

# 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

27 September 2013

Paul Williams

Sharon Thomas 01352 702324  
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Dear Sir / Madam

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **MONDAY, 7TH OCTOBER, 2013** at **2.30 PM** to consider the following items.

**Please note that the meeting will commence at 2.30pm.**

Yours faithfully

Democracy & Governance Manager

## **AGENDA**

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
- 3 **WALES AUDIT OFFICE REGULATORY PLAN FOR PERFORMANCE 2013**  
(Pages 1 - 8)

Report of Chief Executive enclosed.

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

4 **DATA PROTECTION AUDIT BY THE INFORMATION COMMISSIONER'S OFFICE** (Pages 9 - 32)

Report of Head of Legal and Democratic Services enclosed.

5 **IMPLEMENTATION OF FINANCE AUDIT RECOMMENDATIONS** (Pages 33 - 54)

Report of Head of Finance enclosed.

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **AUDIT COMMITTEE**

**DATE:** **MONDAY, 7 OCTOBER 2013**

**REPORT BY:** **CHIEF EXECUTIVE**

**SUBJECT:** **WALES AUDIT OFFICE REGULATORY PLAN FOR PERFORMANCE 2013**

### **1.00 PURPOSE OF REPORT**

1.01 To report for acceptance the proposed Regulatory Programme for Performance Audit for the Wales Audit Office (WAO) for the period April 2013 to March 2014.

### **2.00 BACKGROUND**

2.01 The Auditor General is responsible for preparing a programme of work under the Local Government (Wales) Measure 2009 (the Measure), the remaining functions of the Local Government Act 1999 and the Public Audit (Wales) Act 2004. The programme sets out the work to be delivered by and on behalf of the Auditor General for Wales and by his appointed auditors. It also covers the work of the Care and Social Services Inspectorate for Wales (CSSIW) and Estyn.

2.02 The purposes of regulation are to provide assurance to the organisation, the public and government; to support the development of internal governance and assurance frameworks (e.g. risk management); to aid and support performance improvement (of governance and of public services). In addition the Local Government Act 1999 places requirement on those inspectorates named specifically in the legislation (CSSIW and Estyn) alongside the WAO and its appointed auditor to work together to co-ordinate their activity within each authority.

### **3.00 CONSIDERATIONS**

3.01 The Regulatory Plan is three separate documents. Two of them, the Financial Audit Outline for Flintshire County Council and the Financial Audit Outline for Clwyd Pension Fund were presented to the Audit Committee in March 2013.

The Regulatory Programme for Performance Audit for 2013/14 is attached at Appendix 1.

3.02 The range of performance audit work that the Auditor General and relevant regulators will carry out is detailed in a Work Plan. This

reflects the Council's improvement planning arrangements and is aligned to its improvement objectives. It provides more detailed information on the nature and scope of improvement assessment activities. This will be reviewed at least every quarter and will be the subject of liaison between WAO, the relevant regulators and council officers. We wish to continue to ensure that each piece of regulatory work is clearly scoped (the type, purpose and value) provides timely and quality reports which balance minimising the fees and burden of regulation and appropriate regulation in the public interest.

- 3.03 In ongoing discussions with the regulators the council has stressed the need for value for money in regulation.
- 3.04 The Performance Audit in the main comprises the Improvement Assessment, which is separated into four parts:
- The Councils arrangements for continuous improvement.
  - Improvement studies on the effectiveness of scrutiny; the preparation of the Annual Governance Statement; and key themes that have emerged from audits of authorities' improvement objectives and self assessment of performance.
  - Local work on the Council's self assessment of its arrangements and performance; and on collaboration with partners.
  - Audits of the Improvement Plan and Assessment of Performance (the latter must be published by the Council by the end October).
- 3.05 In addition the Auditor General has a duty to undertake national studies across local authorities. In 2013/14 there will be two studies relating to:
- Welfare Reform
  - Delivering with Less – The impact on services and citizens

The 2011/12 study 'Responding to the Financial Challenge' is due to be published in October 2013 and the 2012/13 study relating to young people not in employment, education or training is due to be published early 2014.

- 3.06 Following the audit of the Improvement Plan, the Auditor General has written to the Council to formally report the findings of the audit (see paragraphs 3.10 to 3.13). In addition, an Annual Improvement Report will set out the finding of the audit of the Council's assessment of performance, a summary of any corporate or performance assessment work carried out by the WAO and a summary of work carried out by the relevant regulators.

- 3.07 Final reports, their findings, recommendations and subsequent actions are to be brought to Cabinet from Directors within three months. The role of both the Corporate Management Team and Cabinet is one of accountability; being accountable for the activity, its findings and the improvement actions presented.
- 3.08 The regular reviews with WAO in developing their Work Plan and Timetable will take our own audit activity into account to reduce duplication, maximise resources and ensure appropriate accountability for regulation.
- 3.09 Other roles within the Council in relation to the Regulatory Plan activities include that of check and challenge by Overview and Scrutiny Committees and assurance by the Council's Audit Committee. The terms of reference and adopted protocols of these bodies reflect the tripartite roles of Corporate Management Team/Cabinet, Overview and Scrutiny and Audit Committee in relation to regulation.

#### **4.00 RECOMMENDATIONS**

- 4.01 The Audit Committee are requested to receive for acceptance the proposed Regulatory Programme for Performance Audit of the WAO for the period April 2013 to March 2014.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 The proposed fee for this year's regulatory performance work is £354,213

#### **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 Consultation with relevant members and Audit or Overview and Scrutiny Committees will be undertaken as a result of the

implementation of the regulatory programme.

**11.00 CONSULTATION UNDERTAKEN**

11.01 Ongoing consultation on the status of the programme and its implications is undertaken with the regulators on a quarterly basis.

**12.00 APPENDICES**

12.01 Appendix 1: Regulatory Programme for Performance Audit for 2013/14

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

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Mr C Everett  
Chief Executive  
Flintshire County Council  
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Date 12 June 2013  
Pages 1 of 4

Dear Colin

#### 2013-14 Performance Audit Work and Fees

I am writing to confirm the programme of performance audit work at Flintshire County Council (the Council) for 2013-14 and the associated fee for that work. This work is delivered under the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999 and Parts 2 and 3A of the Public Audit (Wales) Act 2004.

In addition to the annual programme of audit and assessment of improvement planning and reporting arrangements, we will undertake a programme of Improvement Studies and Local Government National Studies as set out in the Auditor General's letter of 3 April 2013. These and the specific elements of our audit and assessment work are set out in the table below. Please note that each year's work programme and performance audit fee covers one cycle of Improvement Assessment work. However, as this work does not fit neatly within a period starting on 1 April and ending on 31 March, the delivery of the annual work programme may overlap financial years.

WAO performance audit work 2013-14	
<b>Corporate Assessment Update</b>	Update of the Council's capacity and capability to deliver continuous improvement
<b>'Improvement Plan' Audit</b>	Review of the Council's published plans for delivering on improvement objectives
<b>'Assessment of Performance' Audit</b>	Review of the Council's published performance assessment, including testing and validation of performance

	information
<b>Data quality review</b>	Review of systems to ensure accuracy of performance information (incl. performance indicator audit)
<b>Improvement study – Safeguarding</b>	Review of whole authority governance and management arrangements for safeguarding children and vulnerable adults
<b>Local Government National Study – Welfare reform</b>	Review of arrangements to manage the impact of welfare reform
<b>Local Government National Study - Delivering with less – the impact on services and citizens</b>	First of a series of national studies into specific service areas to examine how best use is being made of diminishing resources
<b>Local Review</b>	Review of asset management

The table below sets out our fees for performance audit work and includes the fee for financial audit work for completeness. The indicative fee for April 2013 to March 2014 will be charged in equal instalments between April 2013 and March 2014. If during the course of the audit and assessment any additional work is identified as being necessary, this may incur additional fees. Similarly should an issue arise of such importance that we consider a special inspection to be an appropriate response, we will charge an additional fee to conduct such an inspection. VAT will be applied as applicable as set out in the Auditor General's communication dated 26 April 2013.



