

# 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

28 April 2014

Paul Williams

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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 **WEDNESDAY, 7TH MAY, 2014** at **2.00 PM** 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 26 March 2014 (copy enclosed).
- 4 **AUDIT COMMITTEE SELF ASSESSMENT AGAINST CIPFA GUIDANCE**  
(Pages 11 - 24)  
Report of Head of Finance 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

- 5 **PUBLIC SECTOR INTERNAL AUDIT STANDARDS** (Pages 25 - 62)  
Report of Head of Finance enclosed.
- 6 **INTERNAL AUDIT ANNUAL REPORT** (Pages 63 - 76)  
Report of Head of Finance enclosed.
- 7 **WHISTLEBLOWING POLICY** (Pages 77 - 90)  
Report of Head of Finance enclosed.
- 8 **ACTION TRACKING** (Pages 91 - 96)  
Report of Head of Finance enclosed.
- 9 **FORWARD WORK PROGRAMME** (Pages 97 - 100)  
Report of Head of Finance enclosed.

**NOTE: Annual Meeting with Internal and External Auditors**

In accordance with the agreed procedure, members of the Audit Committee will meet with the Internal and External Auditors immediately following the meeting.

**AUDIT COMMITTEE**  
**26 MARCH 2014**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 26 March 2014

**PRESENT: Councillor Alison Halford (Chair)**

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

**SUBSTITUTE:** Councillor: Ron Hampson (for Ian Roberts)

**APOLOGY:** Mr Paul Williams

**IN ATTENDANCE:**

Head of Finance, Head of Legal & Democratic Services, Internal Audit Manager and Committee Officer

Mr. John Herniman and Ms. Amanda Hughes of Wales Audit Office

Democracy & Governance Manager (for minute numbers 77-87)

Finance Manager - Technical Accountancy (for minute numbers 80-81)

Head of Housing (minute number 89)

**77. SUBSTITUTION**

Prior to the start of the meeting, it was confirmed that Councillor Ron Hampson had received the requisite training and that the substitution would require agreement by the Committee.

**RESOLVED:**

That Councillor Hampson be permitted as a substitute for the meeting.

**78. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

Councillor Glyn Banks declared a personal and prejudicial interest on Agenda Item 12: Empty Homes Scheme as he was included on the Council's list of approved contactors. The Head of Legal & Democratic Services advised that Councillor Banks would be required to leave the meeting prior to discussion on this item.

**79. MINUTES**

The minutes of the meeting of the Committee held on 29 January 2014 were submitted.

### Matters Arising

It was reiterated that where a response could not be given to a query raised during a meeting, this would be circulated to the full Committee when available.

### **RESOLVED:**

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

### **80. WALES AUDIT OFFICE - ANNUAL FINANCIAL AUDIT OUTLINE 2013/14**

Mr. John Herniman of the Wales Audit Office (WAO) introduced the report on the Annual Financial Audit outline for the audit of the Council's accounts for 2013/14 and those of the Clwyd Pension Fund. He gave an overview of the approach to be taken by the audit team in assessing risk and obtaining evidence to draw conclusions, and summarised the key risks and proposed actions within the report, some of which applied to other Local Authorities.

An estimate of the audit fee for 2013/14 was not yet available as legislative changes had prompted a review of the WAO charging methodology which was awaiting approval by the Welsh Government. Mr. Herniman said that an estimate could be provided to officers the following week, with an update at the next meeting.

The Head of Finance confirmed that preparation work was underway with WAO colleagues to plan for the audit work.

In response to a query from Councillor Haydn Bateman, Mr. Herniman explained that it was normal practice for a fee to be applied for the audit of each individual grant claim.

Following a question by Councillor Arnold Woolley on new arrangements within the WAO, it was confirmed that electors' rights remained the same and that the legislative changes related to governance issues impacting on the WAO itself.

