools using these services, resulting in alternative services being put in place. On consideration of the handling of petty cash, he felt that the use of other local banking facilities, including post offices, would be more convenient to schools, particularly those sited in villages. He went on to say that the contract for the Council's banking services should include provision for branch presence in the county.

The Finance Manager agreed but pointed out the cost implications of dealing with cash as opposed to more modern methods. She added that consideration could be given to including criteria within the contract to ensure that the Council was notified in advance of any branch closures.

Mr. Paul Williams said that split banking arrangements could be considered including use of building societies and suggested that the regular 'bullion' run could be utilised to include any cash collected by schools.

In response to questions from Councillor Tim Newhouse, the Finance Manager was unable to give an accurate date when the new arrangements would be in place but would provide a separate response to the Committee on the value of the bank contract.

In reference to earlier comments from Councillor Roberts, Councillor Glyn Banks said that it may be useful for the successful bank tenderer to agree to a paying-in system in post offices.

Following comments from Councillor Arnold Woolley on the Government's drive for schools to use cashless systems for school meal payments, Councillor Roberts said that this was not the case for smaller rural schools and that the cost implications of investing in such facilities at all schools would be significant. While acknowledging the need to modernise ways of working, he felt it was reasonable to expect banks to change their practices for the convenience of all. Councillor Roberts made a proposal to welcome greater flexibility at a local level and to consider the inclusion of the provision for alternative arrangements on paying-in and obtaining cash as part of the bank tender. This was seconded by the Chair and on being put to the vote, was carried.

RESOLVED:

That the Committee welcome greater flexibility at a local level and to consider the inclusion of the provision for alternative arrangements on paying-in and obtaining cash in the bank tender.

71. ANNUAL REPORT ON EXTERNAL INSPECTIONS

The Democracy & Governance Manager presented the first annual report detailing reports received from external auditors, other regulators and inspectors. At a meeting between the Committee and Overview & Scrutiny Chairs and Vice-Chairs, it had been agreed that existing practices could be improved upon by maintaining a record of progress on such reports to give assurance of the effective reporting arrangements already in place. A list of reports issued in 2013 included those from the Wales Audit Office (WAO) all of which had been received by the Committee.

The Chief Executive explained that this was the first annual report in which information was collated on existing practices for reporting arrangements, which reflected responsibilities of Cabinet, Audit Committee and Overview & Scrutiny for the consideration of these external reports without exception. The Council had been operating a protocol in publicly reporting all regulatory reports with a full corporate response for a number of years.

Ms. Amanda Hughes of WAO commented that the report provided the Committee with a useful summary of report monitoring.

RESOLVED:

That the approach to dealing with reports by external audits, other regulators and inspectors in 2013 be noted.

72. PROTOCOL ON COLLABORATION

The Chief Executive introduced a report to seek approval of the updated protocol on collaboration, which had been extended to incorporate the roles of the Audit Committee and Overview & Scrutiny to ensure consistency and transparency on the reporting of collaboration projects. In highlighting the proposed amendments to the protocol, he reminded the Committee that it was able to raise any issues of clarity on specific projects to give assurance on governance arrangements.

In response to a query from the Chair on regional scrutiny post-implementation, the Chief Executive explained that there were currently a small number of large regional collaborative projects whose performance was scrutinised by each individual Council.

RESOLVED:

That the protocol be approved.

73. AUDIT CHARTER UPDATE

The Internal Audit Manager presented a report for the Committee to give consideration to a specific sentence within the Internal Audit Charter, as requested by the Constitution Committee. He advised that the sentence related to the use of

audit staff on non-audit work in emergency situations, and had been included in the Charter since 2002 although not acted upon. He sought views from the Committee on whether the sentence should be deleted or remain, with or without additional wording to give clarification.

The Chair's view was that the sentence should be retained with the additional suggested wording in Option 3 of the report. Councillor Haydn Bateman proposed this with the wording changed to reflect that 'if such a call is made, the decision to allocate resources will be the Internal Audit Manager's but that the S151 officer and Audit Committee Chair or Vice-Chair to be advised'.

Following a suggestion from Councillor Glyn Banks to include the Monitoring Officer or Wales Audit Office in the approval process, the Chair said that a more balanced view was for this to be the responsibility of the Internal Audit Manager with the additional individuals included as a safeguard.

Councillor Arnold Woolley stated his preference for Option 1 to remove the sentence altogether, to which Councillor Tim Newhouse was in agreement.

Mr. Paul Williams favoured Options 1 or 3 and pointed out that although a situation had not arisen for the sentence to be brought to action, the increasing pressure on the Council and its resources may present a situation where the sentence could apply. On being asked for his view, the Internal Audit Manager agreed with the options to delete or amend the sentence.

The Chair seconded the proposal from Councillor Bateman. On being put to the vote, was carried by five votes for and two against.

RESOLVED:

That the sentence be retained in the Internal Audit Charter with an additional sentence 'If such a call is made, the decision to allocate resources will be the Internal Audit Manager's but that the S151 officer and Audit Committee Chair or Vice-Chair to be advised.

74. ACTION TRACKING

The Internal Audit Manager presented an update report on actions carried out to date from points raised at previous Audit Committee meetings. He explained that the report had been deferred from the last meeting and all actions due by this date had been completed.

At the previous meeting on 18 December 2013 during discussion on one of the new investigation referrals, the Head of Finance had agreed to update the Committee on work being carried out to establish why the potential fraud incident had not been identified at an earlier stage. Since the meeting, she had received a detailed report from the Internal Audit Manager and Pensions Manager indicating that matters had come to the attention of the Council in 2011 and that subsequent action taken had failed to halt the incident. In conclusion, the Head of Finance stated her satisfaction that a number of improvements proposed by Internal Audit

had been actioned within the Pensions team and Internal Audit to help identify any similar issues in the future.

Councillor Tim Newhouse provided an update on problems he had experienced with the delivery of email between two of his three private email addresses and the Council. Having discussed the problem with the Head of ICT & Customer Services, he was concerned that members of the public may have experienced the same problem and would be unaware whether or not their emails had been delivered to the Council.

The Chair suggested that the Head of ICT & Customer Services be requested to investigate the problem and provide advice on a solution.

Councillor Glyn Banks referred to the two actions where a response had been provided to queries raised by Councillor Haydn Bateman and asked if this could be shared with the Committee and this was confirmed.

RESOLVED:

That the report be accepted.

75. FORWARD WORK PROGRAMME

The Internal Audit Manager presented the report to consider the Forward Work Programme for the next year and advised that in consultation with the Chair, an additional meeting would be arranged between the meetings in March and June 2014 to split the number of items scheduled for those two meetings.

In response to a query from the Chair on delegated responsibilities, the Democracy & Governance Manager explained that these were set out in the Constitution which was available on the Council's Infonet. The Chair said that she would pursue a paper copy outside the meeting.

RESOLVED:

That the Forward Work Programme be approved, with an additional meeting to be arranged in April/May 2014.

76. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

There was one member of the press and one member of the public in attendance.

The meeting commenced at 10.00am and finished at 12.20pm

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Chair

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 26 MARCH 2014**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **WALES AUDIT OFFICE - ANNUAL FINANCIAL AUDIT
OUTLINE 2013/14**

1.00 PURPOSE OF REPORT

1.01 To provide the Audit Committee with the Wales Audit Office - Annual Financial Audit outline for the audit of the Council's accounts for 2013/14 and those of the Clwyd Pension Fund.

2.00 BACKGROUND

2.01 Under the provisions of the Public Audit (Wales) Act 2004 the Auditor General is responsible for appointing external auditors (Appointed Auditors) to local government bodies.

3.00 CONSIDERATIONS

3.01 This Annual Financial Audit Outline has been prepared to meet the requirements of auditing standards and proper audit practices. It provides Flintshire County Council (the Council) with an outline of the financial audit work required for the 2013/14 financial statements. It has been prepared by John Herniman on behalf of the Appointed Auditor.

3.02 The Appointed Auditor is required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the Council, satisfying himself that the accounts:

- Give a true and fair view of the Council financial position
- Comply with all relevant legislative requirements; and
- Have been prepared in accordance with proper accounting practices.

3.03 The Appointed Auditor is also required to:

- Satisfy himself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- Certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.

- 3.04 The outline for the Flintshire County Council element of the work is attached at Appendix 1.
- 3.05 The outline for the Clwyd Pension Fund is attached at Appendix 2.
- 3.06 A programme is being agreed with the Wales Audit Office for the annual audit which will commence in July.
- 3.07 The draft financial statements will be reported to the Audit Committee in July 2014.
- 3.08 The final audited accounts for Flintshire and the Clwyd Pension Fund will be considered by the Audit Committee for recommendation to Council before the deadline of 30th September 2014.

4.00 RECOMMENDATIONS

- 4.01 The Audit Committee is requested to note the report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 For the reasons outlined in paragraphs 26 to 28 of Appendix 1 at this time it is not possible to provide an estimate of the fee for 2013/14 financial audit work.
- 5.02 In addition to the main audit, the Auditor General is required to recover, in respect of each grant or return, an amount that covers the full cost of the relevant work undertaken in relation to the audit of grants.
- 5.03 The fees for the Clwyd Pension Fund work are charged directly to the Fund.

6.00 ANTI POVERTY IMPACT

- 6.01 There are no direct implications in relation to this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 There are no direct implications in relation to this report.

8.00 EQUALITIES IMPACT

- 8.01 There are no direct implications in relation to this report.

9.00 PERSONNEL IMPLICATIONS

- 9.01 There are no direct implications in relation to this report.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

Appendix 1: "Financial Audit Outline Flintshire County Council"

Appendix 2: "Financial Audit Outline - Clwyd Pension Fund"

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

As Appendix 1 and 2.

Contact Officer: Liz Thomas
Telephone: 01352 702289
Email: liz.thomas@flintshire.gov.uk

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

Annual Financial Audit Outline

Flintshire County Council

Audit year: 2013-14

Issued: March 2014

Document reference: 192A2014

Status of document

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

To the maximum extent permitted by law, the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor do not accept any liability for losses incurred by any member, officer or other employee in their individual capacity, or any third party arising from use of this document.

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.

This document was produced by John Herniman, Amanda Hughes and Ron Parker.

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Annual Financial Audit Outline

Introduction

1. This Annual Financial Audit Outline has been prepared by John Herniman, Engagement Lead on behalf of Anthony Barrett, the Appointed Auditor.
2. As your external auditor my objective is to carry out an audit which discharges my statutory duties as Appointed Auditor and fulfils my obligations under the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are ‘true and fair’; and
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.
3. The purpose of this outline is to explain to you:
 - My audit team’s approach to:
 - the audit of your financial statements for the year ending 31 March 2014 including the significant risks of material misstatement in your financial statements and how we plan to address them; and
 - the assessment of your arrangements for securing economy, efficiency and effectiveness in the use of resources.
 - The planned timetable, fees and audit team.
 - The scope of the audit, our respective responsibilities and how we ensure independence and objectivity in our work.
4. There have been no limitations imposed on me in planning the scope of this audit.

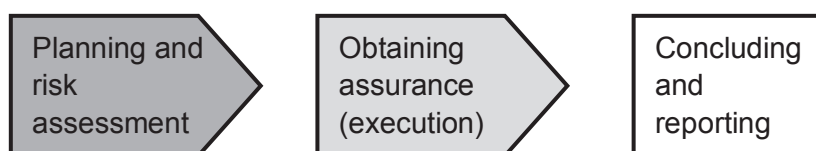
Financial statements audit

5. It is my responsibility to issue a report on the financial statements which includes an opinion on:
 - Whether or not the accounts give a ‘true and fair view’ of Flintshire County Council’s (the Council) financial outturn and position. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
 - The consistency of information in the Explanatory Foreword with the financial statements.
6. My report must also state by exception if the Annual Governance Statement for 2013-14 does not comply with requirements.

Audit approach

7. My team's audit work uses a range of techniques to assess risk and obtain audit evidence and assurance and is based on a thorough understanding of your business. This understanding allows my team to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. Our audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: Our audit approach

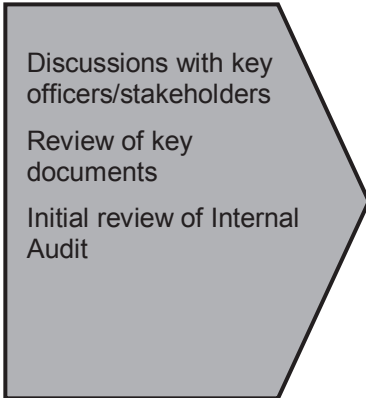


8. The work undertaken in each of these three areas is set out in more detail in [Exhibit 2](#).
9. I do not seek to obtain absolute assurance that the financial statements and related notes are true and fair, but adopt a concept of materiality. In planning and executing the audit, we aim to identify material misstatements in the financial statements and related notes, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee and Flintshire County Council prior to completion of the audit.
10. For reporting purposes, we will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore will not report them.

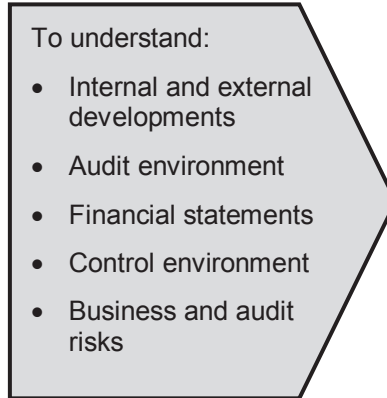
Exhibit 2: Our audit approach

Planning and risk assessment

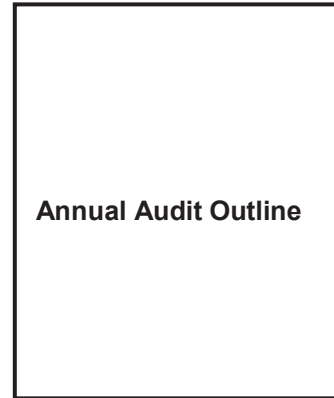
Key tasks



Objectives

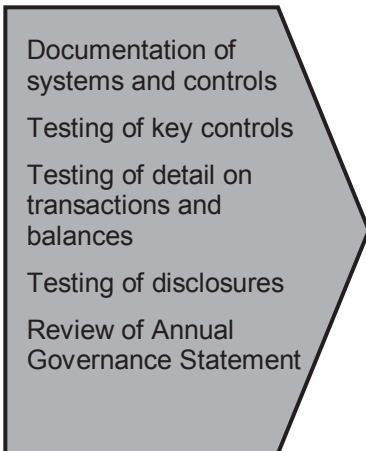


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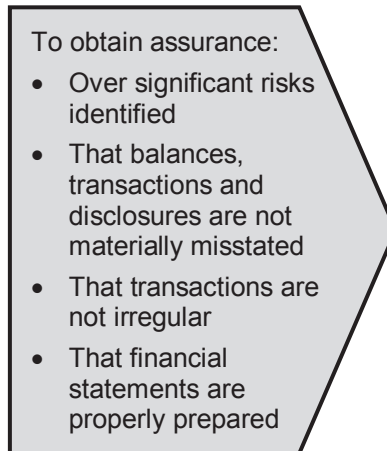


Obtaining assurance (execution)

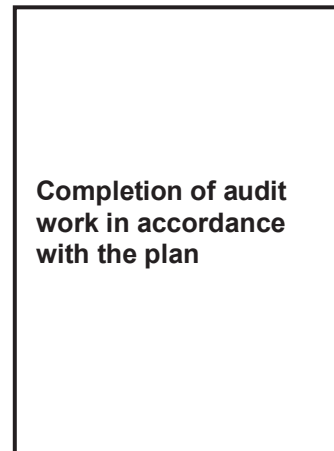
Key tasks



Objectives

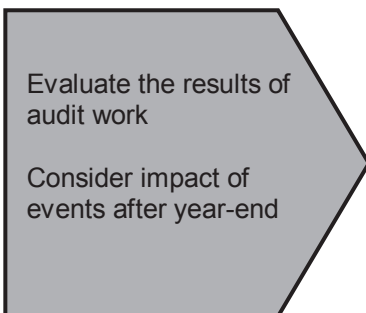


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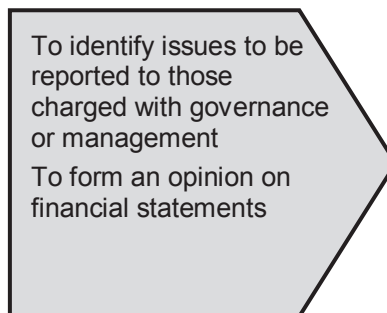


Concluding and reporting

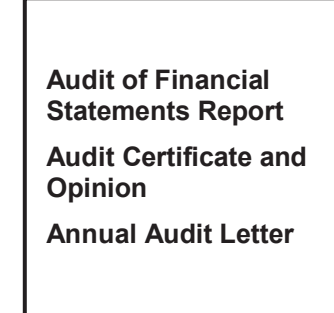
Key tasks



Objectives



Output



-
11. In planning my work and obtaining an understanding of the Council I consider the control environment including the activities of Internal Audit to determine the potential impact of its work on my planned procedures and to evaluate the extent to which I can rely on that work.
12. As part of the planning process, my staff considered the information which would be required to support the accounts submitted for audit. The fees, once agreed, will assume that this information will be provided by the timescales agreed and to the quality standards that we expect. My other main assumptions in setting the estimated fees will be that:
- appropriate accommodation and facilities are provided to enable my audit team to deliver our audit in an efficient manner;
 - the financial statements and supporting working papers have been subject to review and validation by management, to provide the Responsible Financial Officer with assurance that they are 'true and fair';
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit has completed its planned programme of work and that management has taken all necessary remedial action on issues that could have affected the financial statements.

Audit risks and issues

Risks of material misstatement in the accounting statements

13. **Exhibit 3** provides information regarding the main operational and financial risks faced by the Council that could affect my audit. These are the main risks that I have identified during the initial audit planning process, based upon information currently available, and the actions proposed to address them. I may need to change the audit plan if any new risks emerge. I will not make any changes to the audit plan without first discussing them with officers and, where relevant, those charged with governance.

Exhibit 3: Summary of main audit risks and proposed responses

Risks	Action proposed
Control environment risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk. In addition, the Council continues to face significant financial pressures, including funding cuts. The current financial pressures on the Council increase the risk that management judgements and estimates could be biased in an effort to meet its financial challenges.</p>	<p>We will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • focus its testing on areas of the financial statements which could contain reporting bias; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>There is a risk of material misstatement due to fraud in revenue recognition and as such it is viewed as a significant risk</p>	<p>We will review the design and test the operation of controls in the systems relating to:</p> <ul style="list-style-type: none"> • treasury management; • grant income; and • other income sources.
Financial systems risks	
<p>Risk that the Council's high level financial controls are not designed or operating effectively to prevent and detect material misstatements in the financial statements.</p>	<p>We will review the design and test the operation of high level controls in the:</p> <ul style="list-style-type: none"> • main accounting system; • budgetary control system; and • the accounts preparation process.
Preparation of the accounts risks	
<p>Risk of material misstatement in the financial statements arising from the accounting for Non-Current Assets.</p> <p>We have identified a number of issues in previous years which have resulted in material adjustments to the draft financial statements.</p>	<p>We will consider the accounting treatment and disclosure of non-current assets to ensure that issues identified previously have now been addressed.</p>
<p>There is a risk that exit packages paid by the Council do not fully comply with the requirements of the Code and Council policy. Such payments are considered sensitive and material by nature.</p>	<p>We will consider the accounting treatment and disclosure of exit packages.</p>

Risks	Action proposed
<p>The preparation of the Statement of Accounts will involve the estimation of a number of account figures such as provisions for the Council's liabilities (e.g. equal pay claims, legal disputes)</p>	<p>We will review:</p> <ul style="list-style-type: none"> the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; and documentation held to support estimates derived and judgements made, and refer to papers provided in support of them. <p>We will also ensure that appropriate accounting and disclosure requirements are included within the financial statements.</p>
<p>Financial statements risks</p>	
<p>Risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure.</p>	<p>We will undertake a programme of audit testing to address risks identified as part of our planning work and review of the draft financial statements.</p>
<p>We have identified a number of disclosures as being material by nature. These include the disclosure of Related Parties and the Remuneration note.</p>	<p>We will design detailed testing to obtain the required assurance that disclosures identified as material by nature have not been misstated.</p>

Accounting and reporting issues

14. In addition to the significant audit risks set out above, I also need to consider any new financial accounting and reporting requirements which impact on my responsibilities. I summarise the more significant accounting and reporting changes that apply to 2013-14 in [Exhibit 4](#).

Exhibit 4: Significant accounting and reporting changes for 2013-14

Accounting and reporting change
<p>IAS 1 Presentation of Financial Statements</p> <p>The Comprehensive Income and Expenditure Statement has been amended as a result of the June 2011 amendments to IAS 1 <i>Presentation of Financial Statements</i> (where relevant to an authority) and the June 2011 amendments to IAS 19. The requirement for Financing and Investment Income and Expenditure to include 'pensions interest cost and expected return on pensions assets' has been replaced by 'net interest on the net defined benefit liability (asset)'. Financing and Investment Income and Expenditure also now includes 're-measurements of the net defined benefit liability (asset) for long-term employee benefits recognised in accordance with section 6.2'.</p>
<p>IAS 19 Employee Benefits</p> <p>Chapter 6 of the code includes revisions as a result of the June 2011 amendments to IAS 19 <i>Employee Benefits</i>:</p>

-
- amendments to the definitions in section 6.1;
 - updated terminology, amendments to the recognition requirements and clarifications of the disclosure requirements in section 6.2;
 - amendments to the recognition requirements of section 6.3 Termination Benefits and clarification of the disclosure requirements; and
 - amendments to the classification, recognition, measurement and disclosure requirements in section 6.4 Post-employment Benefits.