<b>Fee</b>	<b>£</b>	<b>Previous year's fee</b>
Fee for WAO performance audit work from April 2013 to March 2014	137,587.00	139,985.00
Fee for Appointed Auditor's work on 2012-13 financial statements	215,967.00	215,967.00
WPS 2025 contribution*	659.00	
<b>Total Fee</b>	<b>354,213.00</b>	<b>355,952.00</b>

\*A small element of this fee relates to the WAO agreement to second a member of staff to work as a public finance lead with Wales Public Services 2025 (WPS 2025) for a period of six months. WPS 2025 is an independent programme established to raise awareness of the scale of the long term demographic, fiscal and sustainability challenges faced in Wales, and to create and support ideas that will help our public services respond effectively. Steve Thomas, Chief Executive of the WLGA, has recognised the relevance of this project and the WLGA has supported the funding of the secondment via a recharge alongside external audit fees, which will be apportioned equally across all unitary authorities. The recharge is estimated to be between £600 and £800 per unitary authority and will be invoiced alongside external audit fees during the course of 2013-14.

In addition to the programme of work set out above the Wales Audit Office may be undertaking work at local government bodies in the course of our programme of value for money studies laid before the National Assembly for consideration by its Public Accounts Committee. As many of these studies cut across the boundaries between different parts of the Welsh public sector, they will often be relevant to our work in local government. This work is funded separately by the Welsh Consolidated Fund and therefore does not incur a fee.

The Auditor General also has a duty under the Measure in relation to the coordination of the regulatory functions of the Wales Audit Office and relevant regulators, those being the Appointed Auditor; the Care and Social Services Inspectorate Wales (CSSIW); Estyn; and the Welsh Language Commissioner. The range of performance audit work that the Wales Audit Office and relevant regulators will carry out will be set out in more detail in a Work Plan and Timetable (WP&T) which will be reviewed every quarter.

We will publish an Annual Improvement Report for Flintshire County Council summarising our work and that of relevant regulators, and will issue reports (and/or letters) setting out the findings of audit and assessment work. As required by the Measure, these will be

copied to Welsh Ministers. We will also provide local feedback on our Improvement Studies. As our national studies are only carried at a selection of authorities, you may not receive a local report: instead we will publish a national report, the recommendations of which will apply to all local authorities. Where appropriate, both our improvement studies and national work may result in shared learning seminars.

Should you wish to discuss any element of this work please do not hesitate to contact me or Huw Lloyd Jones (Huw.lloydjones@wao.gov.uk) or Karen Lees (Karen.lees@wao.gov.uk).

Yours sincerely

A handwritten signature in black ink that reads "Alan Morris". The signature is written in a cursive, slightly slanted style.

Alan Morris  
WAO Group Director

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **AUDIT COMMITTEE**

**DATE:** **MONDAY, 7 OCTOBER 2013**

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

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

### **1.00 PURPOSE OF REPORT**

1.01 To inform the Committee of the processes in place as a result of the audit undertaken by the Information Commissioner's Office (ICO) on Data Protection compliance.

### **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. Two of the ICO's audit staff carried out interviews with relevant officers on the 16 and 17 April. Attached to this report as Appendix 1 is an Executive Summary of the audit report issued on the 11 July. A full copy of the report is available for Members in Members' Services.

2.03 A report on the audit and the action plan agreed with the ICO was made to the Corporate Resources Overview & Scrutiny Committee meeting on the 12 September. The Committee noted the results of the ICO audit and the 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. The Executive Summary of audit findings on pages 5 and 6 gives four examples of good practice and four examples of areas for improvement.
- 3.02 The Audit Report contained a total of 38 recommendations of varying significance. Some significant recommendations involve a lot of work and for those the extended implementation date the Council has given is a realistic assessment of the time it will take. Other recommendations are comparatively minor and a short implementation date has been given for those. Of the 38 recommendations, 22 have been accepted, 14 partially accepted and only 2 not accepted. Attached at Appendix 2 are the details of all the recommendations together with the Council’s response to them, including the implementation dates which comprises the agreed Action Plan.
- 3.03 At the time of preparing this report the following recommendations have already been implemented:-  
a31, a40, a42, a43, a49, a50  
b2, b13, b15, b43  
c5, c13, c14, c21, c33
- 3.04 As the report resulted in a “reasonable assurance” rating, the follow-up process by the ICO will be based on an update from the Council of the agreed action plan signed off at Corporate Management Team level. This is to be submitted to the ICO by 17 January 2014.
- 3.05 Each year’s Audit Plan includes 10 days for work relating to Data Protection and representatives from the Internal Audit Team shadowed the ICO’s Audit staff during part of their work in order to assist them when undertaking future Internal Audit work on data protection. It is also the intention that in December Internal Audit will themselves audit progress on implementation of the Action Plan agreed with the ICO.

### **4.00 RECOMMENDATION**

- 4.01 The Committee is asked to note the results of the ICO Audit and the processes in place to monitor the agreed Action Plan to implement the recommendations made.

### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 The cost of data protection training for implementation of recommendation a43 will amount to £5K in total. This expenditure will

be incurred over the coming two financial years, with expenditure of £3K in 2013/14 and £2K in 2014/15. The cost 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 None as a result of this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 A report on the ICO audit was submitted to the Corporate Resources Overview & Scrutiny Committee on 12 September 2013.

**12.00 APPENDICES**

Appendix 1 – Executive Summary

Appendix 2 – Details of all the recommendations together with the Council's response to them comprising the Action Plan

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

None.

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# Flintshire County Council

## Data protection audit report

Executive summary  
June 2013

## 1. Background

The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 1998 (the DPA). Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller. This is done through a consensual audit.

The Information Commissioner's Office (ICO) sees auditing as a constructive process with real benefits for data controllers and so aims to establish a participative approach.

Flintshire County Council (FCC) has agreed to a consensual audit by the ICO of its processing of personal data.

An introductory meeting was held on 28 February 2013 with representatives of FCC to identify and discuss the scope of the audit and after that corresponded by email to agree the schedule of interviews.



## 2. Scope of the audit

Following pre-audit discussions with the Democracy & Governance Manager and the Internal Audit Manager it was agreed that the audit would focus on the Adult and Children's Services parts of the Community Services Directorate in the following areas:

- a. Training and awareness – The provision and monitoring of staff data protection training and the awareness of data protection requirements relating to their roles and responsibilities.
- b. Records management (manual and electronic) – The processes in place for managing both manual and electronic records containing personal data. This will include controls in place to monitor the creation, maintenance, storage, movement, retention and destruction of personal data records.
- c. Data sharing - The design and operation of controls to ensure the sharing of personal data complies with the principles of the Data Protection Act 1998 and the good practice recommendations set out in the Information Commissioner's Data Sharing Code of Practice.

### 3. Audit opinion

The purpose of the audit is to provide the Information Commissioner and FCC with an independent assurance of the extent to which FCC, within the scope of this agreed audit is complying with the DPA.

The recommendations made are primarily around enhancing existing processes to facilitate compliance with the DPA.

<b>Overall Conclusion</b>	
<b>Reasonable assurance</b>	<p>There is a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with the Data Protection Act.</p> <p>We have made one limited and two reasonable assessments where controls could be enhanced to address the issues which are summarised below.</p>

## 4. Summary of audit findings

### **Areas of good practice:**

The Council's internal audit service provides regular independent assessments of the policies, processes and procedures around information governance, information security and data protection. This provides assurance on the effectiveness of controls and will lead to recommendations where appropriate.