Councillor Woolley drew comparisons between the auditing of accounts at County Council and Town/Community Council level, and raised concerns that any misstatements below £100K in the County Council's accounts were not reported. Mr. Herniman explained that whilst absolute assurance could be given at Town/Community Council level, this was not possible for an organisation of the scale of the County Council and would impact significantly on the audit fee. The standard practice in these cases was for the auditing profession to give opinions based on the concept of materiality where only material misstatements were identified in the County Council's accounts.

Councillor Woolley referred to the disclaimer on the website for the North Wales Residual Waste Treatment Project (NWRWTP) in relation to its accounts for 2011/12 and 2012/13. Mr. Herniman explained that this was a standard disclaimer to verify that the opinion provided by WAO had been based on the paper version of the accounts and did not apply to that published on the website, which could be subject to amendment.

The Finance Manager - Technical Accountancy added that the same disclaimer applied to the published Statement of Accounts on the Council's website, together with that of Taith and any other public body.

**RESOLVED:**

That the report and Council's response be noted.

**81. TREASURY MANAGEMENT UPDATE 2013/14**

The Finance Manager - Technical Accountancy introduced the quarterly update on matters relating to the Council's 2013/14 Treasury Management Strategy up to the end of February 2014. It was reported that at the end of February 2014, the Council had a total investment balance of £56m spread across 15 counterparties, with average interest rates of 0.55%. The schedule of debt showed that no new loans had been taken out since the last update and indicated those loans which had been taken out as a result of debt rescheduling in response to a request made by Councillor Tim Newhouse at the last meeting. The report also included additional information requested on circumstances relating to Lender's Option, Borrower's Option (LOBOs) loans held by the Council, as previously requested.

Following remarks from Councillor Glyn Banks on the commencement date of some loans which had been made as a result of rescheduling, the Finance Manager - Technical Accountancy replied that these had not been rescheduled recently.

In response to a query from Councillor Arnold Woolley on the repayment of loans, the Finance Manager - Technical Accountancy said that a note on borrowing had been circulated to all Members prior to the County Council meeting on 18 February 2014. This had explained that under the Minimum Revenue Provision policy, monies were set aside to repay debt as part of the wider consideration of capital programme work. Following a further query, it was estimated that the annual Minimum Revenue payment was in the region of £6m per annum in the Central Loans and Investment Account. Detail on this was incorporated into budget monitoring reports to the Corporate Resources Overview & Scrutiny Committee.

**RESOLVED:**

That the report be noted.

**82. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Manager presented the update report on progress of the Internal Audit department. An increase in the number of investigation referrals and the departure of a member of the team had resulted in a delay to the completion of the Plan this year. To address this, authorisation had been granted to recruit a replacement member of staff and two other team members employed on a part-time basis had agreed to temporarily increase their hours.

The Internal Audit Manager responded to a number of queries from the Committee on the reports on School Closures, Income from Fees and Charges and Waste & Minerals Planning, which had been finalised since the last update. He went on to report that 80% of the recommendations due for implementation had been completed and that those outstanding (for which management comment had been provided) would continue to be tracked to their revised due dates.

On Performance Indicators, it had not been possible to indicate statistics for the days taken for departments to return draft reports to Internal Audit due to a change in practice which would simplify this process. These figures would be available for the next quarterly report.

In response to queries raised by Councillor Haydn Bateman on an ongoing investigation, the Head of Legal & Democratic Services explained the Council's obligations towards its employees which meant that discussion on individuals would require a move to closed session.

Councillor Arnold Woolley suggested it may be helpful to include the commencement date for those investigations carried over to the next report. The Internal Audit Manager agreed to include this on future reports.

**RESOLVED:**

That the report be noted.

**83. INTERNAL AUDIT STRATEGIC PLAN**

The Internal Audit Manager presented the proposed Internal Audit plan for the three year period 2014/15 to 2016/17 and detailed the considerations to be made by the Committee. He explained that due to the current restructuring exercise, the newly appointed chief officers would be consulted on the Plan. The annual Internal Audit opinion on the standard of internal control, risk management and governance within the Council would be provided at the next meeting.