Use of resources audit

- 15.** To discharge my responsibilities regarding the arrangements that the Council has established to secure economy, efficiency and effectiveness in its use of resources, I shall place reliance upon:
- the results of the audit work undertaken on the financial statements;
 - the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
 - the results of work carried out by the Auditor General, including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
 - the results of the work of other external review bodies where relevant to my responsibilities; and
 - any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

Joint Committee Financial Statements Audit

- 16.** Flintshire County Council is the lead authority for two Joint Committees, namely, the North Wales Residual Waste Joint Committee and Taith, the Regional Transport Consortia.
- 17.** Both Committees are required to prepare financial statements that are subject to audit.
- 18.** My audit approach for the Joint Committees will, in principle, be the same as set out above for the Council.
- 19.** **Exhibit 5** provides information regarding the main operational and financial risks faced by the Joint Committees that could affect my audits.

Exhibit 5: Summary of Joint Committee main audit risks and proposed responses

Risks	Action proposed
North Wales Residual Waste Joint Committee	
The Committee has now recommended, to the partner authorities, its choice for the preferred bidder to meet their landfill diversion requirements.	We will review the developing position as the Joint Committee continues with the procurement process and will consider the potential impact on the Joint Committee financial statements.
Taith – Joint Transport Consortia	
The funding arrangements relating to transport grants from the Welsh Government changed in 2013-14, which resulted in increased financial activity for Taith. As a result Taith's expenditure now exceeds the threshold which requires financial statements to be prepared in accordance with the Code of Practice on Local Government Accounting. Previously Taith was able to complete an Annual Return.	We will review the draft financial statements to ensure that it has been prepared, in all material respects, in accordance with the Code.

20. I will issue my report on the financial statements to the respective committee for consideration prior to the Appointed Auditor issuing his opinion.

Certification of grant claims and returns

21. The Appointed Auditor, acting as an agent of the Auditor General, undertakes certification work on the Council's grant claims and returns in accordance with instructions issued by the Auditor General.
22. In 2012-13 my team audited 30 grant claims and returns. This work will be summarised in a separate report 'Certification of Grants and Returns 2012-13', which will be issued in April 2014.
23. In 2013-14 I expect to audit a similar number of claims, a number of which are complex in nature, namely; the Housing Benefits and Council Tax Benefits claim; the Teachers Pension Return; Communities First grant claims; and, the European Funds claim (North East Wales Town Centre Regeneration Project).

Other work undertaken

24. In addition to my responsibilities in respect of the audit of the body's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the council to support preparation of Whole of Government Accounts.

Auditor General's Regulatory Programme

25. A separate document, the Auditor General's Regulatory Programme for Performance Audit, will be issued setting out the work to be delivered by the Auditor General under the Measure.

Fee, audit team and timetable

Fee

26. We are currently unable to provide you with an estimate of our fee for our 2013-14 audit work.
27. Owing to the requirements of the Public Audit (Wales) Act 2013, we have needed to revise our approach to fee setting. This act introduces a slightly revised fee-setting requirement on the new Wales Audit Office for all our audit work once its provisions come into effect from 1 April 2014. In anticipation of this new requirement, we have needed to take legal advice to clarify a number of its provisions. In the light of that advice, we have reviewed our cost allocation and apportionment processes to ensure that going forward our fee setting will fully comply with these new statutory requirements. This unfortunately has been a time-consuming process. The exercise has now been completed and the Auditor General is currently consulting on his fee scales, which take account of revisions made in anticipation of the new legislation. That consultation provides further information about the new legislative requirements.
28. After the end of the consultation process (28 February 2014), and after considering the consultation responses, we will be able to provide you with an estimate of your fee for 2013-14, which we anticipate being able to do in late March 2014.
29. Planning will be ongoing, and changes to my programme of audit work and therefore my fee may be required if any key new risks emerge. I shall make no changes without first discussing them with the Director of Finance. Further information on the new Wales Audit Office fee scales and fee setting will be provided once finalised.
30. In previous years, there have been no formal objections to the Council's financial statements. However, I do receive a number of queries and items of correspondence from members of the public and other interested parties. A small amount of time will be included within the fee to deal with minor queries, as part of the overall management of the audit.
31. Any detailed investigations or other work required to respond to queries and objections will result in an additional fee. Any such additional fee will be charged at daily rates based on the specific grade or skill mix required for the work, but will be discussed with the Council, prior to undertaking the work.

-
- 32.** The Auditor General is required to recover, in respect of each grant or return, an amount that covers the full cost of the relevant work undertaken. Grant and return certification work is charged on a daily basis in line with the skill-related fee scales set out in the Auditor General's local government fees letter. The fees will reflect the size, complexity and particular issues relating to the specific grants.
- 33.** Further information on the Auditor General's fee scales and fee setting can be found on our website at: www.wao.gov.uk/aboutus/4240.asp.

Audit team

Exhibit 7: My team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Lead – Financial Audit	02920 320566	john.herniman@wao.gov.uk
Amanda Hughes	Financial Audit Manager	07969 919986	amanda.hughes@wao.gov.uk
Ron Parker	Financial Audit Team Leader	01352 702181	ron.parker@wao.gov.uk

- 34.** I can confirm that my team members are all independent of the Council, its officers and its joint committees. I can confirm that there are no known threats to the independence of the Appointed Auditor or other audit staff and I have complied with the Wales Audit Office rotation policy.

Timetable

- 35.** I will provide reports, or other outputs as agreed, to the Audit Committee covering the areas of work identified in this document. My key milestones are set out in [Exhibit 8](#).

Exhibit 8: Timetable

Planned output	Work undertaken	Report finalised
Annual Financial Audit Outline for 2014	December 2013 – February 2014	March 2014
Financial accounts work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Whole of Government Accounts • Financial Accounts Memorandum 	July - September 2014 September 2014 September 2014 September 2014	September 2014 September 2014 September 2014 October 2014
Use of Resources Work	September – October 2014	November 2014
Annual Audit Letter 2014	October 2014	November 2014

Appendix 1

Roles and responsibilities

This Annual Financial Audit Outline has been prepared to meet the requirements of auditing standards and proper audit practices. It provides Flintshire County Council (the Council) with an outline of the financial audit work required for the 2013-14 financial statements.

The Public Audit (Wales) Act 2013 (the 2013 Act) sets out that the Auditor General is to be the auditor of local government bodies in Wales. The 2013 Act does, however, provide transitional arrangements where the appointment of a person as an auditor under section 13 of the Public Audit (Wales) Act 2004 continues to have effect until the end of the period for which the appointment was made (subject to any earlier termination). The Auditor General has appointed me as the auditor of the Council's accounts for the year ending 31 March 2014.

As Appointed Auditor, I am required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the Council. In accordance with professional standards that apply by virtue of the Code of Audit Practice set under the act, this involves giving an opinion on whether the accounts give a true and fair view of the Council's financial position and of its income and expenditure for the year. The act also requires me to satisfy myself of these things:

- that the accounts are prepared in accordance with regulations under section 39 of the act (the Accounts and Audit (Wales) Regulations 2005);
- that the accounts comply with the requirements of all other statutory provisions applicable to them;
- that proper practices have been observed in the compilation of the accounts; and
- that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

I am also required to certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.

The audit does not relieve the Council of its responsibility to:

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

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts.

The Auditor General is required to certify certain grant claims and returns. The Appointed Auditor, acting as an agent of the Auditor General, undertakes the audit work relating to those claims and returns.



WALES AUDIT OFFICE

SWYDDFA ARCHWILIO CYMRU

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Tel: 029 2032 0500

Ffôn: 029 2032 0500

Fax: 029 2032 0600

Ffacs: 029 2032 0600

Textphone: 029 2032 0660

Ffôn Testun: 029 2032 0660

E-mail: info@wao.gov.uk

E-bost: info@wao.gov.uk

Website: www.wao.gov.uk

Gwefan: www.wao.gov.uk



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Financial Audit Outline

Clwyd Pension Fund

Audit year: 2013-14

Issued: March 2014

Document reference: 193A2014

Status of document

This document has been prepared for the internal use of Clwyd Pension Fund as part of work performed/to be performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

To the maximum extent permitted by law, the Wales Audit Office (the Auditor General and his staff) and, where applicable, the appointed auditor do not accept any liability for losses incurred by any member, officer or other employee in their individual capacity, or any third party arising from use of this document.

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.

This document was produced by John Herniman, Amanda Hughes and Ron Parker.

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Annual Financial Audit Outline

Introduction

1. This Annual Financial Audit Outline has been prepared by John Herniman on behalf of Anthony Barrett, the Appointed Auditor.
2. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Appointed Auditor and fulfils my obligations under the Code of Audit Practice to examine and certify whether the Clywd Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
3. The purpose of this outline is to explain to you:
 - my audit team's approach to the audit of your Pension Fund accounting statements for the year ending 31 March 2014 including the significant risks of material misstatements in your accounting statements and how we plan to address them;
 - the planned timetable, fees and audit team; and
 - the scope of the audit, our respective responsibilities and how we ensure independence and objectivity in our work.
4. There have been no limitations imposed on me in planning the scope of this audit.

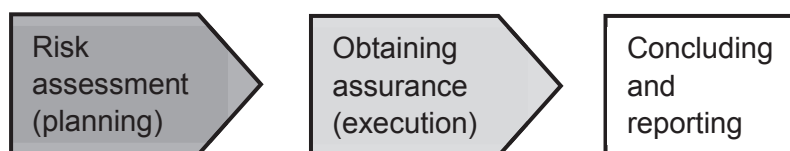
Audit of Pension Fund accounts

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

Audit approach

6. My team's audit work uses a range of techniques to assess risk and obtain audit evidence and assurance, and is based on a thorough understanding of your business. This understanding allows my team to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. Our audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: Our audit approach

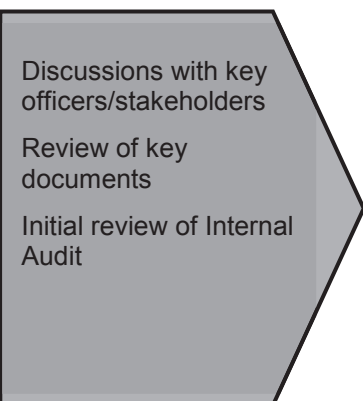


7. The work we undertake in each of these three areas is set out in more detail in [Exhibit 2](#).
8. I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair, but adopt a concept of materiality. In planning and executing the audit, we aim to identify material misstatements in the accounts and related notes, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee and to Flintshire County Council as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
9. For reporting purposes we will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore will not report them.

Exhibit 2: Our audit approach

Risk assessment (planning)

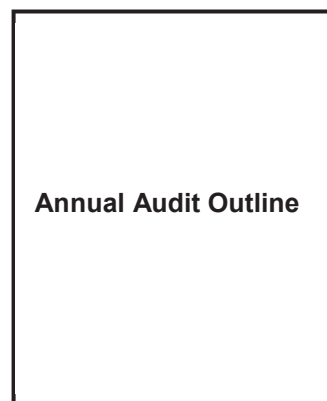
Key tasks



Objectives

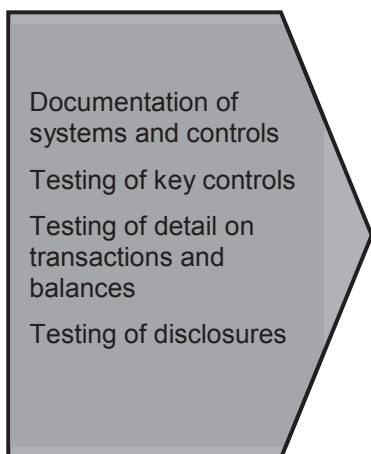


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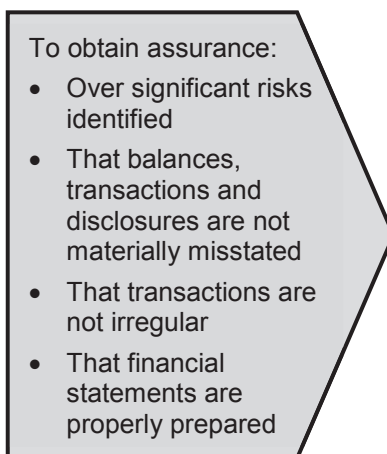


Obtaining assurance (execution)

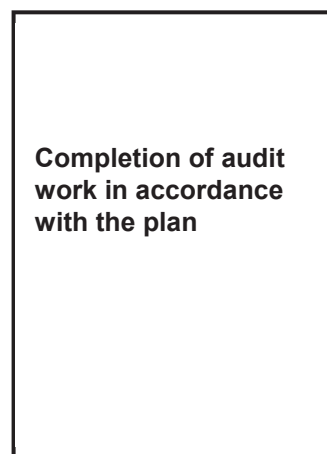
Key tasks



Objectives

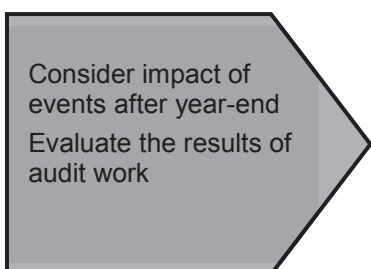


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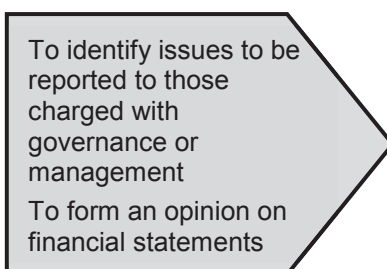


Concluding and reporting

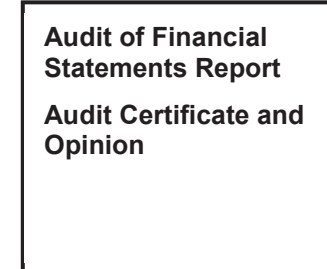
Key tasks



Objectives



Output



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10. In planning my work and obtaining an understanding of the Pension Fund, I consider the control environment including the activities of Internal Audit to determine the potential impact of its work on my planned procedures and to evaluate the extent to which I can rely on that work.
11. As part of the planning process, my staff considered the information which would be required to support the accounts submitted for audit. The fees, once agreed, will assume that this information will be provided by the timescales agreed and to the quality standards that we expect. My other main assumptions in setting the estimated fees will be that :
- appropriate accommodation and facilities are provided to enable my audit team to deliver our audit in an efficient manner;
 - the financial statements and supporting working papers have been subject to review and validation by management, to provide the Responsible Financial Officer with assurance that they are 'true and fair';
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit has completed its planned programme of work and that management has taken all necessary remedial action on issues that could have affected the financial statements.

Audit risks

12. **Exhibit 3** provides information regarding the main operational and financial risks faced by the Pension Fund that could affect my audit. These are the main risks that I have identified during the initial audit planning process, based upon information currently available, and the actions proposed to address them. I may need to change the audit plan if any new risks emerge. I will not make any changes to the audit plan without first discussing them with officers and, where relevant, those charged with governance.

Exhibit 3: Summary of main audit risks and proposed responses

Risks	Action proposed
Control environment risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> test the appropriateness of journal entries and other adjustments made in preparing the financial statements; focus its testing on areas of the financial statements which could contain reporting bias; and evaluate the rationale for any significant transactions outside the normal course of business.
<p>In 2012-13 we were aware that there were staffing shortages within the pensions administration section. Whilst we believe that this has now been resolved there is a risk that this had an impact on the timely processing of pensions administration tasks which may affect the transactions within the financial statements.</p>	<p>We will review the Council's closedown procedures and liaise with the Head of Pensions to consider whether previous capacity issues give rise to specific accounts risks.</p>
Financial systems risks	
<p>Risk that the Council's high level financial controls are not designed or operating effectively to prevent and detect material misstatements in the financial statements.</p>	<p>We will review the design and test the operation of high level controls in the:</p> <ul style="list-style-type: none"> main accounting system; budgetary control system; and the accounts preparation process.
<p>As part of its portfolio, the Pension Fund has substantial holdings in unquoted investments (approximately £262.5 million in 2012-13). These are accounted for at fair value determined by valuations provided by fund managers.</p>	<p>We will assess whether the information provided by fund managers and their auditors adequately support the year-end valuation.</p>
<p>External investment managers are appointed to manage the investment portfolio. Their own systems and records will generate account entries made to the Pension Fund account and net assets statement.</p>	<p>We will obtain direct confirmation from the fund managers of year-end investment balances, and consider whether investment managers' internal control reports indicate specific risks to these balances.</p>

Risks	Action proposed
Preparation of the accounts risks	
The preparation of the Statement of Accounts will involve the estimation of a number of account figures	<p>We will review:</p> <ul style="list-style-type: none"> the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; and documentation held to support estimates derived and judgements made, and refer to papers provided in support of them. <p>We will also ensure that appropriate accounting and disclosure requirements are included within the financial statements.</p>
Financial statements risks	
Risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure.	We will undertake a programme of audit testing to address risks identified as part of our planning work and review of the draft financial statements.

Accounting and reporting issues

13. In addition to the significant audit risks set out above, I also need to consider any new financial accounting and reporting requirements which impact on my responsibilities.
14. There are no significant new financial accounting and reporting requirements that I wish to draw to your attention.

Pension Fund annual report

15. In addition to including the Pension Fund accounts in their main accounting statements, administering authorities are required to publish a Pension Fund annual report which must include the Pension Fund accounts.
16. I am required to read the Pension Fund annual report and consider whether the information it contains is consistent with the audited Pension Fund accounts included in the Council's main accounting statements.
17. I also issue an audit statement confirming the consistency of the accounts included in the annual report with the audited Pension Fund accounts.

Fee, audit team and timetable

Fee

18. We are currently unable to provide you with an estimate of our fee for our 2013-14 audit work.
19. Owing to the requirements of the Public Audit (Wales) Act 2013, we have needed to revise our approach to fee setting. This act introduces a slightly revised fee-setting requirement on the new Wales Audit Office for all our audit work once its provisions come into effect from 1 April 2014. In anticipation of this new requirement we have needed to take legal advice to clarify a number of its provisions. In the light of that advice, we have reviewed our cost allocation and apportionment processes to ensure that going forward our fee setting will fully comply with these new statutory requirements. This unfortunately has been a time-consuming process. The exercise has now been completed and the Auditor General is currently consulting on his fee scales, which take account of revisions made in anticipation of the new legislation. That consultation provides further information about the new legislative requirements.
20. After the end of the consultation process (28 February 2014), and after considering the consultation responses, we will be able to provide you with an estimate of your fee for 2013-14, which we anticipate being able to do in late March 2014.
21. Planning will be ongoing, and changes to my programme of audit work and therefore my fee may be required if any key new risks emerge. I shall make no changes without first discussing them with the Director of Finance. Further information on the new Wales Audit Office fee scales and fee setting will be provided once finalised.
22. Further information on the Auditor General's fee scales and fee setting can be found on our website at: www.wao.gov.uk/aboutus/4240.asp.

Audit team

Exhibit 4: My team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Lead – Financial Audit	02920 320566	john.herniman@wao.gov.uk
Amanda Hughes	Financial Audit Manager	07969 919986	amanda.hughes@wao.gov.uk
Ron Parker	Financial Audit Team Leader	01352 702181	ron.parker@wao.gov.uk

23. I can confirm that my team members are all independent of the Pension Fund and its officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

Timetable

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

Exhibit 5: Timetable

Planned output	Work undertaken	Report finalised
Annual Financial Audit Outline for 2014	December 2013 – February 2014	March 2014
Financial accounts work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Pension fund annual report 'consistent with' opinion	July - September 2014 September 2014 October 2014	September 2014 September 2014 November 2014
Annual Audit Letter 2014	October 2014	November 2014

Appendix 1

Roles and responsibilities

The Council is the administering authority of the Pension Fund. This Annual Financial Audit Outline has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the 2013-14 Pension Fund accounts.

The Public Audit (Wales) Act 2013 (the 2013 Act) sets out that the Auditor General is to be the auditor of local government bodies in Wales. The 2013 Act does, however, provide transitional arrangements where the appointment of a person as an auditor under section 13 of the Public Audit (Wales) Act 2004 continues to have effect until the end of the period for which the appointment was made (subject to any earlier termination). The Auditor General has appointed me as the auditor of the Pension Fund accounts for the year ending 31 March 2014.

As Appointed Auditor, I am required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the Pension Fund. In accordance with professional standards that apply by virtue of the Code of Audit Practice set under the act, this involves giving an opinion on whether the accounts give a true and fair view of the Pension Fund's financial transactions and of the amount and disposition of the fund's assets and liabilities. The act also requires me to satisfy myself of these things:

- that the accounts are prepared in accordance with regulations under section 39 of the act (the Accounts and Audit (Wales) Regulations 2005);
- that the accounts comply with the requirements of all other statutory provisions applicable to them; and
- that proper practices have been observed in the compilation of the accounts.

I am also required to certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.

The audit does not relieve the Council of its responsibility regarding the Pension Fund to:

- establish systems of internal control to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.



WALES AUDIT OFFICE

SWYDDFA ARCHWILIO CYMRU

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Tel: 029 2032 0500

Ffôn: 029 2032 0500

Fax: 029 2032 0600

Ffacs: 029 2032 0600

Textphone: 029 2032 0660

Ffôn Testun: 029 2032 0660

E-mail: info@wao.gov.uk

E-bost: info@wao.gov.uk

Website: www.wao.gov.uk

Gwefan: www.wao.gov.uk

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 26 MARCH 2014**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **TREASURY MANAGEMENT UPDATE 2013/14**

1.00 PURPOSE OF REPORT

1.01 To provide members with a quarterly update on matters relating to the Council's 2013/14 Treasury Management Strategy up to the end of February 2014.

2.00 BACKGROUND

2.01 The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy.

2.02 The Audit Committee has previously agreed to include Treasury Management as a standing item on each quarterly agenda to receive an update.

3.00 CONSIDERATIONS

Investments Update.

3.01 A schedule setting out the Council's investments as at 28th February 2014 is attached at Appendix A. It shows a total investment balance of £56.0m spread across 15 counterparties with average interest rates of 0.55%.