The Community Services Directorate has three designated Staff Development and Training Officers who are members of the Workforce Development Team. This team have responsibility for the provision of tailored data protection training specifically for that Directorate.

Classroom based training, including Data Protection and Information Security, is delivered by designated trainers before access to the Social Services case management system, Paris, is permitted.

A log of Information Sharing Protocols is maintained by the Information and Support Manager and a discussion of the log is a standing item on the agenda of the monthly Data Protection Team meetings.

### **Areas for improvement:**

FCC should establish a corporate Information Asset Register to record all information assets, both electronic and paper-based, held by the Council. Identified assets should have named owners of sufficient seniority to risk assess and report on the access to and security of these assets.

The Council should identify an effective method of ensuring personal data held electronically can be deleted in line with retention schedules, clearly indicating who is responsible for ensuring it is completed within relevant timescales.

FCC does not have a corporate DP training programme in place. Training provision is identified and provided at local level but there is a lack of strategic planning, training needs analysis, and supporting KPI's to plan and monitor take up and effectiveness of DP related training across the Council.

FCC should introduce a more detailed records management policy to inform staff awareness and compliance monitoring in individual business units. Ownership for the review and update of the policy should be assigned and supported by a cover sheet identifying revision dates and version control.

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**The matters arising in this report are only those that came to our attention during the course of the audit and are not necessarily a comprehensive statement of all the areas requiring improvement.**

**The responsibility for ensuring that there are adequate risk management, governance and internal control arrangements in place rest with the management of Flintshire County Council.**

**We take all reasonable care to ensure that our audit report is fair and accurate but cannot accept any liability to any person or organisation, including any third party, for any loss or damage suffered or costs incurred by it arising out of, or in connection with, the use of this report, however such loss or damage is caused. We cannot accept liability for loss occasioned to any person or organisation, including any third party, acting or refraining from acting as a result of any information contained in this report.**

## Detailed findings and action plan

**7.1 Scope a: Training and awareness.** The provision and monitoring of staff data protection training and the awareness of data protection requirements relating to their roles and responsibilities.

**Risk:** If staff do not receive appropriate data protection training, in accordance with their role, there is a risk that personal data will not be processed in accordance with the DPA resulting in regulatory action and/or reputational damage to the organisation.

**a3.** There is a Corporate Management Team (CMT) consisting of the Chief Executive, Directors and Corporate Heads of Service, which considers reports provided by the Democracy & Governance Manager (who is the Council’s Data Protection lead) in regard to data protection training. These reports are general in nature (for example, raising awareness of data protection), rather than including training completion figures or KPIs. A report to CMT in December 2012 from the Democracy and Governance Manager detailed a request for training completion figures from Heads of Service but at the end of November only Legal and Democratic Services

had supplied figures.

**Recommendation:** Reports to the Corporate Management Team should include training statistics from all Services regarding completion, or otherwise, of required data protection and related training, to provide a corporate overview.

**Management response:** Accepted

**Implementation date:** End of 2013

**Responsibility:** Each Head of Service

**a9.** The WDT is an exception at FCC in that the other Directorates do not each have their own dedicated training teams.

**Recommendation:** 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.

**Management response:** Partially accepted. Community Services Directorate have a greater need for Data Protection training than other Directorates and it would not be a sensible use of resources to have 9 additional staff giving training on Data

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Protection. We will ensure each Directorate has appropriate mechanism for Data Protection training for that Directorate.

**Implementation date:** End of 2013  
**Responsibility:** Democracy & Governance Manager

**a11.** There is no Corporate Training Manager, centralised function or post which has clear responsibility for the provision and monitoring of data protection training across FCC as a whole. This lack of overview increases the likelihood of inconsistency in the training provision across separate Directorates and departments.

**Recommendation:** FCC should take steps to centrally monitor and coordinate data protection training on an organisation wide basis.

**Management response:** Accepted.

**Implementation date:** End of 2013  
**Responsibility:** Democracy & Governance Manager

**a12.** An internal audit in June 2012 identified that training records should be updated and centralised to better identify who should receive data protection training. A Strategic Risk Assessment undertaken in September 2012 prescribed that staff processing personal data should receive appropriate training. However, there is still no centralised corporate

training programme for FCC and each Directorate is responsible for training their own respective staff, including training programmes, calendars, strategy and training needs analysis.

**Recommendation:** FCC should develop a corporate data protection training programme to identify and direct strategic and consistent DP training delivery.

**Management response:** Partially accepted. It is the responsibility of each Head of Service to identify and arrange for their staff to have appropriate Data Protection training. Only they can identify what training is appropriate for their staff. The Data Protection Team have provided a range of different Data Protection training options. The team will develop this further to give corporate advice which option is appropriate for the different circumstances that exist in the different services.

**Implementation date:** End of 2013  
**Responsibility:** Democracy & Governance Manager

**a21.** The Information & Support Manager, within Corporate Services, maintains training logs in respect of data protection training (for example, in respect of 'Lunch and Learn' sessions from 2010-13 and 'Act Now' external training from 2008-13) which record details such as the name of the employee, details of which Service and Directorate the employee belongs to, the training attended and the

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date of training.

**Recommendation:** 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.

**Management response:** Partially accepted. It is the responsibility of each Head of Service to put in place appropriate arrangements for that service. In future this will be part of the existing quarterly reporting arrangements to Corporate Management Team.

**Implementation date:** By the end of 2013

**Responsibility:** Heads of Service

**a23.** The Paris administration team are currently considering the introduction of a new database to log training information such as what training has been received, competency levels, etc. It is unclear as to whether it would be possible to expand this prospective monitoring and reporting tool to encompass other data protection related training.

**Recommendation:** see a22

**Management response:** Not accepted. If the recommendation is to expand the database to log

Data Protection training other than training for Paris, this would not be appropriate and would duplicate the database held by WDT.

**Implementation date:**

**Responsibility:**

**a24.** There are currently no KPIs regarding data protection or related training. This raises the risk of FCC having no clear Directorate level or corporate oversight regarding the provision and take-up of the data protection training provided.

**Recommendation:** FCC should introduce KPIs in regard to data protection training to proactively monitor and stimulate competency and completion levels.

**Management response:** Accepted.

**Implementation date:** End of 2013

**Responsibility:** Democracy & Governance Manager

**a27.** The WDT are able to generate electronic reports as to which individuals in the Community Services Directorate have applied for and then failed to attend data protection related training, but this is not undertaken on any formal or regular basis. It is unclear what process, if any, the other Directorates which do not have their own equivalent of the WDT utilise in respect of identifying and following up non-

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attendance at data protection training.

**Recommendation:** 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.

**Management response:** Partially accepted. There may be good reasons for failing to attend Data Protection training such as sickness absence. The important issue is that they receive training, not the reason for non attendance. It is the responsibility of Heads of Service to ensure that where such training has been missed, the officer receives Data Protection training at a later date. Management information on who has received Data Protection training will however be included in the future reports to CMT.

**Implementation date:** By the end of 2013

**Responsibility:** Heads of Service and Democracy & Governance Manager

**a31.** The information security presentation explains the role of the Information Governance Manager, information security, the types of personal data processed by FCC, prohibited actions, the effect of data protection breaches, the powers of the ICO, the data protection principles and subject access requests. However, the presentation appears to

indicate that the sixth principle of the DPA only relates to the right of subject access.

**Recommendation:** The Information Security Presentation '8 Data Protection Principles' slide should be clarified to indicate that all rights of the individual under the DPA have a central basis under the sixth data protection principle, although the right to subject access may be foremost amongst these.