In response to a question from Councillor Tim Newhouse, the Internal Audit Manager explained that there were currently five part-time employees within the department, two of whom had temporarily increased their hours. There was potential for this arrangement to become permanent if a replacement full-time officer could not be recruited.

The Chair referred to some of the issues highlighted in bold and italics within the Plan which may need to be deferred in the event of insufficient resources, and sought assurance on the audit on the Use of Consultants. The Internal Audit Manager agreed that this would be retained on the Plan for 2014/15.

Councillor Tim Newhouse also requested that the audit on Mobile Phones and Devices/Usage be kept on the Plan for 2014/15. It was clarified that this related to officers and that a separate report would be made to Group Leaders on devices for Members.

Mr. John Herniman of the Wales Audit Office (WAO) commented on section 2 of the Strategy relating to 'areas where external audit will wish to place reliance on the testing performed by internal audit' and clarified that this was driven by management rather than WAO. This was acknowledged by the Internal Audit Manager.

Following responses to Members' queries on audits included on the Plan, the Head of Finance said it was important to recognise that these were not necessarily areas of current/past concern and may be as a result of departments seeking assurance on effective arrangements.

Councillor Ron Hampson was able to respond to queries raised by Councillor Glyn Banks on progress by a dedicated team in tackling rent arrears.

In response to a query from the Chair, the Internal Audit Manager explained that new software introduced in the department to cover all aspects of audit work would require a transitional phase.

The Democracy & Governance Manager asked if resources could be allocated each year to Data Protection due to the valuable work undertaken by Internal Audit on compliance across the Council. He suggested that this could be achieved by reviewing the other areas of Legal & Democratic Services on the Plan and would discuss with the Internal Audit Manager and Head of Legal & Democratic Services outside the meeting.

**RESOLVED:**

That the report be approved with the amendments referred to during discussion.

**84. WHISTLEBLOWING POLICY**

The Internal Audit Manager presented the updated Whistleblowing Policy for review and approval by the Committee prior to submission to the Constitution Committee later in the day. He explained the need to update the policy in line with changes to the Enterprise and Regulatory Reform Act (June 2013) as referred to in the report.

In response to a query from the Chair, the Head of Legal & Democratic Services said that the previous requirement was that employees made disclosures in good faith about their intentions and must not be motivated by malice. The change that disclosures must be reasonably believed to be in the public interest added an extra dimension.

The Chair felt that Members should be included on the list of individuals within the policy to whom an employee could raise any concerns. The Democracy & Governance Manager explained that there was a set procedure for Members who wished to raise concerns. The Head of Legal & Democratic Services said that Members were able to pass on any issues to the four named officers who were solely responsible for carrying out investigations on behalf of the Council. Following a request by the Chair for this to be incorporated in the policy, the Democracy & Governance Manager said that this would be brought to the attention of the Constitution Committee.

Ms. Amanda Hughes of the Wales Audit Office (WAO) referred to the section of the policy relating to independent advice and external contacts in which it was stated that the Auditor General for Wales was able to receive whistleblowing disclosures directly from employees. She explained that the Auditor General was a prescribed person, along with others, within the Act and that in encouraging employees to use the policy, they should be aware of their rights under the Act and a full list of prescribed persons, or link to where this was available should be included in the policy. In relation to the change that individuals who made a disclosure must believe their concerns to be true and in the public interest, there was caselaw which reflected the need to avoid individuals undertaking their own investigative work. The reason for the inclusion of criteria 'in the public interest' was as a result of cases in the banking industry where the Act was used to bring to light some issues of personal interest.

Mr. John Herniman of WAO felt that there were some inconsistencies in the policy such as the section on 'definition' which indicated the requirement for concerns to be raised internally. Whilst employees should be encouraged to use the internal process, disclosures could also be made to those defined by the Act as 'Prescribed Persons' and individuals could also make a wider disclosure to the press, media or to an MP which should be made clear in the policy. On the section entitled 'Protection', he felt it should be clarified that an individual was afforded the same level of protection, whether they raised their concerns internally or externally, as long as the individual raising the concern could demonstrate that they believed their concerns to be true and in the public interest and that if they went externally in the first instance, they could demonstrate that this was reasonable in the circumstances.