3.02 As reported in the 29th January 2014 update the Council is gradually reducing the level of investments with the building society sector. This managed reduction can be seen when comparing the total invested with the sector at the end of December 2013 (£14.9m) to the total as at 28th February (£8.8m). Investments with most building societies are not being re-invested when they mature. New investments are being made mainly with other Local Authorities and Money Market Funds which are, in general, at a lower rate of interest.

Landsbanki

3.03 On the 3rd February 2014, the Council sold its claims against the insolvent estate of LBI (Landsbanki). All Members were notified of the sale by letter on 4th February 2014.

- 3.04 The claims were sold through a competitive auction process. The price at which the claims were sold was based on a reserve price set by the Council on the basis of legal advice received from Bevan Brittan, financial advice procured by the Local Government Association (LGA) and our own analysis of the financial position.
- 3.05 A number of other priority creditors/UK local authorities sold their claims through the same auction process. Each creditor who participated in that process achieved exactly the same auction price.
- 3.06 Members will be aware that the Council had £3.7m invested with LBI when the bank became insolvent in 2008, and that £1.947m had already been returned. The proceeds of the sale were paid in cash in Pounds Sterling and the sale means that the Council recovered 92% of the amounts that were originally deposited, representing a very large portion of the LBI deposits.
- 3.07 The sale of the claims represents a clean break and with the administration of the insolvent estate of LBI likely to continue for several years, removes the uncertainty around the timing of future recoveries. Future distributions could have been made in a number of currencies, including Icelandic Krona, which would have been less advantageous to the Council. As a result of the sale of the claims the Council is now no longer a creditor of LBI.
- 3.08 In order to maximise the position of those creditors taking part in the auction, the arrangements were made, with advice as set out in 3.04 above, by the Head of Finance and the Monitoring Officer. The sale of the claims was undertaken under delegated powers by the Head of Finance under Financial Procedure Rule 9.5, which is to agree the arrangements for the collection of all income due to the Council.

Borrowing Update

- 3.09 Officers, in conjunction with Arlingclose, continue to review and assess any debt restructuring or repayment options that may arise.
- 3.10 Attached at Appendix B is the schedule of all loans that the Council currently owes, amended to incorporate changes agreed at the Audit Committee on 29th January 2014. The schedule is categorised by the loan provider (either PWLB or market) and the interest type (either fixed or variable). The schedule shows per loan the:
- Start Date
 - Principal Outstanding
 - Interest Rate
 - Annual Interest Paid
 - Maturity Date

3.11 Loans marked with an asterisk have been taken out as a result of debt restructuring, where loans are repaid early and replaced with new loans either;

- To ensure that the number of loans the Council has are widely spread in terms of maturity, thus preventing an excessive number of loans needing to be repaid or refinanced in any one year when rates could be high. The debt maturity profile graph included in Treasury Management reports demonstrates Flintshire's appropriately spread loan portfolio.

Or

- To save interest costs by replacing higher rated loans with new loans at lower rates when the premium charged is not prohibitive.

3.12 As previously reported the schedule shows that the rates of interest charged on some loans are high by today's standards, however these loans were taken out at a time when those interest rates were the best available, and current interest rates remain at an all time low. At the Member training session on 27th January 2014, a detailed example of debt restructuring was worked through. Current opportunities for debt restructuring were discussed at the Audit Committee meeting on 29th January 2014. The Committee was satisfied that current premia charged are prohibitive and that processes are in place to review debt and to take debt rescheduling opportunities when appropriate.

LOBOs (Lender's Option Borrower's Option)

3.13 At the January Audit Committee meeting enquiries were made regarding the Council's LOBOs.

3.14 LOBO (Lender's Option, Borrower's Option) loans offer an initial fixed rate period and then enter a period of variable interest for the remainder of the loan. The interest rate is subject to review every 6 months. At this time only, the Lender can insist on a rate change (up or down) and the Council then has the option to accept the new rate or repay the loan.

3.15 Details of the Council's LOBOs are shown in the table below:

	Amount £m	Interest Rate	Start Date	Initial Fixed Period	End date	Annual Interest £
	6.35	4.48%	24.07.07	1 year	24.01.40	284,480
	6.30	4.53%	24.07.07	16 months	24.01.41	285,075
	6.30	4.58%	24.07.07	23 months	24.01.42	288,540
TOTAL	18.95					858,095

3.16 To date, the lender has not exercised their right to change the interest rates; it was able to do so for the first loan in the table above from July 2008. The interest rates are comparable with 25 year fixed rate PWLB loans (4.48% at the time of writing this report). At present the lender will not enter into negotiation regarding the possibility of early repayment, the situation is being monitored by Officers in conjunction with Arlingclose.

3.17 The query at the January Committee in particular asked what process would be followed were the lender to increase interest rates by a modest 25 basis points (bps) (0.25%) or to a much higher rate of 10%. For the 2 scenarios arising:

1. Increase of 25 bps – this would increase annual interest by £47,375 to £905,470.
2. Increase to 10% – this would increase annual interest by £1.037m to £1.895m.

In both instances, the Council would have the option to:

- continue with the loan thus paying the higher rate of interest
- repay the loan, either from reserves or by further borrowing.

In deciding which option to take the considerations would be similar to those when considering debt restructuring, which Members will be familiar with from the training on the 27th January 2014, including:

- Affordability from a budget perspective. The Council will suffer an increase in the amount of interest it has to pay.
- Affordability from a treasury perspective. The Council may or may not have sufficient cash available to repay the loan in full when needed.
- Interest rates on borrowing from other sources at the time.
- The Council's future plans for the use of reserves held and the capital programme.

3.18 Economic Context – provided by Arlingclose Ltd.

The outlook for growth in the Bank of England's Monetary Policy Committee's (MPC) February Inflation Report is stronger than that presented in November. The UK recovery has gained momentum and inflation has returned to the 2% target. Reduced uncertainty, easier credit conditions and loose monetary policy should support continued economic growth.

The headline unemployment rate is likely to reach the MPC's 7% threshold by the spring of this year. Even so, the Committee judges that there remains spare capacity, concentrated in the labour market.

Inflation is likely to remain close to the target over the forecast period. Given this, and with spare capacity remaining, the MPC judges that there remains scope to absorb slack further before raising Bank Rate.

Arlingclose's outlook for rates: Despite unemployment falling much more quickly than expected towards the threshold rate of 7%, further improvement in growth prospects and a benign outlook for inflation, the MPC have made it clear that the Bank Rate will remain low for some time to come. We currently forecast the first rate rise in 2016.

2014/15 Treasury Management Strategy

- 3.19 The Council approved the Treasury Management Strategy 2014/15 on 18th February 2014.

4.00 RECOMMENDATIONS

- 4.01 That Members note the report.

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 Arlingclose Limited.

11.00 CONSULTATION UNDERTAKEN

- 11.01 Arlingclose Limited.

12.00 APPENDICES

Appendix A – Investments Outstanding as at 28th February, 2014.
Appendix B – Schedule of Debt as at 28th February 2014

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

Contact Officer: Liz Thomas
Telephone: 01352 702289
Email: liz.thomas@flintshire.gov.uk

FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

28th FEBRUARY 2014

APPENDIX A

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
ABERDEEN CITY COUNCIL	2.0	02/12/13	17/04/14	0.45%	3,353	Local Auth	1 - 3 months
ABERDEEN CITY COUNCIL	2.0						
BANK OF SCOTLAND	4.0	04/10/13	04/04/14	0.75%	14,959	UK Bank	1 - 3 months
BANK OF SCOTLAND	3.0	05/12/13	05/06/14	0.75%	11,219	UK Bank	3 months+
BANK OF SCOTLAND	7.0						
BARCLAYS	1.7	24/09/13	28/07/14	0.76%	10,881	UK Bank	3 months+
BARCLAYS	1.0	01/10/13	18/09/14	0.82%	7,918	UK Bank	3 months+
BARCLAYS	1.1	02/01/14	18/03/14	0.44%	995	UK Bank	1 month or less
BARCLAYS	1.3	05/02/14	28/03/14	0.39%	708	UK Bank	1 month or less
BARCLAYS	5.1						
BNP PARIBAS	5.9	08/01/14	28/02/14	0.40%	3,338	MMF	1 month or less
BNP PARIBAS	5.9						
GLASGOW CITY COUNCIL	1.0	16/12/13	16/06/14	0.50%	2,493	Local Auth	3 months+
GLASGOW CITY COUNCIL	2.0	02/12/13	01/12/14	0.60%	11,967	Local Auth	3 months+
GLASGOW CITY COUNCIL	2.0	08/11/13	09/11/15	0.95%	38,052	Local Auth	12 months+
GLASGOW CITY COUNCIL	5.0						
HANDELSBANKEN	3.0	03/07/13	28/02/14	0.60%	11,836	Overseas	1 month or less
HANDELSBANKEN	3.0						
IGNIS STERLING LIQUIDITY FUND	5.0	02/04/13	28/02/14	0.44%	19,837	MMF	1 month or less
IGNIS STERLING LIQUIDITY FUND	5.0						
INSIGHT LIQUIDITY FUNDS LLP	1.9	15/11/13	28/02/14	0.41%	2,253	MMF	1 month or less
INSIGHT LIQUIDITY FUNDS LLP	1.9						
LANCASHIRE COUNTY COUNCIL	2.0	05/02/14	05/12/14	0.60%	9,962	Local Auth	3 months+
LANCASHIRE COUNTY COUNCIL	2.0						
MORGAN STANLEY	0.8	06/11/13	28/02/14	0.38%	943	MMF	1 month or less
MORGAN STANLEY	0.8						
NATIONAL WESTMINSTER BANK	5.0	03/04/13	28/02/14	0.50%	22,671	UK Bank	1 month or less
NATIONAL WESTMINSTER BANK	5.0						
NATIONWIDE BUILDING SOCIETY	1.0	03/07/13	17/04/14	0.58%	4,576	UK BS	1 - 3 months
NATIONWIDE BUILDING SOCIETY	2.7	02/01/14	18/03/14	0.44%	2,441	UK BS	1 month or less
NATIONWIDE BUILDING SOCIETY	2.1	05/02/14	28/03/14	0.42%	1,232	UK BS	1 month or less
NATIONWIDE BUILDING SOCIETY	5.8						
PROGRESSIVE BUILDING SOCIETY	1.0	16/09/13	10/03/14	0.65%	3,116	UK BS	1 month or less
PROGRESSIVE BUILDING SOCIETY	2.0	03/10/13	03/04/14	0.65%	6,482	UK BS	1 - 3 months
PROGRESSIVE BUILDING SOCIETY	3.0						
THE HIGHLAND COUNCIL	2.0	05/11/13	28/04/14	0.45%	4,290	Local Auth	1 - 3 months
THE HIGHLAND COUNCIL	2.0						
WAKEFIELD COUNCIL	2.5	06/01/14	07/04/14	0.50%	3,116	Local Auth	1 - 3 months
WAKEFIELD COUNCIL	2.5						
TOTAL	56.0			0.55%	198,642		

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

28th FEBRUARY 2014

APPENDIX A

Type of Investment	Total Amount Invested £m	% of Total Portfolio	Period to Investment Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
Debt Management Office (DMO)	0.0	0%				
UK Bank	17.1	31%	7.4	4	5.7	
UK Building Society (UK BS)	8.8	16%	5.8	3		
Overseas	3.0	5%	3			
Local Authorities	13.5	24%		6.5	5	2
Iceland (Landsbanki)	0.0	0%				
Money Market Funds (MMF)	13.6	24%	13.6			
Total (£)	56.0	100%	29.8	13.5	10.7	2.0
Total (%)			53%	24%	19%	4%

19th FEBRUARY 2014

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

PWLB Fixed Rate Maturity Loans				
20/03/86	2,436,316	9.50	231,450	30/11/25
01/04/86	1,392,181	9.13	127,036	30/11/23
01/04/86	1,218,158	9.13	111,157	30/11/21
24/03/88	696,090	9.13	63,518	30/11/27
25/08/88	696,090	9.50	66,129	31/03/28
26/10/88	870,113	9.25	80,485	30/09/23
26/05/89	1,044,135	9.50	99,193	31/03/25
26/05/89	1,044,135	9.50	99,193	31/03/29
28/09/95	561,642	8.25	46,335	30/09/32
28/09/95	181,120	8.63	15,622	30/09/32
28/09/95	348,045	8.25	28,714	30/09/27
28/09/95	696,090	8.25	57,427	30/09/28
28/09/95	1,740,226	8.25	143,569	30/09/29
28/09/95	1,740,226	8.25	143,569	30/09/30
28/09/95	1,740,226	8.25	143,569	30/09/31
28/09/95	522,068	8.25	43,071	30/09/21
28/09/95	696,090	8.25	57,427	30/09/24
28/09/95	1,740,226	8.25	143,569	30/09/26
28/09/95	1,000,282	8.63	86,274	30/09/22
18/04/97	2,000,000	7.75	155,000	18/10/27
18/04/97	2,000,000	7.75	155,000	18/10/28
18/04/97	2,000,000	7.75	155,000	18/10/29
18/04/97	2,000,000	7.75	155,000	18/10/30
22/05/97	1,600,000	7.38	118,000	22/11/17
* 17/07/97	4,000,000	7.13	285,000	31/03/55
* 17/07/97	4,000,000	7.13	285,000	31/03/56
* 17/07/97	4,492,873	7.13	320,117	31/03/57
* 17/07/97	3,500,000	7.00	245,000	31/03/55
* 17/07/97	3,500,000	7.00	245,000	31/03/56
* 17/07/97	3,278,252	7.00	229,478	31/03/57
* 20/05/98	1,333,332	5.75	76,667	18/04/31
20/05/98	1,050,000	6.00	63,000	18/04/26
09/06/98	2,000,000	5.75	115,000	30/09/32
09/06/98	3,000,000	5.75	172,500	30/09/33
09/06/98	4,000,000	5.75	230,000	30/09/34
17/09/98	3,850,000	5.25	202,125	31/03/58
08/12/98	1,200,000	4.75	57,000	31/03/54
08/12/98	2,500,000	4.75	118,750	31/03/58
08/12/98	4,800,000	4.50	216,000	31/03/54
01/04/99	6,000,000	4.63	277,500	31/03/53
22/04/99	4,000,000	4.50	180,000	31/03/52
* 10/08/99	1,700,000	4.50	76,500	31/03/53
* 10/08/99	3,700,000	4.50	166,500	31/03/52
* 10/08/99	7,700,000	4.50	346,500	31/03/51
* 10/08/99	7,700,000	4.50	346,500	31/03/50
* 10/08/99	7,700,000	4.50	346,500	31/03/49
* 10/08/99	7,700,000	4.50	346,500	31/03/48
05/04/01	2,500,000	4.75	118,750	31/03/25
15/11/01	1,400,000	4.50	63,000	31/03/23
15/11/01	1,350,000	4.50	60,750	31/03/22
* 02/08/05	1,700,000	4.45	75,650	18/04/31
* 02/08/05	4,900,000	4.45	218,050	18/04/32
* 02/08/05	4,600,000	4.45	204,700	18/04/33
* 02/08/05	1,800,000	4.45	80,100	18/04/34
* 02/08/05	2,244,611	4.45	99,885	18/04/35
Total	143,162,527	5.86	8,393,328	

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

PWLB Variable Rate Maturity Loans				
* 05/05/10	10,000,000	0.55	55,000	05/05/20
	10,000,000	0.55	55,000	

Totals				
Fixed Rate	162,112,527		9,251,423	
Variable Rate	10,000,000		55,000	
Grand Total	172,112,527	5.41	9,306,423	

* New loan due to debt restructuring

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY 26 MARCH 2014**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **INTERNAL AUDIT PROGRESS REPORT**

1.00 **PURPOSE OF REPORT**

1.01 To present to members an update on the progress of the internal audit department.

2.00 **BACKGROUND**

2.01 The status of all projects in the 2013/14 plan as at 28th February is shown in Appendix A. The appendix shows the actual number of days spent on each project and the agreed timing for the individual projects where it is known.

2.02 The details of all audits added to the plan or deferred from it are given in Appendix B.

2.03 The details of the outcomes of all reports finalised since the last Audit Committee are shown in Appendix C.

2.04 **Tracking Results**

Appendix D gives a summary of all recommendations tracked since the last committee. For recommendations not completed by the due date it also gives the view of the relevant Director or Head of Corporate Services on the acceptability of the reason for the delay and on the management of the risk that has arisen because of the delay.

2.05 Performance Indicators for the department and for the responses to reports are given in Appendix E.

2.06 An overview of current investigations is given in Appendix F.

3.00 CONSIDERATIONS

3.01 Audit Plan and Resources

It was reported to the meeting in December that the lack of approval to recruit to cover a secondment had impacted on the audit plan. The plan had been reviewed and adjusted to meet current resources. Reductions were made in the number of days allocated to some reviews, while others were been deferred. The changes were made in such a way as to minimise the additional risk incurred as a result of the reduced audit coverage. They were therefore concentrated on the 'Other' or 'Advisory' work. The changes were agreed with the relevant Director or Corporate Head of Service. Appendix A shows progress against the current plan.

3.02 A member of the team has recently handed in his notice. He will be replaced but in the meantime there is a shortfall in resources. At the same time there has been an unusual number of investigations referred to the department. Two part-time members of the team have agreed to increase their hours on a temporary basis. However, the combined effect is that the completion of the audit plan will be delayed this year.

3.03 A list of the audits added to or removed from the plan is given in Appendix B, including the current changes. All of those that were removed during December were considered for the 2014/15 plan in the planning process.

3.04 Three further deletions from the plan have taken place, all as the areas were covered in other ways. At the same time there have been additions as a result of requests from management.

3.05 Final Reports

All reports finalised since the last committee meeting are shown in Appendix C, twenty one in total. Details for the reports on Theatre Clwyd, Equalities, School Closure, Empty Homes, Fees and Charges and Waste and Mineral Planning are given.

3.06 Copies of all final reports are available for Members if they wish to see them.

3.07 Recommendation Implementation

Appendix D shows the responses that have been received when tracking recommendations. Replies have been received for all reports.

Most of the recommendations that were due to be implemented at this time have been completed. The non-implemented recommendations will be tracked again at their new due date.

The more rigorous approach to tracking the recommendations by Internal Audit has continued. For those that have not been implemented on time the relevant Director or Corporate Head of Service is required to confirm that the reason and the new date are both acceptable to them and to report on how the risk is being managed before the recommendation is implemented. This ensures that they are aware of non-implementation and that they are able to take responsibility for the risk. The views of the Directors and Corporate Heads are also shown in Appendix D. As requested previously, the initial implementation dates and the new implementation dates are shown, and there is a column to show the view of Internal Audit.

3.08 Performance Indicators

Appendix E shows the range of performance indicators for the department. During the third quarter the revised ways of working for the department were introduced, as described to previous meetings. The target length of time to issue and respond to reports therefore changed during the quarter so that it was not possible to produce meaningful PI's. These will be reintroduced for quarter four.

3.09 Investigations

Appendix F shows the status of current investigations into alleged fraud or irregularities. There has been an unusual number of new investigations recently which has impacted on the completion of the rest of the audit plan.

4.00 RECOMMENDATIONS

4.01 The committee is requested to consider the report.

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 One leaver, two staff members with increased hours

10.00 CONSULTATION REQUIRED

10.01 None as a direct result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None as a direct result of this report.