**Management response:** Accepted

**Implementation date:** 1 September 2013

**Responsibility:** Information Governance Manager

**a40.** The Community Services Directorate Management Team (DMT) have identified that individuals should attend the recently developed course every three years. This is a relatively long interval for refresher training and may raise the risk of staff DP awareness not remaining current.

**Recommendation:** FCC should review the timeframe for refresher data protection training and give serious consideration to an annual cycle.

**Management response:** Partially accepted. The Council's Statement of Data Protection Policy clearly makes this the responsibility of Directors and Heads of Service. It also makes clear that the timeframe will differ from one department to another dependant



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upon the degree of risk. In order to ensure consistency the Data Protection team will put forward recommended periods for different degrees of risk.

**Implementation date:** 1 November 2013

**Responsibility:** Heads of Service and Democracy & Governance

**a42.** Excluding the refresher requirement for the Community Services Directorate Data Protection course, we found no additional evidence to support provision within other directorates for periodic and mandatory data protection related refresher training, in line with the Statement of Data Protection Policy and Practice, Internal Audit recommendations and good practice requirements.

**Recommendation:** FCC should extend the provision of periodic and mandatory data protection related refresher training across their whole organisation.

**Management response:** Accepted. The Council's Statement of Data Protection Practice & Policy makes clear that it is already extended across the whole organisation. The audit visit concentrated on Community Services staff but nevertheless at least one example of other staff was given during the audit visit. Please also see a40 management response.

**Implementation date:** Already in place

**Responsibility:**

**a43.** The Records Manager has undertaken training in respect of the Information Systems Examination Board (ISEB) Certificate in Data Protection and intends to sit the examination. However, we found no evidence that other members of staff including members of the DPT, have or are expected to undertake the same training.

**Recommendation:** FCC should ensure that appropriate members of the Data Protection Team who have not undertaken ISEB training to date do so.

**Management response:** Partially accepted. This will be seriously considered but is dependant upon factors such as cost and the length of the training course as well as the benefits of it.

**Implementation date:** June 2014

**Responsibility:** Data Protection Team

**a46.** However, outside of the ISEB training for the Records Manager and the WASPI ISP Facilitator training for several members of staff, there is no evidence of specific data protection training for specialised roles or functions.

**Recommendation:** FCC should introduce the provision of specific data protection training for specialised roles or functions (such as SIRO, IAOs, SAR handlers) as appropriate.

## PROTECT

**Management response:** Partially accepted. Whilst training will be provided for SIRO and IAO's it is believed the existing arrangements of guidance and access to a member of the Data Protection team is sufficient for SAR handlers.

**Implementation date:** By end of 2013 for SIRO and within 6 months of their appointments for IAOs.

**Responsibility:** Democracy & Governance Manager

**a49.** In more general terms, there is extensive data protection related material available on 'Infonet' in regard to formal policies, relevant internal contacts, related news articles and links to ICO guidance.

**Recommendation:** 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.

**Management response:** Accepted

**Implementation date:** 1 September 2013

**Responsibility:** Democracy & Governance Manager

**a50.** The 'Individuals' rights' section of Infonet does cite the relevant sections in respect of some rights under the DPA (e.g. s.10), but not others (e.g. s. 11), although data subjects may cite these sections when seeking to exercise these rights. The guidance on Infonet does however explain the right given by Section 11.

**Recommendation:** 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.

**Management response:** Accepted

**Implementation date:** 1 September 2013

**Responsibility:** Democracy & Governance Manager

**a58.** It appeared that staff whose roles involve records management have undertaken general data protection training such as the e-learning modules on 'Infonet' and the 'Act Now' courses. However, they have not undertaken any standalone records management training and it appears there is none currently available.

**Recommendation:** FCC should introduce appropriate records management training for members of staff who have specialised records management roles or functions.

**Management response:** Accepted

**Implementation date:** June 2014

**Responsibility:** Records Manager

**7.2 Scope b: Records management.** The processes in place for managing both electronic and manual records containing personal data. This will include controls in place to monitor the creation, maintenance, storage, movement, retention and destruction of personal data records.

**Risk:** In the absence of appropriate records management processes, there is a risk that records may not be processed in compliance with the DPA resulting in regulatory action by the ICO, reputational damage to the data controller and/or damage and distress to individuals.

**b2.** There are no formal Terms of Reference for the DPT agreed at senior level. Paragraph 4.5 of the Statement of Data Protection Policy & Practice provides a broad overview of the purpose of DPT but does not contain specific details including member's roles and responsibilities, specific deliverables and measures to ensure these are met, frequency of meetings, quorate requirements or decision making authority.

**Recommendation:** Draft Terms of Reference for the DPT to ensure roles and responsibilities, decision making and quorums are clearly defined.

**Management response:** Accepted  
**Implementation date:** 1 September 2013  
**Responsibility:** Democracy & Governance Manager

**b5.** The Council have decided not to appoint a Senior Information Risk Owner (SIRO), instead spreading this responsibility amongst senior CMT staff with appropriate expertise.

**Recommendation:** Appoint and train a senior level SIRO.

**Management response:** Accepted. It has been decided that the Head of Legal & Democratic Services will be the Council's SIRO.

**Implementation date:** End of 2013  
**Responsibility:** Corporate Management Team

**b6.** Although 'data set owners' have been identified they have not been trained to risk assess and report on the resources in place to maintain and protect the integrity of the systems they own and the personal data they contain.

**Recommendation:** 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'.

**Management response:** Accepted

**Implementation date:** Within 6 months of their appointment.

**Responsibility:** Democracy & Governance Manager

**b13.** The RM policy has been in place for a number of years and it was reported it had been approved by CMT. However, the Council did not appear to have robust procedures for creating and reviewing policy documents to ensure input from across the Council. This would include an appropriate cover sheet documenting version control, review date, policy owner, date approved and the approving body.

**Recommendation:** 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.

**Management response:** Accepted in so far as this relates to Data Protection and Records Management Policies.

**Implementation date:** 1 September 2013

**Responsibility:** Democracy & Governance

Manager

**b14.** The RM policy focuses on retention and destruction processes but does not identify and make connection to related policies, including email, information security, protective marking and data protection. Neither does it define RM roles and responsibilities or state how compliance with the policy will be monitored.

**Recommendation:** Review the RM policy to ensure it complies with the recommendations in Part 1, section 7 of the s46 Code of Practice on records management.

**Management response:** Accepted

**Implementation date:** End of 2013

**Responsibility:** Records Manager

**b15.** The Council's website does not currently have a 'Privacy Notice' or 'Information Charter' explaining why the Council collect personal data and what they do with it.

**Recommendation:** Ensure the Council's website includes a clear Privacy Notice statement, accessible from the home page.

**Management response:** Accepted.

**Implementation date:** 21 May 2013

**Responsibility:** Democracy & Governance Manager

## PROTECT

**b20.** The Council do not have an Information Asset Register. This is a single list of all hard copy and electronic records, who is responsible for them, where they are stored and who has access to them. The register should be held in an accessible format and should also have a nominated owner responsible for ensuring it is reviewed and kept up to date.

**Recommendation:** 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.

**Management response:** Accepted.

**Implementation date:** End of 2016  
**Responsibility:** SIRO

**b24.** The introduction of an EDM system and a structured fileplan will reduce the current use of departmental file shares for group working. Work is on-going to integrate EDM with Paris and an imminent solution to this will enable EDM to be rolled out to Social Services.

**Recommendation:** Ensure the work to integrate EDM and Paris is continued to enable Social Services to store unstructured data on the corporate EDM.