12.00 APPENDICES

- 12.01 A Operational Plan 2013/14
B Changes to the Operational Plan 2013/14
C Reports Issued
D Recommendation Implementation
E Performance Indicators
F Investigations

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

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

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
CORPORATE					
Risk	Risk Management	10	10	2	WIP
Risk	NWRWTP	20	5	10	WIP
Risk	Theatre Clwyd	10	10	15	FINAL
Reg	Performance Information	5	5	10	WIP
Other	Lean Team	5	5		MAR
Other	Taith	10	5	4	FINAL
Advisory	Flintshire Futures	10	10	1	WIP
Advisory	Corporate Governance	10	5	5	FINAL
Advisory	Collaborations	10	0	0	
Advisory	Local Partnerships	10	0	3	
		100	55	50	
FINANCE					
Risk	Medium Term Financial Strategy and Plan	5	5		WIP
Risk	Financial Management and Control	15	15	6	WIP
Reg	Main Accounting	30	30	2	WIP
Reg	Housing Benefit	20	20	21	FINAL/WIP
Reg	Council Tax and NNDR	20	20	2	WIP
Other	Corporate Debt Management	15	10	2	WIP
Other	Civica – new cash management system	15	15	32	FINAL
Other	Treasury Management	10	10	5	FINAL
		130	125	70	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
PENSION FUND					
Reg	Pensions Administration and Contributions	15	15	20	DRAFT
Other	Pensions Investment Management and Accounting	15	10	10	DRAFT
		30	25	30	
LEGAL AND DEMOCRATIC SERVICES					
Risk	Data Protection	15	15	12	FINAL
Other	Legal Counsel	10	10	14	DRAFT
Other	Court Dates	10	10	10	FINAL
		35	35	36	
HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT					
Reg	Payroll & HR System	20	20	16	WIP
Other	Absence Management and Return to Work	15	15	2	WIP
Other	Corporate Training	20	10	9	WIP
Other	Equalities	5	5	6	FINAL
Other	Staff Induction	15	0		
Other	Honorariums	15	0		
Other	Overtime Payments	10	10		WIP
Other	Salary Overpayments	10	10	14	DRAFT
Other	I Trent - expenses	10	10	8	WIP
Advisory	Implementation of Single Status	20	30	46	FINAL
Advisory	I Trent - developments	5	0	6	ONGOING
Advisory	Agile Working	5	0		ONGOING
Addition	Payroll – implementation of Single Status	0	20	14	WIP
		150	140	121	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
INFORMATION AND COMMUNICATIONS TECHNOLOGY					
Other	Moodle	15	10	1	WIP
Other	Mobile Devices/Usage	15	0		
Other	Server Licensing	10	10	1	WIP
Addition	ICT Procurement	0	15	15	
Addition	Data Centre 2 Security	0	10	8	
		40	45	25	
PROCUREMENT AND CUSTOMER SERVICES					
Risk	P2P System	20	15	5	WIP
Risk	Flintshire Connects	5	5	2	ONGOING
Other	Corporate Complaints	10	10	1	WIP
		35	30	8	
LIFELONG LEARNING					
Reg	Grants	10	10	13	ONGOING
Other	Leisure Service	20	15	11	FINAL
Other	Pupil/Student Transport	15	15	15	FINAL
Other	Families First	10	10	11	FINAL
Other	School Funds	5	5		WIP
Advisory	Control Awareness Sessions New Heads and Governors	5	0		
Schools	Control and Risk Self-Assessments	15	10	27	COMPLETED
Schools	Risk Based Thematic Reviews / School Audits	40	50	53	WIP
Schools	School Closures/Opening	20	20	22	FINAL
		140	135	152	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
COMMUNITY SERVICES					
Risk	Homelessness	15	0		
Other	Private Rented Sector	15	10	4	WIP
Other	Housing Maintenance System	20	15	32	FINAL
Other	Housing Maintenance Contracts	20	20	27	FINAL
Other	Paris System	15	15	15	WIP
Other	Client Finances	10	0		
Other	POVA	5	5	6	FINAL
Other	Disability Service	20	0		
Other	Commissioning Team	15	10	1	DEFER See App B
Advisory	Adoption Services – Partnership Arrangements	5	5	1	ONGOING
Addition	Mobile Working and Ticket Validation	25	20	28	FINAL
Addition	Empty Homes Scheme And Follow up	10	10	23	FINAL FINAL
		175	110	137	
ENVIRONMENT					
Risk	Integrated Transport Infrastructure	15	15	13	FINAL
Risk	Streetscene	20	20	3	DEFER See App B
Other	Repairs and Maintenance	20	0	1	
Other	Industrial Units	10	10	3	DEFER See App B
Other	Income From Fees and Charges	30	30	29	FINAL
Other	Regeneration	10	5		JAN
Other	Waste Management	20	15	15	WIP
Other	Minerals and Waste Planning	10	10	20	FINAL
		150	105	84	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed start date / Status
CONTRACT AUDIT					
Other	Shotton Schools	10	10	14	FINAL
Other	21 st Century Schools	5	0	1	
		15	10	15	
INVESTIGATIONS, PROVISIONS AND DEVELOPMENT					
	Pro-active fraud work and NFI	50	50	59	ONGOING
	Provision for investigations	300	300	232	ONGOING
	Provision for ad-hoc requests from Directorates	20	20	53	ONGOING
	Follow up reviews	30	30	8	ONGOING
	Audit Development - IDEA	20	0		
	Regional Collaboration	30	10	8	ONGOING
		450	360	360	
	Overall Total	1450	1200	1088	

Definitions

Regulatory work

Work based on the need to satisfy statutory and other requirements, and to demonstrate to external audit that they can rely on the work of internal audit as part of the annual accounts process.

Risk based audits

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

Other

Work based on discussions with management when the audit plan is being produced.

Advisory

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

CHANGES TO THE PLAN SINCE THE LAST MEETING

Audits added to the 2013/14 plan

ICT

ICT Procurement – deferred from last year.

Data Centre 2 Security – requested by ICT management

Community Services

Empty Homes Follow Up – requested by Head of Housing

Audits deferred / deleted from the 2013/14 plan

Community Services

Commissioning Team – Other review.

CSSIW inspection taking place

Environment

Streetscene – Risk Based review.

Internal value for money review has taken place. IA contributed to that review.

Industrial units – Other review.

CIPFA consultants have been appointed to review the service.

CHANGES TO THE PLAN REPORTED TO PREVIOUS MEETINGS

Audits added to the 2013/14 plan

Human Resources and Organisational Development

Payroll – Implementation of Single Status

Community Services

Mobile working and ticket validation – deferred from last year

Empty Homes Scheme – as a result of an investigation

Environment

Pollution Control Service Review – deferred from last year

Audits deferred / deleted from the 2013/14 plan

Corporate

Collaborations

Local Partnerships

Human Resources and Organisational Development

Staff Induction

Honorariums

Information and Communications Technology

Mobile Devices / Usage

Community Services

Homelessness

Client Finances

Disability Services

Environment

Repairs and Maintenance

Contract Audit

21st Century Schools

Advisory Work deleted from the 2013/14 plan

Human Resources and Organisational Development

I Trent developments

Agile Working

Lifelong Learning

Control Awareness Sessions

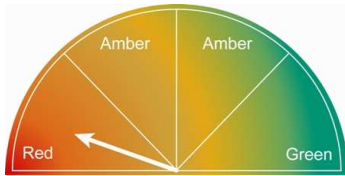
APPENDIX C

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

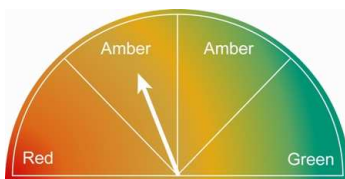
Project Reference	Project Description	Level of Assurance	Recommendations		
			High	Med	Low
CD0040T1	Corporate Governance	Green	0	0	1
CD0180S1	Theatre Clwyd	Amber -	3	2	5
CD0600T1	Taith	Green	0	0	0
FD0105T1	Cash Management	Amber +	0	3	7
LD0220T2	ICO Data Protection Follow Up	Reasonable	0	0	0
HR0400T1	Equalities	Amber +	1	1	0
HR0150S1	Payroll	Amber +	0	6	7
IT0400S1	Security of Mobile Devices	Amber +	0	1	4
LL0050T1	School Closure	Amber -	3	3	5
LL0050T2	School Merger	Green	0	0	1
LL0075T1	Leisure Service Contract	Green	0	1	7
CS3000T1	Mobile Working and Ticket Validation	Green	0	0	2
CS4060T1	Housing Maintenance Contracts	Amber +	0	3	6
CS4070T1	IBS Data Integrity / Housing Maintenance System	Green	0	0	3
CS8000T1	Empty Homes Scheme	Red	22	8	3
CS8000T2	Empty Homes Follow Up	Good	0	0	0
EN001T1	Income From Fees and Charges	Red	3	1	1
EN0030T1	Transport Contracts	Amber +	0	4	1
EN0060S1	Highway Infrastructure	Amber +	0	7	0
EN0200T1	Waste & Minerals Planning	Amber -	1	5	0

EN1000T1	Shotton Schools Amalgamation	Amber +	0	2	6

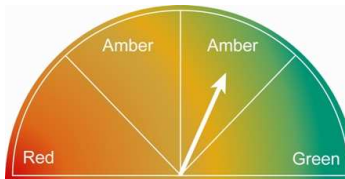
Levels of Assurance – standard reports.



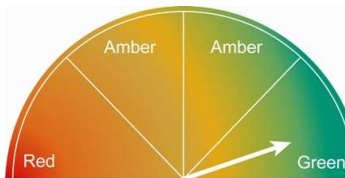
Taking account of the issues identified, the organisation cannot take assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.



Taking account of the issues identified, whilst the organisation can take some assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.



Taking account of the issues identified, the organisation can take reasonable assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.



Taking account of the issues identified, the organisation can take substantial assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied and effective.

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

High, Medium, Low

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

Summary of Findings and Action Plan of Reviews with Limited or Red Assurance

CD0180S1, Theatre Clwyd

We have made 3 high and 2 medium recommendations, based on the following:

- The need for the Theatre to explore alternative sources of funding
- Building / utility cost issues which have arisen between Flintshire County Council and Clwyd Theatr Cymru.
- The need to introduce the P2P system.
- The need for the Theatre to explore opportunities to further maximise their income generation.
- The allocation of responsibility for developing the use of Function Rooms.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The Theatre should explore alternative sources of funding as there is no guarantee that Flintshire County Council will be able to sustain their previous levels of funding in the coming years.	High	Yes	An agreement has been reached with the Arts Council of Wales for an independent consultation exercise to be undertaken in order to advise on and determine the Theatre's future direction. This will give consideration to the Theatre's future funding arrangements. JOP Consulting have now been appointed and will start work on 27 January 2014 with a delivery deadline of 31 March 2014.	April 2014	Clwyd Theatr Cymru General Manager
7	The building / utility cost issues which have arisen between Flintshire County Council and Clwyd Theatr Cymru should be resolved	High	Yes	The Theatre has now resolved this issue with the outcome that the savings	Completed	Clwyd Theatr Cymru Finance

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	as soon as possible.			are not so high as originally anticipated due to an issue with the meter readings. We now anticipate around £5k pa.		Manager
9	The Theatre should ensure that negotiation surrounding the introduction of the P2P system is concluded and that the system is introduced with immediate effect.	High	Yes	The Finance Manager is awaiting a user list from systems to provide to Kevin Patterson in order for P2P to set up.	June 2014	Clwyd Theatr Cymru Finance Manager
4	<p>The Theatre should explore opportunities to further maximise their income generation. This should include a review of franchise opportunities available but also a review of the Café's target audience should be undertaken and marketing of the café's service to that target audience should be increased.</p> <p>The Theatre could consider targeting pre-theatre meals at the point ticket bookings are made by prompting café reservations online as part of the booking process.</p>	Medium	Yes	<p>The contribution from trading is up on target and the prior year by £20k for the year to date. Current forecasts suggest a final gain of £30k.</p> <p>Room hires are the only trading area not to be improving. This can be attributed to a vacant post, that of Theatre Manager. Two external specialists have been helping to develop a strategy for recovering and developing this area going forward.</p>	April 2014	Clwyd Theatr Cymru General Manager
5	Despite the potential recruitment of a new member of staff the Theatre should allocate responsibility for developing the use of Function Rooms through creative ideas such as themed nights in an effort to increase the footfall of public passing through and	Medium	Yes	As noted at point 4 above, two external specialists have been guiding a project to improve income generation and activity levels in respect of the hiring of the Theatre's	September 2014	Clwyd Theatr Cymru General Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	occupying the Theatre.			<p>facilities (room hires).</p> <p>A report is being drafted which will be presented to the Clwyd Theatr Cymru General Manager in April 2014 with a view to introducing new arrangements for the new theatre season which commences in September 2014.</p>		

HR0400T1, Equalities

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

- The Equalities information review should be completed.
- For staff who do not have ICT access to the iTrent system, interim arrangement should be sought which enables the capture of data electronically.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
2.1	To ensure that the Equalities Act 2010 is adhered to suitable arrangements should be introduced to complete the Equalities information review.	High	Y	Ensure that annual equalities monitoring report is produced and published in accordance with the act. The annual monitoring report is produced as part of the HoS Performance reports.	30/04/2014	Business Information and Compliance Officer
1.1	<p>For staff who do not have ICT access to the iTrent system, interim arrangement should be sought which enables the capture of data electronically.</p> <p>HR should attempt to use existing electronic systems for the capture for equalities data. For example the School Information Management System (SIMS) Team within ICT Lifelong Learning should be consulted over the feasibility to enhance the personal data module within SIMS to mirror the information required under the Equalities Action 2010. This would increase efficiency within the team and provide greater assurance over data accuracy.</p>	Medium	Y	<p>In order to capture data for non IT Users, questionnaires have been delivered by post. Completed questionnaire that have been returned are being entered onto iTrent.</p> <p>Consult with SIMS Team in Lifelong Learning with regards to the feasibility of enhancing the personal data module within the system in order to provide the appropriate information required under the Equalities Act 2010.</p>	30/04/2014	Business Information and Compliance Officer

LL0050T1, School Closure

We have made 3 high and 3 medium recommendations based on the following:

- The Action Plan for School Closure should be reviewed and streamlined.
- All schools should ensure that their school fund audit is completed on an annual basis.
- The final School Fund audit for Ysgol Rhes-y-Cae should be completed as a matter of urgency.
- An overall Project Manager should be assigned to manage each school closure.
- A working group should be established for each school closure including representation from HR, Lifelong Learning IT, Safeguarding Team, Estates, Facilities, IT, Records Management, Finance, Internal Audit and Governors.
- Upon commencement of the decision to close a school, communication should take place with relevant departments.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.	The Action Plan for School Closure should be reviewed and streamlined to ensure that a comprehensive document is produced including sufficient detail of each task required and who (namely) is responsible for its completion. This should be completed immediately in preparation for the next round of school closures in summer 2014.	High	Y	Will be put on agenda for DMT Jan 2014 to be scheduled into work programme for the directorate in preparation for the round of school closures in 2014.	DMT 6.1.14 Completion date 21.2.14	Primary Link Officer Accountant, Lifelong Learning
5.	All schools should ensure that their school fund audit is completed on an annual basis in line with the Authority's School Fund Regulations and that a copy is provided to Lifelong Learning Finance, who should keep a central record of all School Fund audit certificates and chase those not returned promptly.	High	Y	Letter to be issued to all schools to remind them of this requirement.	17.1.14	Primary Link Officer Accountant, Lifelong Learning

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
6.	It should be ensured that the final School Fund audit for Ysgol Rhes-y-Cae is completed as a matter of urgency, and that the funds are disaggregated as agreed to Carmel, Cilcain and Sychdyn schools. A copy of the audit should be provided to Lifelong Learning finance and to Internal Audit immediately upon completion.	High	Y	Primary Officer to make contact with Headteacher to ensure that funds are disaggregated	Contact HT by 20.12.13 Funds disaggregated by 31.3.14	Primary Link Officer Accountant, Lifelong Learning
8.	An overall Project Manager should be assigned to manage each school closure to provide the necessary support to the Headteacher in this highly pressured situation – this staff member should be likely to remain with the Authority beyond the school closure date to ensure a smooth transition and continuity.	Medium	Y	Primary Officer to make the appointment of a Project Manager on an individual school basis when closure confirmed Requirement for a Project Manager is to be included in the School Closure Policy/Action Plan	As required	Primary Link Officer Accountant, Lifelong Learning
9.	A working group should be established for each school closure. This group should include staff members relevant to each of the tasks in the action plan including possible representation from HR, Lifelong Learning IT, Safeguarding Team, Estates, Facilities, IT, Records Management, Finance, Internal Audit and Governors.	Medium	Y	Primary Officer to establish the Working Group basis when a closure is confirmed Requirement for a Working Group is to be included in the School Closure Policy/Action Plan	As required	Primary Link Officer Accountant, Lifelong Learning
11.	Upon commencement of the decision to close a school, communication should take place with relevant departments. This could be achieved by the formation of the aforementioned working group.	Medium	Y	As Above	As Above	Primary Link Officer Accountant, Lifelong Learning

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	This would help to prevent an increase in risks as a result of 'last minute' pressures.					

EN0001T1, Income from Fees and Charges

We have made 3 high recommendations and 1 medium recommendation based on the following:

- A Fees and Charges Policy should be established which outlines a framework within which fees and charges levied by the Council are agreed and regularly reviewed.
- The process to be included in the Policy should include the need to review fees and charges for each Service Area.
- All fees and charges should be set demonstrating how the service has taken account of the numerous considerations.
- A working group should be established with representation from each Directorate and Service Area along with further representation from Finance and Internal Audit (in an advisory capacity) in order to establish a strategic, consistent and transparent fee setting process and undertake effective benchmarking exercises.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	A Fees and Charges Policy should be established which outlines a framework within which fees and charges levied by the Council are agreed and regularly reviewed.	High	Yes	This action is included in the Council's Improvement Plan 2014/15. The Deloitte's draft policy will be revisited in 2014/15 with a view to having a proposed policy for consideration by members prior to the setting of the 2015/16 budget.	31/12/2014	Corporate Finance Manager
2	The process to be included in the Policy should include the need to review fees and charges for each Service Area, as follows: <ul style="list-style-type: none"> ▪ Compiled and approved by the relevant Head of Service; ▪ Once approved by the Head of Service, 	High	Yes	This will be incorporated into the consideration of the Corporate Policy document	31/12/2014	Corporate Finance Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p>these should be provided to the relevant Director who should approve each of the Directorate's Service Areas' fees and charges; and</p> <ul style="list-style-type: none"> ▪ The Directorate Schedule of Fees and Charges should be collated and provided to the Cabinet for formal review and approval. 					
3	<p>All fees and charges should be set demonstrating how the service has taken account of the following considerations:</p> <ul style="list-style-type: none"> ▪ Intelligence on the nature and elasticity of demand; ▪ Benchmarking with other local authorities; ▪ An understanding of the market for the provision of the service, including alternative service providers from the private, public and voluntary sectors; ▪ An appreciation of the full costs of providing the service, including overheads; ▪ The implications of the level of fees and charges on the total income generated by the service, and the impact of this on the service and Council budget; ▪ The impact of any increase on service users; ▪ Whether a concession to service users should be continued – including rationale for provision, evidence of benefit and financial implications of concession; 	High	Yes	This will be incorporated into the consideration of the Corporate Policy document	31/12/2014	Corporate Finance Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<ul style="list-style-type: none"> ▪ The Council's wider policy goals; ▪ The impact on communities; and ▪ Equality and diversity issues. ▪ As a minimum fees and charges should be increased in line with inflation each year, unless there is a clear rationale for reducing the level of the fee in real terms. 					
4	A working group should be established with representation from each Directorate and Service Area along with further representation from Finance and Internal Audit (in an advisory capacity) in order to establish a strategic, consistent and transparent fee setting process and undertake effective benchmarking exercises.	Medium	Yes	A working group will be established with attendees and Terms of Reference to be determined.	31/03/2014	Corporate Finance Manager

We have made 1 high recommendation and 5 medium recommendations based on the following:

- To ensure income is maximised the Manager should monitor the planned visits to ensure they have been carried out.
- Performance Indicators relating to cost and quality should be identified and results presented to the Governance Board for consideration.
- All partner organisations should have efficient IT links with Flintshire County Council. Where possible all records should be computerised or a secure scanning device should be introduced. The introduction of an electronic document records management system (EDRMS) should be considered.
- An accurate time recording system should be introduced, capable of producing reliable Management information which will form the basis of the statistics that can be provided quarterly to the North Wales Planning Officer Group (NWPOG). This system could form the basis for changing the recharge costs.
- Work should continue in order to ensure that an arrangement is in place to cover the operation of the partnership from April 2014.
- Consideration should be given for the future of the service if future funding were to cease.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1	To ensure income is maximised the Manager should monitor the planned visits to ensure they have been carried out.	Medium	Yes	Visits are being carried out and dates populated. Spreadsheet system has been set up and in use. IT links need to be improved to enable staff based in Bangor to readily populate the system. Many sites are mothballed or in financial difficulties and it is difficult to justify the theoretical maximum fee income at the present time, but economic fortunes are improving in the minerals industry.	01/11/2013	Minerals and Waste Manager
2.1	Performance Indicators relating to cost and quality should be identified to ensure the success of the shared service can be	Medium	Yes	Indicators can be presented to the Governance Board and feedback obtained on what	01/04/2014	Minerals and Waste Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	judged. Performance Monitoring reports should be presented to the Governance Board for consideration.			areas PIs should be applied, eg, Number of sites monitored, time spent on document retrieval and recording and administration matters rather than on technical professional duties. Performance standards need to be established to demonstrate that the service is doing what is expected of it.		
3.1	<p>All partner organisations should have efficient IT links with Flintshire County Council. Where possible all records should be computerised and where this is not possible the introduction of a secure scanning device should be introduced.</p> <p>The introduction of an electronic document records management system (EDRMS) should be considered which would enable the management of the capture, storage, security, revision control, retrieval, distribution, preservation and destruction of documents and content.</p>	Medium	Yes	<p>Computerised records of all data are the ideal position and all partner authorities are increasingly moving towards paperless systems. FCC handles files and paperwork from other partner authority systems and does not have control over the partner's internal administrative procedures. A number of records are "duplicated" and held on our own system as a means of secure storage and for ease of file access. It is noted that every partner authority operates different IT systems and gives rise to compatibility and training issues.</p> <p>The service is endeavouring to implement the IT requirements set out in the SLA, but these are not</p>	01/04/2014	Minerals and Waste Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
				<p>practical in all circumstances. The Draft Planning Bill recognises that IT system compatibility is a significant challenge to partnership working, and cross authority solutions will be required to address these issues.</p> <p>Electronic file storage and access is a major area of frustration, as the timing of the introduction of EDRMS is not within the control of the service, and corporate roll out has failed to materialise, resulting in the use of bespoke and local solutions which are less than ideal. The use of EDRMS will be considered and a case will be developed which can be used to inform priorities at a wider Service, Directorate and Corporate level.</p> <p>Practical arrangements and clear mechanism for the provision and cost of IT links needs to be established, with the cooperation of other Councils and IT departments, and at realistic recharging levels. Comparison with a similar service operating in South West Wales reveals that they lack any direct IT linkage into back-office</p>		

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
				systems, and is a common problem.		
4.1	An accurate time recording system should be introduced. The current system could be adapted in consultation with the IT Development Manager. The Manager should specifically state what is required and where problems arise, these should be addressed. The staff must use the system as intended. The new system should be capable of producing reliable Management information which will form the basis of the statistics that can be provided quarterly to the NWPOG. This system should also provide the statistics relating to the percentage of time spent working on Partner authorities and could form the basis for changing the recharge costs.	High	Yes	Time recording format needs to be simplified and to produce reporting on 1-3 monthly basis to increase ease of preparing itemised invoices.	01/04/2014	Minerals and Waste Manager
4.2	Work should continue in order to ensure that an arrangement is in place to cover the operation of the partnership from April 2014.	Medium	Yes	Meetings have and continue to take place with current SLA membership on an individual basis and governance group level to secure the service into 2014. Looking at options including the potential to widen the scope of the service to enable each partner authority to have better justification to continue to use the service against a backdrop of budget cuts. Major funding cuts within each partner authority is focusing	01/04/2014	Minerals and Waste Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
				<p>attention on expenditure and how to meet budget cuts. Need to present a case why the service should continue in the short and longer term, including resilience, risks, continuing workload, retention of specialist knowledge.</p> <p>The wider political landscape of regionalisation and local government reorganisation puts the service in a stronger position if retained. Collaborative working has ministerial “support” at Welsh Government Level. The draft Planning Bill, directly refers to this particular collaboration as an example of good partnerships is supportive of increased collaborative working and may provide mechanisms for future resilience.</p>		
5.1	Consideration should be given for the future of the service if future funding were to cease.	Medium	Yes	Looking at preserving service to place it in a good position for future LGR and government aspirations for this type of collaboration, and changes that may arise from the Environment Bill and the Planning Bill. Widening scope for Welsh Government	01/04/2014	Minerals and Waste Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
				<p>Contracts. Potential for the service to handle planning applications for English minerals and waste planning authorities. Government Contracts, such as the RAWP may not be renewed and is a risk as funding income would reduce. Indications are that RAWP funding will continue, subject to a successful bid. New sources of Welsh Government funding are potentially available for monitoring of waste developments arising from a revised TAN21 policy guidance publication.</p> <p>See also response to 4.2 above</p>		

APPENDIX D

Recommendation Implementation

Status of Recommendations that reached their Implementation Dates in October, November and December 2013.

Title	Reference	Date Issued	Response Received	Recommendations		
				Due	Implemented	Not Implemented
CORPORATE						
Procurement	CD0070S1	Oct 2013	Yes	6	6	0
Procurement	CD0070R1	Mar 2012	Yes	2	0	2
Implementation of LEAN Recommendations	CD0300S1	Sep 2013	Yes	2	0	2
Use of Consultants	CD0500P1	Jan 2011	Yes	2	2	0
Procurement	FL0070M1	Sep 2009	Yes	2	2	0
			Total	14	10	4
FINANCE						
MTFS	FD0040R1	Dec 2011	Yes	4	4	0
MTFS	FD0040P1	Apr 2011	Yes	2	2	0
Financial Systems	FD0080R1	Jun 2012	Yes	3	2	1
			Total	9	8	1
LEGAL AND DEMOCRATIC						
			Total	0	0	0
HUMAN RESOURCES						
Holiday Entitlements	HR0220N1	Sep 2010	Yes	3	0	3
			Total	3	0	3
ICT						
			Total	0	0	0
LIFELONG LEARNING						
Student Finance	LL0040S1	Feb 2013	Yes	1	1	0

School Transport	LL0060T1	Nov 2013	Yes	3	3	0
ICT Unit – Security of Mobile Devices	LL1065P1	May 2011	Yes	1	0	1
			Total	5	4	1
COMMUNITY SERVICES						
Fostering	CS0110S1	Nov 2012	Yes	2	2	0
Empty Homes Scheme	CS8000T1	Dec 2013	Yes	13	13	0
			Total	15	15	0
ENVIRONMENT						
Streetscene – Cleanliness of the Public Realm	EN0010R1	Feb 2012	Yes	2	1	1
Data Management – Public Protection	EN0080N1	Mar 2010	Yes	1	1	0
			Total	3	2	1
			Total	49	39	10





Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
CD0070R1 – Procurement	Original date April 2013 x 2	Chris Guest	Project delays in the implementation of the e-sourcing system mean that the new approved list is not yet implemented, the project plan is now showing a likely implementation date of August, 2014.	In the interim the existing Approved List database continues to be used.	Yes
	New date March 2014 x 2				
CD0300S1 – Implementation of LEAN Recommendations	Original dates Aug 2013 & Sept 2013	Gareth Owens	Yes. Following the event for Lean Facilitators a draft strategy has been prepared. Now it is clear how that fits in with budget and wider organisational change programme it can be approved.	Work in progress. Any delay is not exposing the council to risk.	Yes
	New dates Jan 2014 & March 2014				
FD0080R1 – Financial Systems	Original date March 2013	Kerry Feather	Yes.	The risk is being managed on an ongoing basis using the existing methodology for bad debt provision.	Yes
	New date				
HR0220N1 – Holiday Entitlements	Original Date Nov 2010 x3	Helen Stapleton	The Annual Leave Policy has been drafted and is undergoing a consultation exercise with the Trade Unions currently. We are on track to conclude by March 2014.	This policy will assist in modernising our arrangements for employees taking their annual leave – e.. by using 'banks of hours' rather than fixed days which underpins the Council's approach to working more flexibly. In the meantime, the existing arrangements are in place -	Yes
	New Dates March 2014 x 3				
				Consequently there are limited risks.	




Recommendations Not Implemented – Comments from Directors / Corporate Heads

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
LL0065P1 – ICT Unit Security of Mobile Devices	Original date Oct 2011	Ian Budd	Yes. The issue relates to individual schools under local management.	Few schools involved, being chased again.	Yes
	New date Feb 14				
EN0010R1 – Streetscene Cleanliness of the Public Realm	Original Date September 2012	Carl Longland	Revised enforcement arrangements were introduced in October 2013. It is proposed to take a report to Environment Overview and Scrutiny in June 2014 and Cabinet in July 2014. This will allow over 6 months worth of data to be presented to Members to enable meaningful KPIs to be set that would then be presented to Scrutiny at Q2 and Q4 in the Heads of Service performance reports in the future. July 2014	All relevant data is being captured to enable an analysis that will allow members to set meaningful PIs for the service going forward	Yes
	New Date Feb 2014				
	New date April 2014				

APPENDIX E

Internal Audit Performance Indicators

Performance Measure	Q3	Target	RAG Rating
Internal Audit Departmental Targets			
Audits completed within planned time	67%	80%	 ↓
Average number of days from closure meeting to issue of draft report	N/A	N/A	
Average number of days from response to issue of final report	N/A	N/A	
Return of client satisfaction questionnaires	50%	70%	 →
Client questionnaires responses as satisfied	100%	95%	 →
Productive audit days	77%	75%	 →
Other Targets			
Days for departments to return draft reports See Note below	N/A	N/A	

Key	 Target not achieved	 Within 10% of target	 Target Achieved
	↑ Improving trend	→ No change	↓ Worsening trend

Investigations

1. The following new referrals have been received

- 1.1 An allegation has been received that an employee is stealing articles from a recycling site. An investigation has commenced.
- 1.2 Two employees have been suspended from a recycling site for allegedly stealing from the site. Following a review of CCTV footage and a witness statement the matter has been referred to the Police.
- 1.3 An allegation has been received concerning issues around the granting of a lease for Council owned land.
- 1.4 An allegation has been received concerning issues around an application for affordable housing. A review is being carried out of the procedures followed for this application.
- 1.5 An allegation has been received concerning a trust established by Flintshire Council to manage funding assigned for conservation area purposes.

2. The following investigations have been reported to previous committees and are still being investigated:

- 2.1 A referral was received concerning missing money at a Council leisure centre; an employee is subject to a disciplinary investigation and controls have been introduced to reduce the risk of a recurrence.
- 2.2 An investigation is ongoing into alleged operational and financial irregularities within Streetscene, one employee is still suspended pending the outcome of the disciplinary process, one employee is on gardening leave and two individuals have been summarily dismissed following disciplinary hearings. A further allegation has also been received.
- 2.3 Following the investigation into a data match highlighted in the National Fraud Initiative (NFI) exercise, it was found that the pension of a deceased pensioner was still being paid to an individual who had power of attorney for the pensioner. The individual has been charged with fraud and is due to appear in the Magistrates Court.

3. The following investigation has been completed

- 3.1 A referral was received alleging that a contractor employed by the Council was over-ordering goods for his own use. This has been investigated but there is insufficient evidence to proceed.
- 3.2 During a recent data matching exercise carried out (NFI) it was found that an employee had a potential conflict of interest in that he was selling a product to the Council. The employee has received management advice.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 26 MARCH 2014**
REPORT BY: **HEAD OF FINANCE**
SUBJECT: **INTERNAL AUDIT STRATEGIC PLAN**

1.00 PURPOSE OF REPORT

1.01 To present the proposed Internal Audit plan for the three year period 2014/15 to 2016/17, for Members consideration.

2.00 BACKGROUND

2.01 Each year Internal Audit prepare a three year rolling audit plan, with the first year completed in more detail. The plan is designed to meet the professional standards required of us in order to review and evaluate the risk management, control and governance arrangements within the Authority.

2.02 There has been an improvement in risk management within the Authority in the last year, with the development of the Improvement Plan, in which strategic risks are aligned to objectives. The Internal Audit plan which is attached is largely based on these objectives and risks, along with operational risks identified from Service Plans and discussions with management.

2.03 The final plan was produced after consultation with Directorate management teams, the Chief Executive and Corporate Management Team. WAO have also been contacted. It includes systems audits and advisory work arising from our involvement in development projects.

2.04 The plan for 2014/15 has been formulated for the current level of resource. However one member of the team will be leaving at the end of March. Recruitment of a replacement has been sanctioned, but there have been difficulties in finding staff in the past. Even if successful, there will be a time when the department is under strength. The annual plan therefore identifies projects that may not be completed within the year if there is a shortfall of resources.

3.00 CONSIDERATIONS

3.01 Does the strategy for Internal Audit as set out in Appendix A cover the Authority's key risks as they are recognised by the Audit Committee?

3.02 Does the audit strategy include all those areas that the Audit Committee would expect to be subject to internal audit coverage, in terms of our professional responsibilities as well as covering areas of concern flagged by management?

3.03 Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?

3.04 Does the plan for the coming year reflect the areas that the Audit Committee believe should be covered as a priority?

4.00 RECOMMENDATIONS

4.01 The Committee is requested to consider the report and to make comments on its content.

4.02 The Committee is recommended to approve the report.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a result of this report.

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 The plan assumes the department will be able to recruit to maintain the current level of staff

10.00 CONSULTATION REQUIRED

10.01 Directorate management teams, Corporate Services management teams, WAO.

11.00 CONSULTATION UNDERTAKEN

11.01 Directorate management teams, Corporate Services management teams, WAO.

12.00 APPENDICES

12.01 Appendix 1 - Strategy for Internal Audit 2014/15 to 2016/17.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

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

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Strategic Plan for Internal Audit

2014/15 – 2016/17

For presentation at the Audit Committee meeting of 26th March, 2014

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1 Introduction

1.1 Overall Approach

This strategic plan sets out the approach we have taken to develop the internal audit plan for 2014 / 2017.

1.2 The Purpose and Function of Internal Audit

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

(Public Sector Internal Auditor Standards)

Our professional responsibilities as internal auditors are set out within the Standards, published in 2013. All principal local authorities subject to the Accounts and Audit (Wales) Regulations 2005 must make provision for internal audit in accordance with the Standards and the Local Government Application Note issued alongside it.

In line with these requirements, we perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, in particular to how those elements help Flintshire County Council achieve its objectives.

1.3 Within FCC the Internal Audit Charter defines the role, scope, independence, authority, and responsibility of the internal audit department. Audits will be delivered in accordance with that Charter. The department will also be developed during the year in accordance with the Charter and Service Plan. Development will be predominantly by the introduction of integrated audit software to increase the efficiency of the department.

2 Developing the Internal Audit Strategic Plan

2.1 Developing the Strategic Plan for 2014/17 and the detailed plan for 2014/15.

Flintshire County Council's (FCC) objectives are the starting point in the development of the strategic plan for internal audit for the organisation.

2.2 To develop the strategic plan for internal audit, we have considered the following:

- The core objectives of the organisation (as agreed by the Cabinet) and the specific risks associated with those objectives;
- The Improvement Plan, including the strategic objectives of the organisation and the risks associated with those objectives;
- The risk management framework and risk maturity of the organisation;
- Areas of concern or requests for coverage from management and the Audit Committee;
- Areas where external audit will wish to place reliance on the testing performed by internal audit;

- Other sources of assurance available to the organisation;
- Any recent significant changes within the organisation and its operations;
- The timing for each internal audit review to maximise the benefit of assurance provided; and
- Results of previous internal audit coverage.

We also met with management across the organisation to further understand the risk areas where internal audit assurance is appropriate.

As well as assignments designed to provide assurance or advisory input around specific risks, the strategic plan includes:

- a contingency allocation, which will only be utilised should the need arise, for example, for unplanned and ad-hoc work;
- an audit management allocation, used at Audit Manager and Principal Auditor level for quality control, internal and external liaison and for preparation for and attendance at Audit Committee;
- an allocation for investigations into potential fraud.

The detailed plan will be kept under review throughout the year and updated to react to local and national issues and risks as they arise.

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

The commentary in the following sections is intended to highlight key areas of the plan, and particularly to explain new areas of work. Comments refer particularly to areas that are proposed for coverage in 2014/15.

3 Corporate

- 3.1 In 2014/15 the department will continue to conduct work in support of the Annual Governance Statement which includes reviewing the effectiveness of the Authority's risk management and corporate governance processes.
- 3.2 We will review the processes for the appointment and monitoring of consultants.
- 3.3 We will examine performance information to give assurance on the accuracy of performance that is reported.
- 3.4 We will review the performance and self assessment of partnerships.
- 3.5 We will complete a review of the collaboration where Flintshire is the lead authority (NWRWTP) to ensure statutory requirements are met.

4 Finance

- 4.1 We will continue to review housing benefits and council tax/NNDR focusing on the key controls to ensure external audit requirements are met.
- 4.2 The previous review carried out of the corporate grants register will be up followed later this year.
- 4.3 We will ensure that previous recommendations made concerning the operation of the capital programme have been actioned.
- 4.4 A follow up review is planned of the fees and charges policy.
- 4.5 The audit of key financial systems will continue to be a focus of our assurance work for external audit. Key control reviews will be carried out for all core financial systems with continuing close liaison with our external auditors to ensure coverage levels meet their requirements.
- 4.6 The focus of the review of pensions this year will be on the new administration strategy, the new funding strategy using 'flight path' methodology and the revised governance arrangements with a move to a committee structure.

5 Legal and Democratic Services

- 5.1 We will continue to work with the Elections team to ensure the electoral register is accurate by carrying out a data matching exercise.
- 5.2 The process for the sealing of documents and the security of seals will be assessed.
- 5.3 A compliance review will be carried out to ensure the Freedom of Information Act legislation is being followed.
- 5.4 The biennial review of members allowance payments will be carried out to ensure compliance with the scheme.

6 Human Resources and Organisational Development

- 6.1 Advice will be provided prior to the implementation of Single Status on the quality assurance processes and procedures in place to ensure data within the HR Payroll system iTrent is accurate.
- 6.2 Following the implementation of Single Status a number of separate reviews will be undertaken to provide overall assurance on the Governance Framework supporting the implementation and future compliance of Single Status. These reviews will include Single Status Payments (Implementation & Protected Payments); Additional Payments (Honorariums, Acting Up and Ex Gratia) and Essential Car User; and Workforce Data.
- 6.3 The Payroll system continues to be included annually as part of the on-going need to review systems which are the subject of external regulation.
- 6.4 A review is to be carried out on Staff Recruitment and Induction. This audit will establish the reasons for any non compliance with policy.

- 6.5 We will undertake a review on Education HR. This will include the harmonisation of procedures with Corporate Services and DBS checking within Schools to ensure compliance with policies, procedures and the requirements of the Disclosure and Barring Scheme.
- 6.6 We will undertake a review of the Voluntary Redundancy & Early Voluntary Retirements procedures.

7 Information and Communications Technology, Procurement and Customer Services

- 7.1 With the increasing use of mobile electronic devices an analysis of the usage, allocation, procurement and contract monitoring for such devices will take place to ensure value for money is achieved.
- 7.2 Effective Backup and Service Continuity is essential to the Council's service delivery. The review will examine the arrangements in place for the back up of data and to ensure the recovery of data is achievable and reliable.
- 7.3 In 2013 the Council introduced Electronic Document Management system (EDMS) and this was subject to an audit review. In 2014/15 a follow up review will be undertaken to explore the future arrangements in place for the planned roll out system in conjunction with the Agile working initiative and the individuals service needs of the Council.
- 7.4 We will review the effectiveness of the ICT helpdesk
- 7.5 We will examine the data security issues around the receipt and delivery of emails to and from personal email addresses.
- 7.6 Following the roll out of the revised Council's Contract Procedural Rules (CPRs) in October 2013 a review will be undertaken to assess compliance.
- 7.7 As part of the annual review of the P2P electronic procurement system, we will examine the effectiveness of the controls and procedures in place and the future management and handover arrangements following the completion of the P2P project.
- 7.8 On Management request, advice will be provided to the working group established to examine the current and future needs of the Council's select list and to ensure processes in place are effective and efficient.
- 7.9 In early 2014/15 it is intended that Denbighshire and Flintshire Procurement Unit will merge. Assistance with the transition process will be provided or a review of the new arrangements and compliance with the Service Level Agreement will be undertaken following implementation.
- 7.10 A review on the new Etarmis system, the Council's Time Management system, will be undertaken to ensure to provide assurance over the migration of data from WinTime and the accuracy, effectiveness of the system including management information and compliance within Council policies.

8 Lifelong Learning

- 8.1 Following the introduction of the new school funding formula a review is to be undertaken to ensure it has been correctly applied.
- 8.2 As in previous years time has been assigned to carry out reviews of grant claims as required by the Wales Audit Office.
- 8.3 We will continue to focus our school based reviews on risks identified from the annual self assessment. A sample of schools will be visited to assess the identified risks.
- 8.4 We will be involved in the process for any school closures in the coming year to ensure the documented procedures are being followed.
- 8.5 Following an internal review of Facilities Services we will assess the revised control environment.
- 8.6 The Records Management Service will be reviewed this year, with the focus being on retention and destruction schedules and deeds management. This will also address recommendations made in the ICO's inspection report.
- 8.7 A piece of work will be undertaken by Internal Audit to establish arrangements in place in other Authorities/Schools to manage risk and assess any use made of risk registers.

9 Community Services

- 9.1 The supporting people initiative will be subject to review to ensure the service is operating well following the move to regional delivery.
- 9.2 A review will be carried out of compliance with the appraisal process and the absence management policy within Housing Maintenance, this was identified as an area for improvement as part of their service planning process.
- 9.3 The rent collection service is now using a debt collection agency and has implemented the IBS debt management module. An audit review will assess the effectiveness of these changes.
- 9.4 Management agreed that a review of the transition process for children moving from the Children's team into the Care Leavers teams would be of value. This review will assess whether better outcomes for these individuals are achieved.
- 9.5 Mental Health services are provided in partnership with the NHS which is the lead partner. This review will examine the partnership arrangements with the Health Services to ensure joint management arrangements are in place.
- 9.6 Flintshire County Council is the Host Authority for the North East Wales (Flintshire and Wrexham) Community Equipment Services. A review of this service will be undertaken to assess the effectiveness of the partnership and funding arrangements in place.
- 9.7 In 2012/13 Financial Assessment and Charging Team were subject to a system thinking review. This audit will examine the progress made on the implementation of recommendations and ensure procedures within the service are efficient, effective and opportunities for income generation are maximised.

- 9.8 In 2013 Llys Jasmine, Extra Care Housing, opened with the aim to deliver positive opportunities for individuals to live an independent lifestyle. An establishment review will be undertaken and consideration given to the future roll out of the service and how this fits in with other service areas.
- 9.9 The Community Living Team provides one to one support to people to live independently within their own homes. Operational procedures will be examined in relation to the management of service users money by the Community Living Support Workers.
- 9.10 A cross cutting review between Children and Adult Services will be performed out on the commission of care to ensure value for money is maximised and appropriate contractual arrangements exist.

10 Environment

- 10.1 To comply with legislation the Waste Management Services within Streetscene is responsible for the receipt of general waste from within the County for recovery and re-use. This review will examine procedures and the logistical, contractual and financial management arrangements in place for the receipt and re-use of house hold waste.
- 10.2 Following a management request a review on the process undertaken for the stock take, closure and movement of stock from Halkyn and Queensferry Depots to the single store at Alltami will be undertaken.
- 10.3 TechForge is a business critical system used to capture and transfer asset valuation into the Council's Asset register. The purpose of this review is to provide assurance over the accuracy and timelessness of the system to ensure the Council's accounts maintained are up to date.
- 10.4 It was agreed that a review will be performed on Repairs and Maintenance following the implementation of the P2P system to ensure effective and efficient operational procedures and controls are in place.
- 10.5 Communities First is an area based regeneration initiative developed by the Welsh Assembly Government to develop skills in the community to support and deliver long term sustainable changes in areas of high deprivation. Funding for the initiative is received from both FCC and externally. This review will examine the funding, control and governance arrangements in place across each scheme to assess the effectiveness of the service.
- 10.6 Building control is responsible for ensuring that building work is carried out in accordance with Building Regulations. A review will be undertaken to ensure compliance with regulations, the collection of fees and the notification process in place with Council Tax.
- 10.7 A review will be undertaken of the Pest Control Service to determine whether service delivery is efficient and effective. Benchmarking will also be undertaken with other local authorities on charges and income collection procedures.

11 Contract Audit

- 11.1 A contract audit will be performed on the contract management and contract payment arrangements in place for the build of the all-through school in Holywell to evaluate and verify compliance within the Council's Contract Procedure Rules.