**Management response:** Accepted

**Implementation date:** End of 2014  
**Responsibility:** Information Governance Manager

**b40.** Hard drives are kept securely by IT before disposal by an approved 3rd party contractor. A 'Secure Disposal of Storage Media' procedure is in development.

**Recommendation:** Ensure the procedure on 'Secure Disposal of Storage Media' is completed and distributed to all relevant staff.

**Management response:** Accepted.

**Implementation date:** End of 2013  
**Responsibility:** The Information Governance Manager

**b41.** Not all electronic systems holding personal data have archiving and disposal functionality. This includes Paris and Care.com. Work is on-going to address these issues with Paris but it was not clear what will happen to data held on Care.com. The Trent HR system does have deletion schedules for staff records including disciplinaries and grievances.

**Recommendation:** Ensure all electronic records, including those in Care.com, can be archived or deleted in line with the Councils retention schedules.

**Management response:** Partially accepted. This will be done for Paris and Care.com and investigated for other electronic record systems.

**Implementation date:** June 2016  
**Responsibility:** Heads of Service and Information Governance Manager

not known if these KPIs are subsequently reported to CMT.

**Recommendation:** Include performance measures or KPIs in the Records Management policy so the effectiveness of the RM function can be measured.

**Management response:** Not Accepted. It is not appropriate for performance measures or KPIs to be included in policies. The KPIs will however be included in the quarterly performance reports considered by Corporate Management Team.

**Implementation date:** December 2013  
**Responsibility:** Records Manager

**b43.** There is no time limit on retaining personal emails although there is limit on mailbox sizes. Emails containing personal data held indefinitely may breach principle five of the DPA.

**Recommendation:** Investigate if there is a function available with the Council's email application that will apply automatic disposal schedules.

**Management response:** Accepted

**Implementation date:** 1 October 2013  
**Responsibility:** Operational Services Manager

**b45.** Internal audit provided substantial assurance of the Records Management service in 2006. The frequency of this audit is stated as one in three years but it has not been repeated since, due to other more highly risk rated audit priorities.

**Recommendation:** Internal audit should review whether Records Management should be included in the audit plan as part of a three year review cycle.

**Management response:** Accepted. Already reviewed annually as part of the planning process. The findings of this report will inform the next annual review.

**Implementation date:** January 2014  
**Responsibility:** Internal Audit Manager

**b44.** Records management performance measures are not identified in the RM policy. However, monthly KPIs, including box deposits and retrievals, and boxes destroyed, are reported by the Records Manager to the Director of Lifelong Learning. It was

## PROTECT

**b49.** It is important that records and information management is included in the corporate risk management framework. However, no risks relating to records management were identified in either the QPRs or SARC reviewed onsite.

**Recommendation:** Ensure records and information management risk is incorporated into service level plans so potential threats can be identified at an early stage.

**Management response:** Accepted.

**Implementation date:** June 2014

**Responsibility:** SIRO and Heads of Service

**b53.** The Council have decided that Privacy Impact Assessments (PIAs) are not appropriate at this time as they are too resource intensive to undertake for small scale information systems development.

**Recommendation:** The Council should consider conducting PIA assessments 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.

**Management response:** Partially accepted. PIA assessments will be considered for appropriate projects but not for all projects due to the resource implications.

**Implementation date:** End of 2013

**Responsibility:** SIRO and Data Protection Team

**7.3 Scope c: Data sharing.** The design and operation of controls to ensure the sharing of personal data complies with the principles of the Data Protection Act 1998 and the good practice recommendations set out in the Information Commissioner’s Data Sharing Code of Practice.

**Risk:** The failure to design and operate appropriate data sharing controls is likely to contravene the principles of the Data Protection Act 1998, which may result in regulatory action, reputational damage to the organisation and damage or distress for those individuals who are the subject of the data.

**c5.** Although the ISPs typically tend to indicate a requirement for partner organisations to ensure that members of their staff who are involved in systematic data sharing at a less senior operational level are appropriately trained, FCC does not provide specific training in regard to regular data sharing.

**Recommendation:** FCC should develop and introduce specific data sharing training for operational staff who have responsibility for systematic data sharing.

**Management response:** Partially accepted. Guidance will be produced, including who should be

contacted with queries. Data sharing is best covered as part of the corporate training arrangements.

**Implementation date:** End of 2013  
**Responsibility:** Democracy & Governance Manager

**c8.** In terms of one off disclosures, no senior authorisation or sign off is obtained, unless purely administrative members of staff have received the request for an ad hoc disclosure or the information requested engages considerations in respect of the Protection of Vulnerable Adults.

**Recommendation:** FCC should develop and introduce formal training and documented procedures specifically in regard to one off disclosures and these should ensure appropriate sign off.

**Management response:** Partially accepted. There is no need for routine senior authorisation or sign off if staff are appropriately trained. Further guidance will be produced on this, including who to contact with queries. It is best covered in the corporate training arrangements.

**Implementation date:** End of 2013  
**Responsibility:** Democracy and Governance Manager



## PROTECT

**c13.** There does appear to be some quality control in terms of an Information Officer considering the content of draft factsheets and forms to be distributed to prospective data subjects. However, the emphasis of this quality assessment does not include fair processing requirements.

**Recommendation:** FCC should ensure that there is a uniform mechanism for quality assessment of fair processing information across the organisation.

**Management response:** Accepted. There already exists a uniform mechanism whereby advice can be sought from the appropriate contact on the Data Protection team. The Data Protection team will issue further guidance on what needs to be covered in a fair processing notice.

**Implementation date:** September 2013  
**Responsibility:** Democracy & Governance Manager

**c14.** It was reported that there are fair processing templates available on 'Infonet', but although the completed forms and leaflets which we have been able to view do provide fair processing information, the information provided is of varying detail.

**Recommendation:** 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.

**Management response:** Partially accepted. Different parts of the Council will use personal information for different purposes and share it with different bodies therefore it is not possible to have uniform consistency. If however, this recommendation also relates to the quality of fair processing notices see management response to c13.

**Implementation date:** September 2013  
**Responsibility:** Democracy & Governance Manager

**c21.** The ISPs themselves are currently stored within operational team files. However, FCC is considering putting all ISPs onto EDM to improve central oversight.

**Recommendation:** FCC should put all ISPs in a single place on EDM to enable central oversight.

**Management response:** Partially accepted. A central location for the storage of all ISPs will be created within the Data Protection team folder on the Council file share.

**Implementation date:** June 2013  
**Responsibility:** Information Governance Manager

## PROTECT

**c26.** In instances of regular data sharing and one off disclosures, the specific arrangements for retention and disposal are left to the discretion of each partner agencies' policies with the caveat that they should comply with the retention and security requirements of the DPA. It was reported that assurances are not obtained in regard to destroying personal data, but that partner organisations are able to audit each other's processes.

**Recommendation:** FCC to require partner agencies to provide assurances that shared personal data have been securely disposed of at the end of the ISP.

**Management response:** Partially accepted. This will be covered by version 4 of WASPI.

**Implementation date:** End of 2013

**Responsibility:** Democracy & Governance  
Manager and Heads of Service

**c33.** The practice in the Community Service Directorate - in posting or faxing ad hoc disclosures of personal data to third parties - is inconsistent with the 'Sending Personal Data to an External Party' policy. The reason for this may be that although this policy steers employees to sending personal data by GCSX, encryption and trackable courier and avoids fax altogether, the 'Policy on Security of Documents Containing Personal Information' does refer to the use of ordinary post, trackable courier and fax.