12 Other Areas

- 12.1 We propose an annual allocation in the region of 475 days, to allow for a range of important activities including:
- Anti-fraud initiatives
 - Investigations
 - Ad-hoc requests for audit reviews
 - Follow up reviews
 - Regional liaison and collaboration with other Internal Audit departments
 - Development and introduction of new audit software to increase the efficiency of the department
 - Advisory work resulting from ad hoc requests

13 Resources

- 13.1 The audit plan will be delivered by the in-house team. No reliance will be placed on other sources of assurance.
- 13.2 The resources required to deliver the proposed plans are summarised in the table, which demonstrates that an annual allocation of around 1380 productive working days is required in 2013/14. This is around 70 days less than last year, and reflects the current staffing levels within the department. This has been shown to be capable of delivering the level of assurance required by the Council and is broadly in line with others across Wales.
- 13.3 One full time member of the team is leaving at the end of March. He will be replaced but recruitment has been difficult in the past and will take time, so that there will be an impact on the plan. Past experience has also shown that the plan can be affected within the year by unexpected developments.
- 13.4 Therefore, within the plan audits have been identified which are lower priority and may be deferred or deleted during the year if necessary without affecting the overall objective of the plan – to complete sufficient work in order to be able to give the annual audit opinion on the adequacy and effectiveness of controls, corporate governance and risk management. These audits are shown in bold italics in the table.
- 13.5 The plan has been produced in line with the current management structure in FCC. Within the next few months the Council will be going through a period of organisational change. When the new structure is in place the plan will be aligned to that structure and we will meet with the new Heads to discuss it. The plan may change at that time. In any case it will be kept under review during the year and updated according to emerging risks. Any changes will be reported to the Committee.
- 13.4 Projects planned for the second and third years of the plan are indicative and may change. Therefore the number of days for those projects has not been completed at this time. The days can be allocated in later planning cycles according to the current priorities.
- 13.5 The analysis shows the breakdown between the category of work undertaken within the directorates.

14 Considerations Required of the Audit Committee

- Does the Strategic Plan for Internal Audit (as set out in the table) cover the organisation's key risks as they are recognised by the Audit Committee?
- Does the audit strategic plan include all those areas that the Audit Committee would expect to be subject to internal audit coverage, both in terms of our professional responsibilities as well as covering areas of concern flagged by management?
- Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?
- Does the detailed internal audit plan for the coming financial year reflect the areas that the Audit Committee believe should be covered as priority?

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
<u>CORPORATE SERVICES</u>					
Risk Management.	Risk Based	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	X	X
Performance Indicators	Risk Based	To provide assurance that the reporting of performance is accurate.	5	X	X
Corporate Governance	Risk Based	Continuing participation in the Corporate Governance Working Group and further work to provide assurance on overall corporate governance within the authority.	10	X	X
Implementation of Operating Model	Risk Based	To be discussed and agreed on implementation of the model	10		
North West Regional Waste Partnership	Risk Based	To provide assurance to the Joint Committee and FCC on governance, risk management and the effectiveness of controls under the second Inter Authority Agreement.	10		
<i>Partnerships</i>	<i>Risk Based</i>	<i>Review of governance arrangements and performance monitoring.</i>	<i>10</i>		
<i>Use of Consultants</i>	<i>Risk Based</i>	<i>To provide assurance on the appointment and monitoring of consultants.</i>	<i>10</i>		
Total Planned Days – Corporate Services			65		
<u>FINANCE</u>					
Insurance	Risk Based	Review compliance with the insurance strategy.		X	
Medium Term Financial Strategy	Risk Based	Review governance and development of strategy.		X	
Main Accounting	System Based	Key control reviews - General Ledger, Accounts Receivable, Accounts Payable, General Ledger feeder systems	30	X	X
Housing Benefit	System Based	Key control review	20	X	X
Council Tax and NNDR	System Based	Key Control review	20	X	X
Financial Management and Control	System Based	This audit will cover the budget setting and monitoring procedures and compliance with the financial procedure rules.		X	

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
Taxation	System Based	Review to include requirement for real time information and the tax implications of the salary sacrifice scheme.		X	
Treasury Management	System Based	Review to include compliance with the treasury management policy.		X	
Capital Programme	Follow Up	Follow up previous review to ensure all previous recommendations have been actioned.	10	X	
Corporate Grants	Follow Up	Follow up.	10		
Fees and Charges	Follow Up	Follow up previous review to ensure all previous recommendations have been actioned.	10		
Total Planned Days – Finance			100		
<u>PENSIONS</u>					
Pensions Administration and Contributions	System Based	New administration strategy including service standards with members and employers.	15	X	X
Pensions Investment Management and Accounting	System Based	To assess the effectiveness of the new funding strategy using 'flight path' methodology.	15	X	X
Pension Fund Governance	System Based	Review changes to governance arrangements of the Pension Fund including a move to a committee structure.		X	
Total Planned Days – Pensions			30		
<u>LEGAL AND DEMOCRATIC SERVICES</u>					
<i>Document Sealing</i>	<i>Risk Based</i>	<i>To review the sealing of documents process and the security of the seals.</i>	<i>5</i>		
Regional Collaboration	Risk Based	Review the governance arrangements in place.		X	
Electronic court bundling	Risk Based	To ensure proper controls are in place for the use of electronic documents.		X	
Members Allowances	System Based	The review to ensure payments to Members comply with the scheme.	15		
<i>Freedom of Information/EIR</i>	<i>System Based</i>	<i>This is a compliance review looking at request processing.</i>	<i>5</i>		
Electoral Register	Advisory	Carry out a data matching exercise to help ensure the accuracy of the electoral register.	10	X	
Data Protection	Advisory	Review data protection arrangements.		X	

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
Total Planned Days – Legal & Democratic			35		
<u>HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT</u>					
Implementation of Single Status	Risk Based	To provide advice and assurance on the processes applied to implement Single Status within Payroll.	20		
SS Governance Framework: Additional Payments and ECU	Risk Based / System Based	Review the robust governance arrangements following single status to ensure the operational agreement remains in place and there is no scope for local agreements to emerge. Review the payment of Honararia, Acting Up Allowances and Ex Gratia Payments to ensure compliance against policy. Compliance review of Car allowances to ensure criteria is met and robust monitoring arrangements are in place to identify future eligibility.	20		
SS Governance Framework: Workforce Data	Risk Based	Following the implementation of Single Status, examine the accuracy of the workforce data in particular the budget realignment, establishment control, whether there is a joined up approach between HR & Finance and the reliability of data.	10		
Schools HR/Safeguarding	Risk Based	Review the effectiveness in the harmonisation of procedures between HR & Education Staffing to ensure a consistent approach is applied. To include a review of process and compliance with DBS and pre-employment checks.	15		
Corporate Training and Development	Risk Based	Review how the Council's training needs are being met, including internal/external provision. In particular examine spend on training and whether there are any opportunities for procurement efficiencies.		X	
SS Governance Framework: SS Payments	System Based	Following the implementation of SS review the payment of Pay Protection and Implementation Payments to ensure compliance with policy.	20		
Voluntary Redundancy & Early Voluntary Retirement	Risk Based	Review of the VR & EVR process including approval and IT system.	20		
Staff Recruitment & Induction	Risk Based	Review of staff recruitment and inductions process by HR/Manager/Corporate Induction.	15		
Payroll	System Based	System Based Audit, including auto-	20		

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
		enrolment of pensions.			
Agile Working	Advisory	Advice/consultancy on Agile Working Policy		X	
Total Planned Days – Human Resources and Organisational Development			140		
<u>ICT, PROCUREMENT & CUSTOMER SERVICES</u>					
ICT					
IT Helpdesk	Risk Based	Review the effectiveness of the helpdesk against set targets for resolution.	10		
Backup and Service Continuity	Risk Based	Examine the back up and service continuity arrangements in place to ensure data recovery is achievable and reliable.	10		
Use of personal email addresses	Risk Based	Examine the usage of personal email addresses received into and sent from FCC to ensure data is secure.	10		
Mobile phones & Devices / Usage	Risk Based	Analysis of usage and allocation of mobile phones / devices, compliance with corporate policy and ensure phone usage is maximised.	15		
Disposal of ICT Equipment	Risk Based	Examine the arrangements for the disposal of both hardware and software to ensure compliance with policy and FPRs. The review will also include Education and Data Centre equipment.		X	
IT Project Governance	Risk Based	Review the governance arrangements in place for ICT projects.		X	
Migration to Microsoft	Risk Based	Provide assurance on the planned roll out and migration from Lotus Notes to Microsoft Office.		X	
Follow up of EDRMS	Follow Up	Undertake a follow up review of EDRMS and explore the arrangements in place for the planned roll out of the system in conjunction with the Agile working initiative. Consideration will also be given to the value of improved information management and reduced storage arrangements.	10		
Procurement					
Procurement – new arrangement	Risk Based	Assistance with the transition process, or assurance review of the new arrangement following implementation.	5		
Contract Procedural Rules	Risk Based	Compliance with the updated CPRs.	15		

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
P2P System	System Based	Annual system review in conjunction with the AP system. Consideration to be given to the outstanding interfaces with key business systems and the future management and hand over arrangements following the completion of the work undertaken by the P2P Project Manager.	10		
E Sourcing (Proactis)	System Based	Examine the compliance and effectiveness of Proactis following implementation.		X	
Select List	Advisory	To provide support and advice to the possible working group to be established to review the current select list and to ensure the policies and procedures in place are effective and reliable.	5		
Customer Services					
Etarmis	Risk Based	Review the migration arrangements from Wintime to Etarmis. Determine the accuracy, effectiveness and monitoring and management information in place for Etarmis. Cross cutting review between Customer Services and HR as Etarmis is being used in place of iTrent.	20		
Flintshire Connects	Risk Based	Provide advice during the Flintshire Connects working group. Undertake a review of all Flintshire Connects following completion of the project to ensure compliance with policies and procedures.		X	
Total Planned Days – IT, Procurement & Customer Services			110		
<u>LIFELONG LEARNING</u>					
Risk Management in schools	Risk Based	Following arrangements to manage risks in schools. Internal Audit to research arrangements in other Authorities/educational establishments particularly the use of risk registers.	10		
Facilities Services	Risk Based	Following an internal review of the service the audit will assess the revised control environment.	30 (or 15)		
Apprenticeship training	Risk Based	Review the controls in place to control the funds provided to local employers for apprentice training.		X	

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
Records Management	Risk Based	The review will focus on retention and destruction schedules and deeds management. This is following recommendations in the ICO's inspection report.	15		
Grants – Various WG requirement	System Based	To review grants where this is a requirement of the Welsh Government. Reviews to ensure the conditions of the grant have been complied with.	10	X	X
School Funding Formula	System Based	To verify the accuracy of the application of the new school funding formula.	20		
Music Service	System Based	Following the introduction of a new operating model an assessment will be carried out of the internal controls in place.		X	
Schools Audits:					
Control and Risk Self Assessment	Risk Based	This is the annual self assessment of the schools control framework.	15	X	X
Risk based thematic reviews across all schools including central controls	Risk Based	To analyse the results of the control and risk self assessment and focus Internal Audit resources on reviewing areas identified as high risk.	45	X	X
School closures/openings	Risk Based	Review controls over closure and opening of schools to include transfer of assets, asset disposal, induction procedures etc.	10		X
Total for Lifelong Learning			155		
<u>COMMUNITY SERVICES</u>					
Mental Health Team	Risk Based	Examine the partnership arrangements with the Health Service to ensure joint management arrangements are in place.	10		
Supporting People	Risk Based	Ensure service is operating well following the move to regional delivery.	20		
Rent Arrears	Risk Based	A review to assess the effectiveness of the use of a debt collection agency and the implementation of the IBS debt management module.	15		
Community Equipment Service	Risk Based	A review of the Community Equipment Service and Partnership and funding arrangements.	10		
Financial Assessment & Charging Team	Risk Based	A review of the service to ensure procedures are effective and opportunities for income generation	15		

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
		are maximised.			
Commissioning Team	Risk Based	Cross cutting (Adults and Children) examining the procurement / contractual arrangements in place to ensure value for money following the CSSIW Inspection.	20		
Appraisal and Absence Management	Risk Based	The review to focus on compliance with the appraisal process and the absence management policy.	20		
Community Living	Risk Based	A review of the operational procedures in relation to the management of client money within Community Living.	10		
Transition and Care Leavers Team	Risk Based	Review of the transition process of children moving from the Children Teams into Care Leavers' team to ensure better outcomes for these individuals are achieved.	15		
Intake and Reablement (assessment & intervention)	Risk Based	Review the Intake and Reablement Team to ensure they are efficient and effective following their service review.		X	
Domiciliary Support	Risk Based	Assess whether the domiciliary care brokerage is effective and provides value for money.		X	
Homelessness	Risk Based	Review to ensure new legislation is being complied with.		X	
Repairs appointment service	Risk Based	To review the effectiveness of the service.		X	
Implement EDRM	Risk Based	Ensure that EDRM has been introduced effectively and efficiently with appropriate data controls.		X	
A2A Access Card	Risk Based	Once embedded examine how effective the initiative has been and where the challenges lie.			X
Disability Service for both Children, their families and Adults	Risk Based	Review of the Disability Service, its effect on supported living including the use of occupational therapy and home adaptations to ensure they are efficient and effective and that the balance of service is appropriate across all teams.		X	
Housing Maintenance	Risk Based	Mobile working – review the operation of the new hand-held system.		X	
Complaints Handling	Risk Based	Examine the complaints process to assess how successfully complaints are resolved and that learning outcomes are applied.		X	
Llys Jasmine (Priority)	System Based	Establishment Review of the new Llys Jasmine facility. To examine the cost of the extra care facility to determine VFM with residential care and consider the future roll out of the	20		

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
		service and how this would fit in with other service areas such as young and older people.			
AROSFA – Respite Provision	System Based	Undertake an establishment review to ensure the operation is efficient and effective.		X	
Youth Offending Team/Youth Justice	System Based	Review the service arrangements of the team including funding arrangements following the new service model change within Lifelong Learning.		X	
Client Finances/Receivership	System Based	Following the implementation of the new software, examine the processes in place for the payments to clients.		X	
Direct Payments	System Based	Compliance review, considering the impact that Direct Payments have on the Disability services and the CDS Agenda (Citizen Directed Support).		X	
PARIS – Finance Module	Advisory	Advice & support during the roll out of the Finance Module within PARIS. There will be two different approaches – Boarded out Payments will be processed through Proactis and Residential and Domiciliary Care through PARIS.		X	
Total Community Services			155		
<u>ENVIRONMENT</u>					
Communities First	Risk Based	Review of funding/control and governance arrangements. The review would assess the effectiveness of the service and compliance with recommendations made in 2009.	15		
Waste Management – Recyclable Materials	Risk Based	This review will examine the individual income streams for recyclable materials, how these materials are stored and collected, contracts and logistical arrangements.	20		
Asset Management - TechForge	Risk Based	This review will examine the use of TechForge, the accuracy and timeliness of the system and the transfer of figures into the Councils Asset Register.	20		
Repairs and Maintenance	Risk Based	<i>To review the efficiency within Repairs and Maintenance, in particular over tenders and quotations etc following the implementation of P2P.</i>	15		
Fleet Management	Risk Based	This review will assess the progress		X	

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
		Fleet Management have made in implementing service improvements in line with the Fleet Management project plan and to ensure those efficiencies savings identified have been realised.			
Civil Parking Enforcement	Risk Based	The review will examine whether the CPE service has become embedded and ensure compliance with legislation. It will include the operation of the SLA in place with Denbighshire for the coordinated collection of payments.		X	
Concessionary Travel	Risk Based	A review of the service will be undertaken to examine operation procedures, compliance with the scheme and to determine whether the service is efficient and effective.		X	
Regional Transport	Risk Based	Provision allocated to review the new arrangements for Regional Transport following the closure of Taith.		X	
Community Safety Team Partnership	Risk Based	A review of the partnership arrangements.		X	
Markets	Risk Based	The review will consider the efficiency and effectiveness of the management arrangements and income generation for this service.		X	
Bereavement Service	Risk Based	Review of income generation.		X	
Vibrant and Viable Places (Deeside)	Risk Based	The review will consider whether the £15m funding applied for, for the period 1 April 2014-17 has been received and that appropriate governance, financial and project management arrangements are in place to manage the funding.		X	X
Pollution Control	Risk Based	Review of the complaints and compliance process.		X	
Planning Control	Risk Based	Review examining a sample of planning applications.		X	
Pest Control	System Based	How the service compares with other LAs, e.g. the provision of out of hours service, charging and income collection.	15		
Building Control	System Based	Compliance with Building Regulations and collection of fees and notification process with Council Tax.	20		
Resolution of Service requests/complaints within Streetscene	System Based	The review will examine the processes in place from the point of complaint/service request to the point of resolution.		X	
Alltami Store	Advisory	A review has been requested on the stock handling procedures at the	5		

Audit	Audit Classification	Auditable Area	2014 /15	2015 /16	2016/ 17
		single store at Alltami after the closure of other sites.			
Total for Environment			110		
<u>CONTRACT AUDIT</u>					
<i>21st Century Schools</i>	<i>Risk Based</i>	<i>Examine the contract management and contract payments arrangements in place for this regional procurement project.</i>	5	X	
Total for Contract Audit			5		
<u>INVESTIGATIONS, PROVISIONS AND DEVELOPMENT</u>					
Provision for investigations and Pro-Active fraud			200		
Provision for ad-hoc requests from Directorates			90		
Follow up reviews			50		
IDEA,			20		
Audit Development – new software			55		
Consultancy			50		
Regional Collaboration			10		
Total			475		
Overall Total					
			1380		

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 26 MARCH 2014**
REPORT BY: **HEAD OF FINANCE**
SUBJECT: **WHISTLEBLOWING POLICY**

1.00 PURPOSE OF REPORT

1.01 To outline to Members the updated Whistleblowing Policy.

2.00 BACKGROUND

2.01 Flintshire County Council has had a whistleblowing policy since 2002, and it was last updated and approved by the Audit Committee in 2010. There is a need to review the policy periodically to ensure that it reflects any changes in working practice, legislation and other regulation.

2.02 The document has been reviewed and updated by Internal Audit in conjunction with the Legal and HR departments.

3.00 CONSIDERATIONS

3.01 The Enterprise and Regulatory Reform Act (June 2013) introduced changes to whistleblowing arrangements. The changes have been incorporated in this revised policy. The main changes which came into effect are

- For employees to have protection under the act they need to reasonably believe that they are making disclosures in the public interest. The previous requirement for disclosures to be protected was for them to be made in good faith.
- Greater protection for workers who blow the whistle, particularly where they may suffer from detriment in the workplace.

3.02 The whistleblowing policy enables employees to raise any concerns that they may have and gives assurances about confidentiality and protection. It gives the procedure to be followed and how the Council will respond, along with examples of the types of concerns that can be raised.

- 3.03 The policy forms part of the Council's constitution. Following approval by the Audit Committee it will be presented to the Constitution Committee.

Following approval it will be re-launched on the Council's Infonet.

4.00 RECOMMENDATIONS

- 4.01 The Committee is requested to consider and approve the updated policy.

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 Legal and HR departments.

11.00 CONSULTATION UNDERTAKEN

- 11.01 Legal and HR departments.

12.00 APPENDICES

- 12.01 Whistleblowing Policy.

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

None.

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



FLINTSHIRE COUNTY COUNCIL

**(Excluding staff employed by School Governing
Bodies)**

Whistleblowing Policy

Policy owner for review	Internal Audit Manager & Head of Human Resources and Organisational Development
Date implemented	April 2007
Date last reviewed	October 2010
Date of last amendment	March 2014
Date of next review	

Introduction

Flintshire County Council encourages a free and open culture in dealings between its managers, employees and all people with whom it engages in business and legal relations. In particular, FCC recognises that effective and honest communication is essential if concerns about breaches or failures are to be effectively dealt with and the organisation's success ensured.

FCC aim to create an environment where employees feel able to share their concerns internally in confidence. Employees do not suffer any detriment or victimisation as a result of making a protected disclosure

Aims of the Policy

This policy sets out how to make a disclosure under the Public Interest Disclosure Act 1998. This policy is designed to provide guidance to all those who work with or within Flintshire County Council who may from time to time feel that they need to raise certain issues relating to the organisation with someone in confidence.

This Policy ensures that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied.

Scope

This policy applies to all employees of and workers for Flintshire County Council with the exception of teachers and those employed by School Governing Bodies. This policy is commended to schools as good practice.

Definition

Whistleblowing encourages and enables employees to raise serious concerns that are in the public interest **within** the Council rather than overlooking a problem or 'blowing the whistle' outside

Policy

Any issues about malpractice should be raised at an early stage initially with Line Managers, in order for practices to be modified before they reach the point where problems are created or harm is caused. These issues will initially be dealt with informally where possible.

Employees who reasonably believe that the disclosure they are making is in the public interest will be protected from suffering a detriment, bullying or harassment.

This assurance will not be extended to someone who maliciously raises a matter they know is untrue and there are clear procedures in place for dealing with deliberately made false claims.

Confidentiality

We recognise that you may want to raise a concern in confidence under this policy. If you ask us to protect your identity by keeping your confidence, we will not disclose it without your consent (apart from exceptional cases) for example this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing.

However, this policy encourages you to put your name to your allegation, as concerns expressed anonymously are often much more difficult to investigate. Anonymous allegations will be considered wherever possible at the discretion of the Council.

Third Parties/Contractors

Although the provisions of the Public Interest Disclosure Act 1998 only applies to employees, the Council is committed to ensuring that any third party or contractor who raises a concern under this Policy will not be harassed or victimised as a result. Third parties/contractors should follow Step 3 of the procedure set out below.

Personal Issues

If you have a complaint that relates to personal disputes or your own terms and conditions of employment, this should be raised initially with your line manager and if the issue is not resolved informally with your line manager, the Grievance Policy should be followed.

Protection

Providing that you reasonably believe the disclosure you are making is in the public interest and you follow the procedures outlined in this policy then whistleblowing legislation protects you from detriment. Some examples are; you have a right not to be demoted, suspended, unfairly dismissed or victimised.

Independent Advice and External Contacts

While we hope this policy gives you the reassurance you need to raise such matters internally, we would rather you raised a matter with the appropriate regulator than not at all. Provided you have evidence to back up your concern you can also contact:

- Your Trade Union

- The independent charity Public Concern at Work on 020 7404 6609. Their lawyers can give you free confidential advice at any stage about how to raise a concern about serious malpractice at work.
- The Auditor General Wales can also receive whistleblowing disclosures directly from employees

Auditor General Wales 24 Cathedral Road Cardiff, CF11 9LJ Tel: 029 2032 0500	Health & Safety Executive Information Centre Broad Lane Sheffield S3 7HQ
Information Commissioner Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF Tel: 01625 545700	The Director of the Serious Fraud Office Elm House 10 – 16 Elm Street London WC1X 0BJ
The Environmental Agency Rio House Waterside Drive, Aztec Way Almondsbury Bristol BS12 4UD Tel: 0800 807060	

Monitoring and Evaluation

The policy will be reviewed to ensure compliance with changes in employment legislation or recommended best practice. Any future amendments to the policy may be authorised by the Head of Human Resources and Organisational Development.

Training and Development

Training will be provided to ensure that those with management responsibility for employees are clear about the policy and the procedures contained within it.

In addition to the support provided by your line manager, advice may be sought from a number of other sources such as the Human Resources Department or your Trade Union representative.

Procedure

When raising a concern about malpractice at work, you can: -

1. Raise the issue first with your line manager; this may be done orally or in writing.
2. If you feel unable to raise the matter with your line manager, for whatever reason, please raise the matter with the next immediate line manager whom

you trust, or with someone outside line management within the Directorate. Please say if you want to raise the matter in confidence so that they can make appropriate arrangements.

3. If these channels have been followed and you still have concerns, or if you feel that the matter is so serious that you cannot discuss it with any of the above, please contact one of the following
 - the Internal Audit Manager
 - the Monitoring Officer
 - the Head of Human Resources and Organisational Development, or
 - the Head of Finance

The Council's Response

The Council will assess the concern once it is raised, which may involve an internal inquiry or a more formal investigation. We will tell you who is handling the matter, how you can contact them and whether further assistance may be needed. If you request it, we will write to you summarising your concern and how we propose to handle it. Some concerns may be resolved by agreed action without the need for investigation.

While the purpose of this policy is to enable us to investigate possible malpractice and take appropriate steps to deal with it, we will give you as much feedback as we properly can within an agreed timescale. If requested, we will confirm our response to you in writing. Please note, however, that we may not be able to tell you the precise action we take where this would infringe upon a duty of confidence owed by us to someone else or being in breach of any statutory requirement.

The Authority will ensure that an Officer with knowledge and experience of this procedure will be given the responsibility for obtaining initial information from the referrer. A trained and suitable Officer will also conduct any initial meetings that are required.

At an appropriate stage in any investigation due consideration will need to be given to informing the subject of the concerns raised. It will be necessary to do this to comply with the Council's duties under the Human Rights legislation. However, all efforts will be made to ensure that the source of the concerns remains confidential where possible. The source of the concern will not be disclosed without their consent (apart from exceptional cases) for example this could be in cases when the person raising the concerns will need to provide a statement and potentially appear as a witness in subsequent legal proceedings, or may be required to give evidence in a disciplinary hearing. A central log of concerns reported under this Policy will be kept by Internal Audit.

Appeals

If you are unhappy with our response, remember you can go to the other levels and bodies detailed in this Policy.

Whilst we cannot guarantee that we will respond to all matters in the way that you might wish, we will try to handle the matter fairly and properly. By using this policy

you will help us to achieve this.

Role of the Manager

- To deal with and respond to any complaints raised under this policy
- To ensure employees are protected from suffering a detriment as a result of raising an issue under this policy.

Role of the Employee

- Employees must reasonably believe the disclosure of information is in the public interest.
- Employees must **not** act maliciously or make false allegations.
- Employees must **not** seek any personal gain.

Appendices

Appendix 1 – Examples of concerns which could be raised.

Appendix 1 Examples of Concerns which could be raised

This policy will apply in cases where employees reasonably believe that the disclosure they are making is in the public interest. Examples of this are :-

- a criminal offence has been committed, is being committed or is likely to be committed
- a person has failed, is failing or is likely to fail to comply with any legal obligation to which he or she is subject
- a miscarriage of justice has occurred, is occurring or is likely to occur
- the health and safety of any individual has been, is being or is likely to be endangered
- the environment has been, is being or is likely to be damaged
- information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.
- The unauthorised use of public funds.
- Possible fraud and corruption.
- Other unethical conduct.
- Actions which are unprofessional, inappropriate or conflict with a general understanding of what is right and wrong.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 26 MARCH 2014**

REPORT BY: **HEAD OF LEGAL AND DEMOCRATIC SERVICES**

SUBJECT: **DATA PROTECTION AUDIT BY THE
INFORMATION COMMISSIONER'S OFFICE**

1.00 PURPOSE OF REPORT

1.01 To report to committee on the sign off by the Information Commissioner's Office (ICO) on its audit of the Council's compliance with the Data Protection Act 1998.

2.00 BACKGROUND

2.01 The Data Protection Act 1998 is the legislation governing the processing of personal information. The ICO is the body responsible for promoting compliance with the legislation and is the enforcing authority for breaches of the Act. Whilst it does not have powers to unilaterally undertake an audit of an organisation's compliance with Data Protection, it can do so on a consensual basis. In 2012 it approached the Council about undertaking such an audit and this was agreed for April 2013.

2.02 In agreeing the scope of the audit it was agreed that it would cover the following three aspects:-

- Data Protection Awareness Training
- Records Management
- Data Sharing

Understandably because Children's Services and Adult Services routinely process sensitive personal information the audit concentrated on staff in those areas together with those corporately responsible for data protection training and records management.

2.03 Reports on the audit and the action plan agreed with the ICO were made to the Corporate Resources Overview & Scrutiny Committee meeting on the 12 September 2013 and to Audit Committee on the 7 October 2013. Both committees noted the results of the ICO audit and the processes in place to monitor the agreed action plan to implement the recommendations made.

3.00 CONSIDERATIONS

- 3.01 The overall conclusion of the audit was that there was “reasonable assurance” around the Council’s Data Protection processes and procedures. This is the second best of the four categories of audit opinion. In view of that level of assurance the appropriate follow up process by the ICO was to consider an update from the Council of the agreed action plan signed off at Corporate Management Team level. This was to be submitted to the ICO by the 17 January 2014.
- 3.02 Flintshire’s audit plan includes for 10 days work to be done relating to Data Protection each year. Representatives from the internal audit team shadowed the ICO’s audit staff during part of their work as such experience would be beneficial when undertaking future internal audit work on Data Protection. In December 2013 internal audit undertook their own progress report on implementation of the action plan agreed with the ICO. A copy of its report is attached as Appendix 1. This was then used to provide to the ICO the update required on progress with the action plan submitted by the 17 January 2014.
- 3.03 The report issued by the ICO in June 2013 included 37 recommendations of which 22 were accepted by the Council and 15 partially accepted. There were various dates set for implementation of these recommendations. At the time of the internal audit review 13% of these recommendations have not reached their implementation dates, 61% had been implemented and 26% were being implemented.
- 3.04 Attached as Appendix 2 is the e-mail from the ICO of the 7 February 2014 confirming that its follow up review had been completed. It also confirms that the overall approach to implementing the ICO’s recommendations was appropriate and particularly notes the work done in relation to implementation of some of the recommendations.

4.00 RECOMMENDATIONS

- 4.01 The committee is recommended to note the completion of the ICO audit process.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The cost of implementing the recommendations can be found from within existing budgets.

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 With Audit Committee through this report.

11.00 CONSULTATION UNDERTAKEN

11.01 With Audit Committee through this report.

12.00 APPENDICES

12.01 Appendix 1 - Internal Audit Report
Appendix 2 - E-mail from the ICO dated 7 February 2014

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

Internal audit report on the ICO audit dated January 2014.

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

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APPENDIX 1

Internal Audit report – Final

Follow Up Audit

ICO Data Protection audit report

Democratic Services

January 2014

Report Ref: LD0220T2

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Auditors	Flintshire Internal Audit Service
Client sponsor	Democracy and Governance Manager
Distribution	Head of Legal and Democratic Services Data Protection Team

1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

A follow up audit of progress towards implementation of the Information Commissioner's Office's (ICO) Data Protection audit report was undertaken as part of the approved internal audit periodic plan for 2013/14. The ICO audit included three areas of data protection; namely:

A Training Awareness

B Records Management

C Data Sharing.

The ICO audit report was issued as a final version in June 2013. The audit opinion was one of reasonable assurance; the second highest level of assurance. Recommendations made were primarily concerned with enhancing existing processes to facilitate compliance with the Data Protection Act.

Part of the ICO audit process is to request a progress update from organisations where reasonable assurance was given. This is due in January 2014. Findings from this audit will be used in that update to give independent assurance of progress.

1.2 CONCLUSION

Adequate progress has been made towards implementing the recommendations made in the ICO report. The majority of the recommendations which were due for implementation by the end of the year, have either been implemented or are currently being addressed. Some recommendations with dates in the future have also been implemented or progress is being made towards implementation.

1.3 SCOPE OF THE REVIEW

The following areas were reviewed during the audit:

- The recommendations made in ICO data protection audit report.

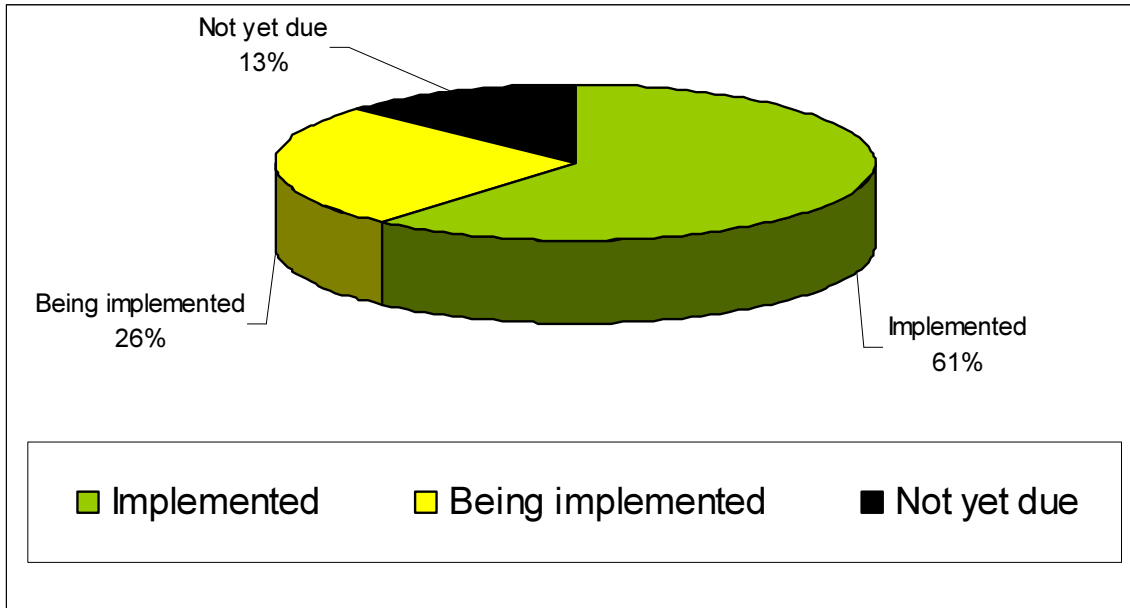
Limitations to the scope of the audit:

- The review is limited to the scope of the ICO recommendations.
- All testing will be undertaken on a sample basis and may therefore not be representative of the full population
- Our review does not provide an absolute guarantee that material error, loss or fraud does not exist.

The approach taken for this audit was a Follow Up Audit.

1.4 RECOMMENDATIONS SUMMARY

The pie chart below provides an overview of the status of recommendations that have been followed up as part of this review.



No further recommendations have been identified as a result of this review.

2 FINDINGS

Each recommendation followed up has been categorised in line with the following:

Status	Detail
1	The entire recommendation has been fully implemented.
2	The recommendation has been partly though not yet fully implemented.
3	The recommendation has not been implemented.
4	The recommendation has been superseded and is no longer applicable.
5	The agreed date for implementing the recommendation has not yet been reached.

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Ref	PROCUREMENT FOLLOW UP			FINDINGS	
	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
A3	Reports to the Corporate Management Team (CMT) should include training statistics from all Services regarding completion, or otherwise, of required data protection and related training, to provide a corporate overview.	End of 2013	Each Head of Service	2	<p>Since summer 2013 the Heads of Service Performance Reports, which are presented half yearly to Cabinet and the relevant Scrutiny committees, have contained statistics relating to the provision of data protection training. The content of the information is currently varied as not all directorates had by then identified those posts which require data protection training so cannot present it in percentage form. Managers have been requested to identify the posts which require mandatory training and this information is currently being received and collated. During December informal CMT, a deadline to provide this information was set at December 20th 2013. The situation was reviewed during January 2014 and it was found that all this information had been received.</p> <p>Once all posts have been identified it is the intention to hold this information within the ITrent HR system which will include</p>

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
					<p>dates of the latest training. This will allow the training reports to be produced corporately.</p> <p>December 2013 Informal CMT also approved a report which stated that "It is the intention that the performance reports would in future contain the percentage of those staff for whom data protection training is mandatory that have received such training".</p> <p>Performance reports are not routinely sent to CMT. The Democracy and Governance Manager has recently contacted the SIRO for his opinion regarding the reporting mechanism to CMT. It has been agreed that performance reports on data protection training are to be made six monthly to CMT.</p>
A9	Ensure Directorates have a similar or equivalent mechanism to that in Community Services to ensure clear accountability for and delivery of required data protection training.	End of 2013	Democracy and Governance Manager	1	<p>This recommendation was partially accepted. The response stated that Community Services directorate have a greater need for data protection training than other Directorates and it would not be sensible use of resources to have nine additional staff giving training on data protection.</p> <p>The Democracy and Governance Manager wrote to all managers in October requesting the arrangements in place for ensuring their staff have data protection training as and when appropriate.</p> <p>To date not all responses have been received therefore during December the Democracy and Governance Manager wrote to managers explaining their responsibilities and accountabilities with reference to this area as detailed within the Statement of Data Protection Policy and Practice.</p>
A11	FCC should take steps to centrally monitor and coordinate data protection training on an organisation	End of 2013	Democracy and Governance Manager	1	<p>Data protection training is monitored via directorate performance reporting (as discussed in A3 above) issued to Cabinet and the relevant scrutiny committee. Central monitoring of training will be enhanced when all mandatory posts have been added to the ITrent system; this will allow for</p>

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
	wide basis.				<p>training requirements to be flagged including refresher training. This information will also be used to obtain the performance data relating to training completed across the organisation.</p> <p>There is a performance indicator for all officers in mandatory posts to be trained by June 2014 as approved by CMT during December 2013. Central co-ordination of training has been achieved by corporately detailing the type of training available including refresher training and when each type of training is applicable.</p>
A12	FCC should develop a corporate data protection training programme to identify and direct strategic and consistent DP training delivery.	End of 2013	Democracy and Governance Manager	1	<p>The Data Protection Team has provided advice regarding the particular training routes available including refresher training. The type of training to be attended is dependant on the level of data processing undertaken by individuals (ie whether the data is sensitive and personal, personal or no processing).</p> <p>This advice will facilitate each directorate to identify the training route applicable for each officer. Training should therefore be consistent and the identification of the roles which require mandatory data protection training should ensure this is achieved.</p>
A21	FCC should produce monthly reports within the Directorates, regarding completion of required data protection and related training. FCC should also produce an aggregate overview of this for reporting of the training provision to the Corporate Management Team.	End of 2013	Heads of Service	2	<p>This recommendation was partially accepted stating that it is Heads of Service responsibility to put in place appropriate arrangements for their service. This has been achieved via the Performance Reports. These reports are submitted to Cabinet and the relevant Scrutiny Committee but are not routinely submitted to CMT. The response states that training statistics will be part of the existing quarterly reporting arrangements to CMT. Performance reports are now produced six monthly, the Democracy and Governance Manager will collate and report them to CMT.</p>
A23	FCC should consider whether	Not accepted		N/A	Data protection training is to be logged via the ITrent system.

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
	it is technically possible for the Paris administration team could expand the scope of their prospective new database to cover all data protection and data protection related training across the organisation.				
A24	FCC should introduce Key Performance Indicators (KPIs) in regard to data protection training to proactively monitor and stimulate competency and completion levels.	End of 2013	Democracy and Governance Manager	2	During informal CMT 16.12.13 the KPI that all staff who require mandatory training should have received it by the end of June 2014 was agreed. After that date it was agreed to change the KPI in the performance reports to include the percentage of such staff that have received refresher training and for all such staff to have had refresher training by the end of 2017 at the latest.
A27	FCC should introduce appropriate mechanisms in Directorates outside of Community Services for identifying and following up non-attendance of data protection training. Management information in relation to non-attendance by Directorate should also be provided to CMT to provide corporate oversight of this aspect.	End of 2013	Heads of Service and Democracy and Governance Manager	2	This recommendation was partially accepted. It is acknowledged that it is the responsibility of the Heads of Service to ensure that where such training is missed that training is provided at a later date. Training which has been missed should be visible in future within the performance statistics regarding mandatory training as these would not then total 100% by June 2014.
A31	The Information Security Presentation '8 Data Protection Principles' slide should be clarified to indicate that all	1.9.13	Information Governance Manager	1	The slide has been amended and now covers further rights of data subjects i.e rights to: Have inaccurate data rectified, blocked, erased or destroyed

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
	rights of the individual under the Data Protection Act (DPA) have a central basis under the sixth data protection principle, although the right to subject access may be foremost amongst these.				<p>Claim compensation</p> <p>To object to processing if:</p> <p>Causes (or likely to) cause damage or distress,</p> <p>Direct marketing; or</p> <p>Automated decisions are made.</p> <p>The revised slide was going to be used in the Information Security session within the corporate induction sessions (which covers data protection) however, this action has not occurred as the corporate induction sessions have recently been amended and now no longer include a stand alone Information Security session. Aspects of information security have been included in the most recent corporate induction within the Corporate Governance session delivered by the Democracy Governance Manager. This session does not however contain the levels of detail previously provided and this slide was not used within this session.</p>
A40	FCC should review the timeframe for refresher data protection training and give serious consideration to an annual cycle.	1.11.13	Heads of Service and Democracy and Governance Manager	1	<p>This recommendation was partially accepted as it was stated that "Statement of Data Protection Policy clearly makes this (refresher training) the responsibility of Directors and Heads of Service. It also makes clear that the timeframe will differ from one department to another dependant upon the degree of risk. In order to ensure consistency the Data Protection team will put forward recommended periods for different degrees of risk".</p> <p>The timeframe for refresher training has been reviewed, discussed and agreed with the Data Protection Team.</p> <p>The Data Protection Training page on the Council's infonet site includes a "Refresher Training" section. This section details the recommended refresher training intervals as agreed by the Data Protection Team. These intervals depend</p>

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
					<p>upon how often officers process sensitive personal information and / or personal information.</p> <p>This information has also been made known via an email to Senior Managers requesting a cascade to all relevant managers.</p>
A42	FCC should extend the provision of periodic and mandatory data protection related refresher training across their whole organisation.	Already in place		1	<p>This recommendation was accepted and it was stated that "The Council's Statement of Data Protection Practice and Policy makes clear that it is already extended across the organisation. The audit visit concentrated on Community Services staff but nevertheless at least one example of other staff was given during the audit visit".</p> <p>The statement states that "Directors and Heads of Service will identify those posts reporting to them for which Data Protection training is mandatory and ensure processes are in place to manage this. This should include maintaining records of all Data Protection training and ensuring regular refresher training, the frequency of which being dependent on the assessed level of risk" (4.2). This statement provides evidence of the extension of provision.</p> <p>Action is being taken to allow all posts requiring mandatory training to be noted in the ITrent system. This will allow the training requirement to be more easily monitored.</p>
A43	FCC should ensure that appropriate members of the Data Protection Team who have not undertaken Information Systems Examination Board (ISEB) training to date do so.	June 2014	Data Protection Team	1	The Records Manager and Information Governance Manager are currently attending an ISEB training course which should be completed in February 2014.

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
A46	FCC should introduce the provision of specific data protection training for specialised roles or functions (such as Senior Information Risk Owner (SIRO), Information Asset Owners (IAOs), Subject Access Request (SAR) handlers) as appropriate.	By the end of 2013 for SIRO and within 6 months of their appointments for IAOs	Democracy and Governance Manager	2	Half day SIRO role training has been arranged for February 2014, attempts were made to arrange an earlier date but the National Archives cancelled a December 2013 date arranged with it. This training will also be provided to the Information Governance Manager, Democracy and Governance Manager and Records Manager. A shorter training session relating to the role of the SIRO was provided to members of the Corporate Management Team during December 2013.
A49	The 'Do's and don'ts' poster, the 'DP – what is it?' section of Infonet and the DP Adult Social Care policy should be amended to reflect that employees would only be liable to individual fines as a result of deliberate and / or reckless offences under s.55 of the DPA committed without the consent of FCC and not unintentional errors committed in the course of their employment.	1.9.13	Democracy and Governance Manager	1	The Do's and Don'ts poster and the 'DP – what is it' section of the infonet have been amended. The Adult Social Care Policy does not contain this information so therefore does not require amendment. This information is however contained within a Powerpoint slide which was previously used as part of the training provided by adult social care prior to data protection training being delivered corporately. The presentation has been retained by Adult Social Care should it be required for local use and the slide has been updated. We have been advised that this information has not been required locally since at least May 2013.
A50	The Individual Rights section of Infonet should include all data subjects' rights within the provisions of the DPA in order for staff to be better able to identify these in practice.	1.9.13	Democracy and Governance Manager	1	The Individuals' Rights section has been amended to include all data subject rights as per those rights rights within the ICO website.