**Recommendation:** FCC should clarify which of the two aforementioned policies should be followed in practice.

**Management response:** Accepted

**Implementation date:** September 2013

**Responsibility:** Information Governance  
Manager and Democracy  
& Governance Manager

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**

**DATE:**               **MONDAY, 7 OCTOBER 2013**

**REPORT BY:**       **HEAD OF FINANCE**

**SUBJECT:**           **IMPLEMENTATION OF FINANCE AUDIT  
RECOMMENDATIONS**

### **1.00 PURPOSE OF REPORT**

- 1.01 To provide Members with information regarding outstanding audit recommendations relating to Finance and how any risks are being managed prior to implementation.

### **2.00 BACKGROUND**

- 2.01 At the Audit Committee on 12<sup>th</sup> June 2013, during discussion about the implementation of audit recommendations, the Head of Finance gave a brief verbal update on the outstanding recommendations relating to Finance. It was resolved that the Head of Finance be invited to respond to outstanding recommendations at a future meeting.

### **3.00 CONSIDERATIONS**

- 3.01 The current position regarding the implementation of recommendations for internal audit reports in relation to Finance is summarised in Appendix 1.
- 3.02 It can be seen that there are seven reports, with a combined total of 27 outstanding recommendations, which are beyond the originally agreed implementation date:

#### **Medium Term Financial Strategy (2 reports)**

- 1 Fundamental and 5 significant recommendations

#### **Capital Strategy and Programme**

- 12 significant recommendations

#### **Main Accounting**

- 2 significant recommendations

#### **Financial Systems**

- 2 significant recommendations

#### **Enforcement**

- 2 significant recommendations

#### **Housing Benefits**

- 3 significant recommendations

- 3.03 The recommendations made in each of the reports are replicated in Appendix 2.
- 3.04 The revised implementation dates for the recommendations from these audits are from September 2013 to March 2014.
- 3.05 A report on Corporate Grants, which was issued in June this year, has an agreed implementation date of March 2014.
- 3.06 The information below identifies how any risks are being managed prior to implementation.

### **Medium Term Financial Strategy**

- 3.07 **Audit recommendations** - the audit recommendations are related to the breadth of the documented Medium Term Financial Strategy (MTFS) to incorporate the Council's priorities and capital strategy and to reflect plans which are joint with other organisations. The fundamental recommendation is in relation to the use of trend and sensitivity analysis in financial planning
- 3.08 **Reasons for the delay** – the last published version of the MTFS was produced in June 2011. The next planned publication is scheduled to be alongside the 2014/15 budget. In the meantime, the issues referred to in relation to council priorities and trend / sensitivity analysis are fully incorporated within the Medium Term Financial Plan (MTFP) which is updated on an ongoing basis.
- 3.09 **Management of Risk** – the financial strategy is under constant review as the Council addresses the significant challenges being experienced from the restrictions in UK and WG funding and to ensure that it supports the delivery of organisational plans and priorities. In practice, the use of trend and sensitivity analysis is a central feature to budget forecasts in the short and medium term and also to in year budget monitoring. The Medium Term Financial Plan is kept up to date on a continuous basis and uses trend and sensitivity analysis e.g. client numbers, population growth etc. in making budget. Following the setting of the 2013/14 budget, there was a further revision of the Medium Term Financial Plan (MTFP) in May 2013 and a further update will be reported in October. Both of these revisions make full reference to the Council's key priorities. The links with the capital programme and the developing capital strategy are described in 3.10 to 3.12 below

## Capital Strategy and Programme

- 3.10 **Audit recommendations** – the audit recommendations are in relation to the Council developing and formally adopting a capital strategy which considers all aspects for capital expenditure and which is an overarching and comprehensive planning document and with a range of recommendations which flow from and are connected with the capital strategy.
- 3.11 **Reason for delay** - since the audit report was completed in January 2012, it has been recognised that a much wider approach is needed to the development of the capital strategy. The pressure on capital resources has tightened considerably. The Improvement Plan agreed in June 2013, sets out the background for the capital strategy. Work has commenced over the summer on a programme of work which will be a fundamental review of assets and capital programme management. The revised date for production of the strategy of March 2014 reflects the revised approach to be adopted.
- 3.12 **Management of risk** - the capital programme for 2013/14 was set by Council on 1<sup>st</sup> March 2013. In recognition of the need for the development of a capital strategy which supports the Council's improvement objectives, the capital programme agreed in March was set as a one year programme with future years (2014/15 to 2022/23) shown as an indicative programme only. No commitment has been made for future years (other than for the Council's contribution to the 21<sup>st</sup> Centuries Schools programme or for specific small schemes which have a life over more than one year). The costs associated with the schools programme is included within the Medium Term Financial Plan. The capital programme continues to be carefully monitored by officers with directorate service managers through specific departmental capital monitoring meetings for which myself and the Corporate Finance Manager oversee. Further monitoring is undertaken through the Corporate Asset Management Group which is chaired by the Director of Environment which includes officers from Finance, Assets and from all spending Departments. This monitoring considers capital resources, forecast expenditure levels and timing. Formal reporting to Members is quarterly to Cabinet and Corporate Resources Overview and Scrutiny Committee. Any urgent capital requirements for additional expenditure or other considerations around resource will be dealt with through these existing channels. If needed, reports could be made at a more frequent interval.

### **Main Accounting**

- 3.13 **Audit recommendations** – the audit recommendations are in relation to systematic approaches to the calculation of bad debt provision and having a protocol for earmarked reserves.
- 3.14 **Reason for delay** – these two areas has been affected by the need to prioritise workload and risks during the finance review and its implementation, alongside supporting the organisation through organisational change projects and financial challenges.
- 3.15 **Management of risk** – the level of bad debt provision is reviewed annually as part of the budget process and on an ongoing basis. For the future, the approach needs to be more systematic and linked into the Corporate Debt policy which has now been adopted by the Council. Earmarked reserves are reviewed during the budget setting process and regularly through budget monitoring, with plans to implement improvements into the current years monitoring and undertake a balance sheet review as part of the 2014/15 budget process. It had been intended to formalise matters in the current revision to Financial Procedure Rules but other areas of higher risk were prioritised. Reserves will now feature in the second phase of the FPR review later this year.

### **Financial Systems**

- 3.16 **Audit recommendations** – the audit recommendations are in relation to bad debt provision (see Main Accounting above) and the use of the available software to assist in eliminating duplicate payments.
- 3.17 **Reason for delay** – this has been affected by the need to prioritise workload and risks during implementation of the finance review and capacity issues.
- 3.18 **Management of risk** – the use of the software will provide a technology based solution which will be more efficient and effective than the current manual arrangements which are in place, pending its introduction. The software has now been used in a successful “proof of concept” trial which will now be rolled out following further staff training.

### **Enforcement**

- 3.19 **Audit recommendations** – the audit recommendations are in relation to consistency of credit control and the enforcement of debt owed to the Council.
- 3.20 **Reason for delay** - there have been delays as a result of staff capacity whilst the Finance review took place and permanent

management arrangements were brought into place within Revenues and Benefits.

- 3.21 **Management of Risk** – a Corporate Debt policy has been agreed by the Council which clearly sets out credit terms and expectations for credit control. The newly appointed Revenues and Benefits Manager has implemented a range of measures which are now targeting debt collection and monitoring aged debts and performance in collection. Consideration has been given to how the existing debt control software could be upgraded to provide the necessary IT to support the recommendations. It has now been agreed that a new debtors system with modern functionality needs to be introduced and this is now being pursued for implementation ideally by March 2014

### **Housing Benefits**

- 3.22 **Audit recommendations** - the audit recommendations are in relation to the need for documented procedures around accounting for housing benefits and having resources in place to recover overpayments.
- 3.23 **Reason for delay** - the Revenues and Benefits Service has undergone significant change in the latter part of 2012 and first half of 2013, including turnover at Senior Manager level, implementing the revised structure following the Finance Review, implementing the new Councils Tax Reduction Scheme and supporting the Council's work on the wide Welfare Reform Programme.
- 3.24 **Management of risk** - a permanent Revenues Benefits Manager took up position in late June and is implementing a range of measures to ensure that
- The accounting and monitoring of housing benefit and council tax support are documented and fully understood within the benefits service and corporate finance is implemented and that processes are robust and provide the management and financial information required to manage the service. Accounting is taking a high profile with regular meetings between Corporate Finance and Benefits to ensure understanding and with a determination to continue to improve the reporting format.
  - There are systematic processes in place to deal with benefit overpayments. A decision to maintain overpayments staff within Benefits has been made. A responsible team leader is in place and work is commencing to provide a robust reporting mechanism.
- Prior to June, the position was monitored and progress overseen through 1-1 meetings between myself and the managers within the service.

## **Monitoring the Implementation of Recommendations**

3.25 The nature of the work of parts of the Finance Division in maintaining core financial systems for the Council, results in there being internal audit coverage in each years audit plan, with further audits being included through discussion and agreement with management.

3.26 Monitoring of the implementation of audit recommendations has now been incorporated into the routine monthly and quarterly performance monitoring arrangements for the Division as part of monitoring achievement of service plans and key actions.

### **4.00 RECOMMENDATIONS**

4.01 Members are asked to 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 None directly as a result of this report.

### **11.00 CONSULTATION UNDERTAKEN**

11.01 None.

### **12.00 APPENDICES**

12.01 Appendix 1 – Summary of outstanding audit recommendations as September 2013



Appendix 2 – Audit Recommendations made in original reports

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

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**Summary of Finance Audit Recommendations****At September 2013**

Internal Audit Area	Report Issued	Latest Impl Date * (Original)	Latest Impl Date * (Revised)	Category (see key)	No. of Recs	Actioned	Out-standing	
Medium Term Financial Strategy	Apr-11	Dec-11	Dec-13	F	1	1	0	
				S	3	1	2	
Medium Term Financial Strategy	Dec-11	Jul-12	Dec-13	F	1	0	1	
				S	7	4	3	6
Capital Strategy & Programme	Jan-12	Dec-12	Mar-14	F	0	0	0	
				S	13	1	12	12
Main Accounting	Dec-11	Mar-12	Sep-13	F	1	1	0	
				S	10	8	2	2
Financial Systems	Jun-12	Mar-13	Sep-13	F	0	0	0	
				S	7	5	2	2
Enforcement	Feb-09	Jun-09	Mar-14	F	0	0	0	
				S	20	18	2	2
Housing Benefits	Aug-12	Mar-13	Mar-14	F	0	0	0	
				S	7	4	3	3
<b>Number beyond original implementation date</b>								<b>27</b>
Corporate Grants	Jun-13	Mar-14	Mar-14	H	3	0	3	
				M	5	0	5	8
<b>Total number of recommendations being actioned</b>								<b>35</b>

**Key: Recommendation Category**F - Fundamental  
S - SignificantH - High  
M - Medium\* **Implementation Dates** – where recommendations within the same report had a range of dates, the date shown is the latest in the range of dates

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INTERNAL AUDIT RECOMMENDATIONS MADE (FROM ORIGINAL AUDIT REPORTS)

APPENDIX 2

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
<p><b>Medium Term Financial Strategy – FD0040P1</b></p> <p><b>Issued April 2011</b></p> <p><b>See Para 3.07 to 3.09</b></p>	4	<p>The Authority's MTFS should be a single integrated strategy that can clearly demonstrate how resources will be used to achieve priorities using differing assumptions on challenge. This needs to include details of joint plans and how theses will be achieved over the medium-term with resources available.</p> <p>Work on completing some of the policies, namely Fees and Charges and Debt Recovery should be a priority moving forward.</p>	Significant	Y	<p>The MTFS is scheduled to be published in May 2011.</p> <p>However, progress with joint plans and policy development will be driven by the North Wales Collaboration Programme Boards and the Flintshire Futures workplan – this will be more medium to longer term.</p>	<p>May 2011</p> <p>December 2011</p>	<p>Head of Finance</p> <p>Head of Finance</p>
<p>Medium Term Financial Strategy – FD0040P1</p> <p>Issued April 2011</p>	10	<p>The MTFS should incorporate capital programme planning with sensitivity reviews based on key variables.</p>	Significant	Y	<p>Officers have committed to providing Members with a Prudential Borrowing Strategy post April 2011.</p>	Summer 2011	<p>Head of Finance in conjunction with Director of Environment</p>

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
<b>Medium Term Financial Strategy – FD0040R1</b>  <b>Issued Dec 2011</b>  <b>See Para 3.07 to 3.09</b>	9	<p>The MTFS would be enhanced by the inclusion of a full risk assessment to include key issues such as:</p> <ul style="list-style-type: none"> <li>- future available resources less than planned</li> <li>- pay awards and price inflation higher than assumed</li> <li>- future spending plans underestimated</li> <li>- anticipated efficiencies not achieved</li> <li>- revenue implications of capital programmes not fully anticipated.</li> </ul> <p>The MTFP would benefit from the modelling of different scenarios using risk management and sensitivity analysis in order to clarify potential areas of funding/shortfall using different assumptions.</p>	Fundamental	Y	<p>As part of the ongoing budget strategy our approach has been to undertake trend and sensitivity analysis, and also to utilise national, regional and local intelligence.</p> <p>The inclusion of pressures in the MTFP has been done on risk management basis.</p> <p>More formal inclusion of the above in the MTFS document can be considered as part of the agreed annual review.</p>	July 2012	Corporate Finance Manager
Medium Term Financial Strategy – FD0040R1	3	<p>We recommend that the Authority's key priorities be re-stated in the MTFS to ensure a clear and integrated strategy that can demonstrate in financial terms how the Authority's key objectives can be delivered over the medium term.</p>	Significant	Y	<p>Key priorities were not agreed in time for inclusion into the current MTFS as agreed by Council. The MTFS will be published annually and the approved list of Council Priorities can then be included.</p>	July 2012	Corporate Finance Manager

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
Medium Term Financial Strategy – FD0040R1  Issued Dec 2011	11	Single Status and Supporting People are significant pressures that will have a significant impact on the MTFP. These need to be modelled with different scenarios to ensure that the Authority has adequately assessed the potential financial impacts.	Significant	Y	Financial Modelling has already been done regarding a potential reduction in Supporting People Funding.  Work has begun on single status financial modelling and this will be completed when the implementation date is finalised.	July 2012	Corporate Finance Manager
Medium Term Financial Strategy – FD0040R1	14	A fees and charges policy needs to be formulated as soon as possible in order to facilitate the projections in the MTFP. The policy will need to be able to demonstrate how fees are to be optimised.	Significant	Y	Deloitte's have been commissioned and have started work on the Fees and Charges Flintshire Futures Project.  This project includes the production of a draft fees and charges policy.	March 2012	Corporate Finance Manager