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
A58	FCC should introduce appropriate records management training for members of staff who have specialised records management roles or functions.	June 2014	Records Manager	2	<p>Staff who work in the records management function are currently working towards becoming accredited members of the Information and Records Management Society this includes evidence of experience and covers training.</p> <p>Training modules, which have already been provided to second and third tier managers as part of the asset rationalisation programme, are to be placed on the Infonet for access across the organisation. During 2013/14 it is envisaged that training will be targeted to those members of staff, who whilst not working directly within Records Management, do have records management responsibilities e.g. those specialised roles within Community Services.</p>
B2	Draft Terms of Reference for the DPT to ensure roles and responsibilities, decision making and quorums are clearly defined.	1.9.13	Democracy and Governance Manager	1	The terms of reference have been drafted and approved by the Data Protection Team during their August 2013 meeting.
B5	Appoint and train a senior level Senior Information Risk Owner (SIRO).	End of 2013	Corporate Management Team	1	The Head of Legal and Democratic Services has been appointed as the SIRO. Training is to be provided during February 2014 by the National Archive (see A46 above).
B6	Ensure data set owners are trained to perform the role of Information Asset Owners in line with the 'Local Public Service Data Handling Guidelines v2 - August 2012'.	End of 2013	Records Manager	2	<p>CMT endorsed that it be the responsibility of all Heads of Service to ensure that for their service area they have appointed sufficient information asset owners. Also, in the absence of IAO identification the SIRO will assume that the Head of Service is undertaking this role.</p> <p>This endorsement occurred on 16.12.13. A role specification is to be prepared and circulated. Training is to be provided following the SIRO training in February 2014.</p> <p>Information Asset Owners were only identified and approved</p>

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
					as such by the Corporate Management Team during December 2013. The Records Manager has briefly discussed the IAO training with the SIRO and has confirmed that it is due to be developed after the SIRO training in February 2014.
B13	Ensure a standard procedure for creating and reviewing all policies, including the Records Management policy, as part of a regular policy review cycle to ensure they are kept up-to-date and reflect the current needs of the authority. This would include an appropriate cover sheet as described above.	21.5.13	Democracy and Governance Manager	1	A standard procedure has been drafted which states that all policies are to be reviewed by the Data Protection Team with no longer than two years between reviews. A version control has also been agreed and is in use.
B14	Review the Records Management policy to ensure it complies with the recommendations in Part 1, section 7 of the s46 Code of Practice on records management.	End of 2013	Records Manager	1	The Records Manager has confirmed via email that the policy is compliant. It is currently being revised and definition of roles and responsibilities and how compliance is to be monitored is to be considered.
B15	Ensure the Council's website includes a clear Privacy Notice Statement, accessible from the home page.	21.5.13	Democracy and Governance Manager	1	Following the review we were advised the County Council website was updated to include a link to the Privacy Notice Statement from the home page. Subsequently the website underwent radical corporate change which resulted in the Privacy Notice Statement not being directly accessible by a link from the home page. This issue has since been addressed and resolved with IT and the Privacy Notice Statement is now accessible from a link on

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
					the home page.
B20	Ensure a single Information Asset Register is produced of all the Council's electronic and paper records. The register should have an owner, be regularly reviewed and contain details of who is responsible for the assets, a risk assessment, where they are stored and who has access to them.	End of 2016	SIRO	5	
B24	Ensure the work to integrate EDM and Paris is continued to enable Social Services to store unstructured data on the corporate EDM.	End of 2014	Information and Governance Manager	5	The Information Governance Manager has confirmed that achievement of the deadline is still on schedule working with the Paris System Admin. Team.
B40	Ensure the procedure on 'Secure Disposal of Storage Media' is completed and distributed to all relevant staff.	End of 2013	Information Governance Manager	1	The procedure was completed during November 2013 and distributed to the relevant member of staff responsible for this area.
B41	Ensure all electronic records, including those in Care.com, can be archived or deleted in line with the Councils retention schedules.	June 2016	Heads of Service and Information Governance Manager	5	The Information Governance Manager has confirmed this work will be carried out in line with recommendation B24.
B43	Investigate if there is a function available with the Council's email application that will apply	1.10.13	Operational Services Manager	1	Investigations were undertaken, however the Operational Services Manager has confirmed that there are no tools or facilities to remove or archive personal information within

PROCUREMENT FOLLOW UP				FINDINGS	
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	automatic disposal schedules.				<p>emails.</p> <p>Applying automatic disposal schedules is not practical as there are many retention periods within the retention schedule which would make it difficult to apply automatic disposal schedules as users would have to create folders based on these retention periods.</p> <p>The email policy includes the statement "Avoid keeping personal data for longer than is necessary. Permanently storing personal data within Lotus Notes will breach Principle 5 of the Data Protection Act. Consider exporting the email into your main filing system where the corporate retention schedule can be applied".</p>
B44	Include performance measures or KPIs in the Records Management policy so the effectiveness of the RM function can be measured.	Not accepted, however KPIs will be included in the quarterly performance reports considered by Corporate Management Team. December 2013	Records Manager	2	<p>Following investigation, it was determined that CMT would not regularly receive routine reports of this nature, therefore the management response provided has been revisited.</p> <p>A decision has now been taken to quarterly report KPIs to the Head of Culture and Leisure with any exceptions being escalated to the Director where necessary to ensure the Records Management function is being effectively monitored.</p> <p>Discussions are ongoing regarding including the KPIs in the records management policy and also providing an infonet link to them.</p>
B45	Internal audit should review whether Records Management should be included in the audit plan as part of a three year review cycle.	January 2014	Internal Audit Manager	5	The Internal Audit Manager has confirmed that Records Management will be part of the audit planning process which is due to commence January 2014.
B49	Ensure records and information management risk	June 2014	SIRO and Heads of Service	5	This recommendation will be taken forward following SIRO and Heads of Service training during early 2014.

PROCUREMENT FOLLOW UP				FINDINGS	
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	is incorporated into service level plans so potential threats can be identified at an early stage.				
B53	The Council should consider conducting Privacy Impact Assessments (PIA) when developing any projects that will process personal data on a case by case basis. These should be based on the recommendations in the ICOs PIA handbook which include conducting preliminary assessments on the level of PIA required in each case.	End of 2013	SIRO and Data Protection Team	2	<p>This recommendation was partially accepted. The response stated that PIA assessments will be considered for appropriate projects but not all due to resource implications.</p> <p>PIA assessments have been previously completed by the Information Governance Manager and Records Manager. There is currently no mechanism in place for those responsible for this recommendation to initially identify projects and then assess them for appropriateness.</p> <p>This issue has been discussed with the Democracy and Governance Manager. It has been resolved that this recommendation will be addressed following SIRO training in February 2014, as this training may provide further guidance within the area of Privacy Impact Assessments.</p>
C5	FCC should develop and introduce specific data sharing training for operational staff who have responsibility for systematic data sharing.	End of 2013	Democracy and Governance Manager	1	<p>This recommendation was partially accepted. The response stated that "guidance will be produced, including who should be contacted with queries. Data sharing is best covered as part of the corporate training".</p> <p>A guidance note "Regular Sharing of Personal Information" has been produced and has been published on the infonet.</p> <p>The guidance includes managerial responsibility in this area, the fact that staff involved in routine data sharing need to have been provided with access to the relevant Information Sharing Protocol and the importance of compliance with this protocol. The guidance also states that if they require advice this should be sought from a member of the Data Protection Team.</p> <p>Training has been provided within the two hour "Data</p>

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
					Protection for Community Services” workshop delivered via the Workforce Development Team within Community Services. This training has been provided twenty times since March 2013 and is part of a rolling training programme. For other directorates training is provided via Act Now courses and the Democracy and Governance Manager’s Lunch and Learn sessions.
C8	FCC should develop and introduce formal training and documented procedures specifically in regard to one off disclosures and these should ensure appropriate sign off.	End of 2013	Democracy and Governance Manager	1	<p>This recommendation was partially accepted stating that further guidance will be produced and that it is best covered in corporate training arrangements. It was noted in the management response that “there is no need for routine senior authorisation or sign off if staff are appropriately trained”.</p> <p>Documented procedures have been produced and have been uploaded to the infonet.</p> <p>Training has been provided within the two hour “Data Protection for Community Services” workshop delivered via the Workforce Development Team within Community Services. This training has been provided twenty times since March 2013 and is part of a rolling training programme. For other directorates training is provided via Act Now courses and the Democracy and Governance Manager.</p>
C13	FCC should ensure that there is a uniform mechanism for quality assessment of fair processing information across the organisation.	September 2013	Democracy and Governance Manager	1	<p>Guidance relating to fair processing notices has been placed on the infonet following agreement by the Data Protection Team. The guidance provides two options for fair processing notices dependant on whether the information includes sensitive personal data or personal data only.</p> <p>The guidance was emailed to senior managers with a request to cascade to all relevant managers during October 2013.</p>

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
C14	FCC should ensure that the provision of fair processing information is uniformly consistent in terms of identifying FCC, the purposes for processing and any further appropriate information to ensure the processing is fair.	September 2013	Democracy and Governance Manager	1	<p>Guidance has been issued and placed on the infonet detailing the information fair processing notices should contain ie:</p> <p>That it is Flintshire County Council obtaining the personal information;</p> <p>Why there is a need to collect it</p> <p>What it is going to be used for</p> <p>Whether the information is going to be shared with other Council departments or external organisations.</p> <p>This information was emailed to senior managers with a request to cascade to all staff during October 2013.</p>
C21	FCC should put all Information Sharing Protocols (ISPs) in a single place on Electronic Document Management (EDM) to enable central oversight.	June 2013	Information Governance Manager	2	<p>A spreadsheet is maintained of all ISPs throughout the County Council and a shared folder has been placed on the Y Drive to store all ISPs.</p> <p>To date two ISPs have been placed within the folder. During the December Data Protection Team meeting a request was made for all members to place the remaining ISPs into the shared folder on the Y Drive.</p>
C26	FCC to require partner agencies to provide assurances that shared personal data has been securely disposed of at the end of the ISP.	End of 2013	Democracy and Governance Manager and Heads of Service	1	<p>This recommendation was partially accepted. The management response stated that it will be covered in the Wales Accord on the Sharing of Personal Information (WASPI) V4. WASPI V4 13.2 states that "All information, whether held on paper or in electronic format must be stored and disposed of in line with each partner organisation's retention and disposal schedule".</p> <p>FCC is a signatory to WASPI and is therefore bound to comply with all clauses. It was also noted that it would not always be applicable to dispose of the personal data at the end of ISP as there may be legal requirements to hold data for</p>

PROCUREMENT FOLLOW UP				FINDINGS	
Ref	Original Recommendation	Original Impl'n Date	Manager Responsible	Status	Comments / Implications / Recommendations
					longer (e.g. in the case of adoption data).
C33	FCC should clarify which of the two aforementioned policies should be followed in practice.	September 2013	Information Governance Manager and Democracy and Governance Manager	1	<p>This recommendation refers to the use of fax / post and the fact that the "Sending Personal Data to an External Party" policy does not include the use of fax, whereas the "Policy on Security of Documents Containing Personal Information" does refer to the use of post and fax.</p> <p>Following the review the "Sending Personal Data to an External Party" policy has been amended to state that risk assessments should be completed when a form of communication method is used which is not Government Connect Secure Extranet (GCSX), secure connections or CD/DVD. The risk assessment procedure is detailed within the "Policy on Security of Documents Containing Personal Information".</p> <p>This information was disseminated to team managers within children's services and youth justice service. Eight managers were contacted to ascertain if they had cascaded the information throughout their team and were also asked if the use of fax had reduced since the memo had been provided.</p> <p>Three managers replied confirming that the information had been cascaded and the use of fax was, if used at all, only used on rare occasions.</p>

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APPENDIX 2

From: Chris Littler <Chris.Littler@ico.gsi.gov.uk>
To: "Peter.J.Evans@flintshire.gcsx.gov.uk" <Peter.J.Evans@flintshire.gcsx.gov.uk>,
Cc: "David_Webster@flintshire.gov.uk" <David_Webster@flintshire.gov.uk>, Christine Eckersley <Christine.Eckersley@ico.org.uk>
Date: 07/02/2014 11:29
Subject: [PROTECT] ICO follow up audit - Confirmation of completion

PROTECT

Hi Peter

Thank you for completing and returning your updated action plan following our original audit in April 2013.

As you are aware, we have changed our follow up process, meaning this follow up consists of a review of your action plan and our acknowledgement, highlighting any priority recommendations which we believe are yet to be fully addressed. We will not produce a new report or executive summary and obviously there is no new rating. There will be a note added to our website simply to state that a follow up review has been completed.

Having reviewed your completed action plan, we are pleased to see that you are making significant progress on our recommendations. Of the 37 Accepted / Partially Accepted recommendations reviewed I agree that 22 are sufficiently supported by evidence to be designated as complete; 10 require more work and are currently in progress and 5 have yet to reach their implementation date, although work is ongoing.

The overall approach to implementing our recommendations was appropriate, with responsibilities allocated to specific members of staff. The overall process has a designated lead in the Democracy and Governance Manager and progress was overseen by the Data Protection team and reviewed by the Council's Internal Audit team.

Of particular note was the work undertaken in ensuring there are regularly reviewed performance indicators to ensure all officers in mandatory posts have received DP training by June 2014. Staff who regularly process sensitive personal information will receive refresher sessions within a maximum period of 18 months. Additional monitoring will be introduced with the roll-out of the i-Trent HR database, which will provide a corporate overview of DP

training. The appointment and training of a SIRO, together with additional training for the Records Manager and Information Governance Manager, will help to embed Information Governance at the Council.

I note it has been confirmed the majority of outstanding actions, where the target date for implementation has been deferred, will be completed by mid-2014. Further development of the Information Asset Register is now aligned to the roll out of the Corporate EDM System, with a completion date of December 2015, as is the work to ensure all electronic records, including those in Care.com, can be archived or deleted in line with the Council's retention schedules.

This is the final stage of the audit process. I hope that the Council has found the experience to be both positive and useful. Thank you again for the work you did to complete the action plan.

Regards

Christopher Littler Lead Auditor

Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.

T. 01625 545795 F. 01625 524510 www.ico.org.uk

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 26 MARCH 2014**
REPORT BY: **HEAD OF FINANCE**
SUBJECT: **ACTION TRACKING**

1.00 PURPOSE OF REPORT

1.01 To inform the committee of the actions resulting from points raised at previous Audit Committee meetings.

2.00 BACKGROUND

2.01 At previous meetings requests for information or reports have been made. These have been summarised as action points. This paper summarises those points and provides an update on the actions resulting from them.

3.00 CONSIDERATIONS

3.01 A summary of the points and the actions taken is provided at Appendix A. The majority of the requested actions have been completed, with some still outstanding. They will be reported back to a future meeting.

4.00 RECOMMENDATIONS

4.01 The committee is requested to accept the report.

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 None as a direct result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None as a direct result of this report.

12.00 APPENDICES

12.01 Appendix A – Summary of Action Points.

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

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

AUDIT COMMITTEE ACTION SHEET

30th JULY 2013

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
28	Certification of Grant Claims and Returns 2011/12	Outcomes from the WAO report for 2011/12 to be included in the 2012/13 report to show comparison	WAO	Not yet due.

25TH SEPTEMBER 2013

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
40	Risk Management	That the changes to the SARC process be reflected in the Annual Governance Statement for the year ending 31 March 2014.	Democracy and Governance Manager	Due for July meeting.

18TH DECEMBER 2013

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
59	Corporate Governance	To e mail the Committee with results from the challenge stage of the returned AGS questionnaires in February 2014 and responses from O&S Chairs	Democracy and Governance Manager	Not yet due.
60	Informal Meeting between Audit Committee members and O&S Chairs / Vice Chairs	To raise at the next informal meeting the suggestion made by Mr Williams.	Internal Audit Manager.	Informal meeting proposed for 8 th April 2014.
60	Informal Meeting between Audit Committee members and O&S Chairs / Vice Chairs	To liaise with the Head of ICT and Customer Services on the 'spam' e mail problem experienced by Cllr Newhouse	Chief Executive	Cllr Newhouse contacted by ICT – see action from 29.1.14 meeting.

18TH DECEMBER 2013

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
61	Size of Audit Committee	That the size of the Audit Committee be referred to the Constitution Committee with the preference for one lay member to be included, for recommendations to be made to the AGM.	Democracy and Governance Manager	Report to Group Leaders and Constitution Committee in March.
62	Internal Audit Progress Report	For future reports Appendix B to indicate whether these are regulatory, risk-based, other or advisory	Internal Audit Manager	To be actioned in March report.
62	Internal Audit Progress Report	For future reports Appendix D to cross reference recommendations awaiting implementation.	Internal Audit Manager	To be actioned in March report.

29TH JANUARY 2014

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
68	Risk Management Update	That an additional column be included in the Appendix to indicate the date by which it was anticipated the improvement would be made.	Policy and Performance Manager	Due for the June meeting.
69	Treasury Management Strategy 2014/15 and Treasury Management Update 2013/14.	That the draft TM Strategy 2014/15 be recommended to Cabinet on 18/02/14 with a request to look into investing with Credit Unions for the economic benefit of the people of Flintshire	Head of Finance and Finance Manager – Technical Accountancy	TM Strategy 2014/15 approved by Cabinet and Council 18/2/14. Cabinet agreed to the Audit Committee request.
69	Treasury Management Strategy 2014/15 and Treasury Management Update 2013/14.	The additional information requested by Cllr Newhouse to be included in the table at Appendix 3 and a response on LOBOS to be included in the update report to the next meeting in March.	Finance Manager – Technical Accountancy	Update report in March to Audit Committee contains a revised Appendix and information on LOBOS as requested.

29TH JANUARY 2014

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
70	Council Banking Arrangements	To consider the inclusion of the provision for alternative arrangements on paying-in and obtaining cash in the bank tender.	Finance Manager – Technical Accountancy	The cross-directional group set up to discuss the Council's future banking requirements are considering the Audit Committee's request and the practical implications of including the request in the contract specification.
70	Council Banking Arrangements	To provide a written response to the Committee on the value of the bank contract.	Finance Manager – Technical Accountancy	Response e mailed to all Members of the Audit Committee
73	Audit Charter Update	That the sentence be retained in the Internal Audit Charter with an additional sentence 'If such a call is made, the decision to allocate resources will be the Internal Audit Manager's, but that the s151 officer and the Audit Committee Chair or Vice-Chair to be advised.	Internal Audit Manager	Sentence included in the Charter.
74	Action Tracking	That the Head of ICT and Customer Services be requested to investigate the problem with delivery of emails from non-Flintshire addresses and provide a solution.	Head of ICT and Customer Services	Briefing document provided for this meeting.

29TH JANUARY 2014

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
74	Action Tracking	To share with the Committee the two responses provided to Cllr Bateman (p97 and 98 of agenda)	Finance Manager – Technical Accountancy	To be completed before the next Audit Committee meeting.
75	Forward Work Programme	An additional meeting to be arranged in April / May 2014	Committee Officer	Meeting arranged for 7 th May 2014.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 26 MARCH 2014**
REPORT BY: **HEAD OF FINANCE**
SUBJECT: **FORWARD WORK PROGRAMME**

1.00 PURPOSE OF REPORT

1.01 To consider the Forward Work Programme for the Audit Committee for next year.

2.00 BACKGROUND

2.01 Items feed into the Committee's Forward Work Programme from a number of sources. In order to better manage the workflow for the Audit Committee, the draft programme needs to be kept under review.

3.00 CONSIDERATIONS

3.01 The programme is attached as Appendix A. It has been compiled based on the work that has been done in previous years and from information received from the various contributors to the Committee.

3.02 Although the programme gives the basis of the work of the Committee, it will be subject to change as necessary during the year. Changes will be notified to the Committee when they become known. Members may also wish to propose subjects for future reports or discussion.

4.00 RECOMMENDATIONS

4.01 That the Committee considers the draft Forward Work Programme and approves/amends as necessary.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a result of this report.

6.00 ANTI POVERTY IMPACT

6.01 None arising directly from this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None arising directly from this report.

8.00 EQUALITIES IMPACT

8.01 None arising directly from this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None arising directly from this report.

10.00 CONSULTATION REQUIRED

10.01 Publication of this report constitutes consultation.

11.00 CONSULTATION UNDERTAKEN

11.01 Publication of this report constitutes consultation.

12.00 APPENDICES

12.01 Appendix A – Forward Work Programme.

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

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

AUDIT COMMITTEE
FORWARD WORK PROGRAMME 2014/15

MEETING DATE	AGENDA ITEM	AUTHOR
7 May 2014	<ul style="list-style-type: none"> • PSIAS compliance • Audit Committee Self Assessment • Internal Audit Annual Report • Annual Improvement Report (WAO) • Private Meeting (WAO and IA) 	David Webster David Webster David Webster
25 June 2014	<ul style="list-style-type: none"> • Assessment of Internal Audit Report (WAO) • Regulatory Programme (WAO) • Certification of Grants and Returns Report (WAO) • Internal Audit Progress Report • Action Tracking • Forward Work Programme • Risk Management Update • Budgetary Control Systems 	David Webster David Webster David Webster Karen Armstrong Kerry Feather
16 July 2014	<ul style="list-style-type: none"> • WAO Certification of Grants report • Draft Statement of Accounts • Draft Annual Governance Statement • Treasury Management Update and Annual Report 2012/13 • Financial Procedure Rules 	Liz Thomas Liz Thomas Gareth Owens Liz Thomas Liz Thomas

MEETING DATE	AGENDA ITEM	AUTHOR
September 2014	<ul style="list-style-type: none"> • Statement of Accounts 2012-13 • Audit of Financial Statements (WAO) • Internal Audit Progress Report • Action Tracking • Forward Work Programme 	Liz Thomas David Webster David Webster David Webster
December 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report • Action Tracking • Forward Work Programme • Risk Management update • Code of Corporate Governance • Treasury Management Mid Year Update • Risk Management 	David Webster David Webster David Webster Karen Armstrong Peter Evans Liz Thomas Karen Armstrong
January 2015	<ul style="list-style-type: none"> • Treasury Management Update and Strategy • Annual Report on external inspections • Action Tracking • Forward Work Programme 	Liz Thomas Peter Evans David Webster David Webster

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