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
<b>Capital Programme - FD0090P1</b>  <b>Issued Jan 2012</b>  <b>See Para 3.10 to 3.12</b>	1	<p>The Council should develop and formally document its capital strategy which considers all aspects of capital expenditure within the Authority and which is an overarching and comprehensive planning document for capital investment.</p> <p>There should be explicit links between the Authority's asset management plans and medium term financial plans and capital strategies which can be demonstrated in practice.</p> <p>Capital risk management arrangements should be established.</p> <p>There needs to be a clear member approval and scrutiny mechanism for the Authority's Asset Management Plans.</p>	Significant	Y	<p>The development of a Capital Strategy and 10 year Capital Programme is in progress as part of the 2012/13 budget planning.</p> <p>An initial Member Workshop was held on 1<sup>st</sup> December 2011 and will be followed by further discussion in the early new year (2012).</p>	31.10.12	Head of Finance and Director of Environment
Capital Programme - FD0090P1	2	Financial Procedure rules relating to capital should be updated and strengthened to include specific guidance on capital including the Prudential Code.	Significant	Y	Will follow the development of the Capital Strategy	30.12.12	Head of Finance
Capital Programme - FD0090P1	4	The priorities for capital investment over the medium term should be identified and the options for funding should be modelled.	Significant	Y	A draft schedule of priorities and funding options is being developed for Member consideration. (See 1 above)	31.10.12	Head of Finance and Director of Environment



Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
Capital Programme - FD0090P1	5a	The Authority's policy on prudential borrowing should be strengthened and integrated with capital strategy; the policy should be considered and approved by members.	Significant	Y	A protocol on Prudential Borrowing has been drafted. This will form the basis of a policy to support the Capital Strategy.	31.10.12	Head of Finance
	5b	Training should be provided to Senior Officers and Members on prudential borrowing to ensure that a consistent understanding exists of the benefits and potential risks.	Significant		Training is being provided on an ongoing basis as the Capital Strategy is developed. The first training opportunity was at the Workshop on 1 <sup>st</sup> December 2011.	01.12.11	
Capital Programme - FD0090P1	6	<p>The prudential indicators should be used as a key tool in deciding investment policy.</p> <p>The prudential indicators should meet the requirements of the Prudential Code.</p> <p>The Audit Committee should be the lead committee on the prudential indicators and appropriate training should be provided to members to enable them to discharge this duty.</p> <p>Members and officers should undertake training on prudential indicators to ensure that their purpose is fully understood.</p>	Significant	Y	<p>The use of Prudential Indicators as part of the investment policy and the need for training is accepted. Currently, responsibility is with the Executive who recommend to Council. The role of the Audit Committee is under review as part of the L.G. measure.</p> <p>The latest Accounting Code of Practice states '<i>The body that sets the budget for the local authority will usually be the full council of that local authority. Whether or not this is the case, the setting and revising of the prudential indicators should follow the same route as the setting and revising of the budget of the local authority.</i>'</p> <p>The 2012/13 Prudential Indicators will be set according to existing arrangements. A review will be undertaken in order to establish arrangements for the new Council.</p>	30.04.12	Head of Finance

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
Capital Programme - FD0090P1	7	Responsibilities for capital programme management should be clearly designated. The remit and terms of reference of the CAMG should be reviewed and strengthened. Clear reporting requirements should be established to CMT/Executive and the membership should be reviewed. The group should operate formally with a forward work plan and be appropriately minuted.	Significant	Y	The development of the Capital Strategy and a 10 year programme along with improved programme management and reporting require a review of CAMG to ensure it can support the changed approach.	30.07.12	Head of Finance and Director of Environment
Capital Programme - FD0090P1	8	Service Heads should be required to produce four year minimum capital plans. These should set out capital requirement, availability of grant funding, and outline the aims and objectives of projects.	Significant	Y	This will build on and provide more rigour to the current annual service planning process.	31.07.12	Head of Finance

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
Capital Programme - FD0090P1	9	<p>An improved set of corporate processes for the evaluation and implementation of capital projects should be developed and encapsulated in a Capital Manual which is made available to all officers involved in the planning and delivery of capital projects.</p> <p>The Authority needs to adopt a more rigorous approach to project management. Investment decisions should be based on a business case supported by a formal approach to option appraisal.</p> <p>Staff training should be provided on options appraisal to officers who are responsible for submitting capital bids.</p> <p>Formal reviews of a sample of completed schemes should be undertaken and reported to the Corporate Asset Management Group.</p>	Significant	Y	<p>The work has already begun by the Director of Environment (with Finance support) visiting Directorates to review processes for programme and project management.</p> <p>The need for a training programme for staff related to various aspects of capital is recognised.</p> <p>This work needs to be built on, documented and training provided to link in with the new 10 year programme.</p>	31.10.12	Head of Finance and Director of Environment
Capital Programme - FD0090P1	10	<p>Senior Officers should consider whether the bidding process provides an effective mechanism for capital prioritisation.</p> <p>There should be much more rigorous entry requirements to the capital programme.</p>	Significant	Y	<p>The development of the Capital Strategy has started a move away from bidding to capital being linked to Council priorities. This will be developed further in conjunction with 9 above.</p>	31.10.12	Head of Finance and Director of Environment



Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
<b>Main Accounting – FD0080P1</b>  <b>Issued Dec 2011</b>  <b>See para 3.13 to 3.15</b>	22	Historic data should be in place to justify and support each of the recovery rates used within the new bad debt provision providing a sound rationale for the change in the basis of calculation.	Significant	Y	This will be considered as part of the corporate debt review assisted by Deloitte as per 20 above.	31 <sup>st</sup> March 12	Revenues and Benefits Manager
Main Accounting – FD0080P1	24	<p>For each earmarked (specific) reserve held by the Authority there should be a clear protocol setting out:</p> <p>The reason for / purpose of the reserve;  How and when the reserve can be used;  Procedures for the reserve's management and control; and  A process and timescale for review of the reserve to ensure continuing relevance and adequacy.</p> <p>Detailed procedures and guidance for the creation, management and control of earmarked reserves should be included in the Financial Procedure Rules. In addition the Financial Procedure Rules should include references to the controls around the year end carry forward and subsequent spend of earmarked service balances.</p>	Significant	Y	<p>A summary of all Earmarked Reserves is provided in the annual Budget Reports to Executive, in which the Head of Finance has to confirm that the level held is appropriate.</p> <p>Reference within the Finance Procedure rules will be looked at as part of the annual review.</p>	31 <sup>st</sup> March 12	Corporate Finance Manager





Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
<b>Housing Benefits – FD6150R1</b>  <b>Issued Aug 2012</b>  <b>See Para 3.22 to 3.24</b>	4.2	Comprehensive written procedures need to be produced to ensure that Officers involved in the accounting process for Housing Benefit are fully informed and aware of the duties required. A formal handover of duties should be performed for accounting staff now involved in Housing Benefits to address the problems and ensure staff are fully trained and informed on their individual tasks and the rationale behind them.	Significant	Y	A procedure document will be finalised and ready for training up the newly appointed staff as part of implementation of FFR. Current timescale is November for implementation of FFR. In the interim there will be a handover of procedures by Howard Cox to the members of staff currently involved in the Housing Benefit reconciliations.	Timescale linked to FFR. Should be complete by December 2012.  August 2012.	Steve Gadd / Sian Peters  Steve Gadd
Housing Benefits – FD6150R1	4.3	It is recommended that the process for producing the Year-End Notifications is 'leaner' cutting back the number of processes involved to reduce costs and eliminate added risks. A Flat file could be created with 'walk-sort' and sequence numbers and sent to Breeze with the template, printed off by Breeze and posted, hence streamlining the whole process.	Significant	Y	This is fully recognised and a project has been set up to re-visit year end procedures and protocols. The current system is recognised to be unwieldy inefficient and lends itself to errors being made as it is so complex	31 <sup>st</sup> March 2013	Sian Peters/David Barnes /Sally Grieve
Housing Benefits – FD6150R1	9.1	The Housing Benefit Department would benefit from added resource to concentrate efforts on reducing the amount of sundry debt and ensure adequate time is being spent on ensuring all monies due to the Authority are being recovered.	Significant	Y	Business case will be put forward to Senior Management	1 <sup>st</sup> September 2012	Sian Peters