The Head of Legal & Democratic Services said that the points raised were valid and would be conveyed to the Constitution Committee. With the agreement of the Chairs of both Committees, the comments could be incorporated in the policy, or alternatively the item could be deferred to a future date to allow a re-draft. Following a suggestion by the Internal Audit Manager that the policy be re-drafted, this was endorsed by the Chair and supported by the Committee.

Councillor Glyn Banks asked what protection was in place to any individual of whom a malicious allegation had been made. The Democracy & Governance Manager said that the protection only applied to employees who raised concerns which they reasonably believed to be in the public interest. The Head of Legal & Democratic Services added that if this was the case then no action would be taken, however only in limited circumstances where there was clear evidence of malice, the Council as the employer would need to take necessary disciplinary action.

**RESOLVED:**

That the policy be re-drafted to reflect the comments made and submitted to a future meeting of the Committee.



**85. DATA PROTECTION AUDIT BY THE INFORMATION COMMISSIONER'S OFFICE**

The Democracy & Governance Manager presented the report 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 undertaken in April 2013. The results and agreed action plan had been received by the Committee on 7 October 2013, reporting the conclusion of 'reasonable assurance' around the Council's Data Protection processes and procedures, which was the second best of the four categories of audit opinion.

As part of the ICO follow-up process, a report by Internal Audit detailing progress on the implementation of the action plan had been submitted to the ICO. This indicated that 61% of the recommendations had been implemented, 26% were in the process of being implemented and 13% had not yet reached their implementation dates. A response from the ICO stated satisfaction with the progress made.

The Head of Legal & Democratic Services commented on the recently approved new operating model of the Council which reflected the recommendation by ICO for more central awareness and assurance of monitoring of Data Protection procedures. Following a question from the Chair, he explained that the new chief officer in charge of governance would become the Senior Information Risk Owner (SIRO) for the Council.

The Chair congratulated the Democracy & Governance Manager and officers for their work for their work on this item.

**RESOLVED:**

That the completion of the ICO audit process be noted.

**86. ACTION TRACKING**

The Internal Audit Manager presented an update report on actions carried out to date from points raised at previous Audit Committee meetings. On actions from the meeting on 18 December 2013, he advised that the proposed meeting between the Committee and Overview & Scrutiny Chairs and Vice-Chairs on 8 April 2014 had been cancelled due to insufficient business.

**RESOLVED:**

That the report be accepted.

**87. FORWARD WORK PROGRAMME**

The Internal Audit Manager presented the report to consider the Forward Work Programme for the next year. In relation to the Committee's self-assessment report scheduled for the next meeting, he reminded those present of the need to return the questionnaire and offered assistance on its completion. A deadline of Friday 4 April was set for the return of completed questionnaires.

**RESOLVED:**

That the Forward Work Programme be approved.

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

**RESOLVED:**

That the press and public be excluded from the remainder of the meeting as the following item was considered to be exempt by virtue of Paragraph 12 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

**89. EMPTY HOMES SCHEME**

Councillor Glyn Banks left the room prior to consideration of this item as he had declared a personal and prejudicial interest.

The Internal Audit Manager introduced the initial and follow-up audit reports relating to the Empty Homes Scheme and reassured the Committee that a significant amount of activity had been undertaken by the Head of Housing and her team to address the issues raised.

The Head of Housing provided explanation on the investigation by Internal Audit into fraudulent activity leading to a number of recommendations. Whilst expressing her deep concern about the issues raised within the report, she said that the fraudulent activity could not have been anticipated and had been investigated promptly, with actions taken to implement the recommendations. A further review had established good progress with implementing the recommendations and had resulted in some improvements to the Empty Homes Scheme service. Although the Empty Homes Scheme was part of the broader service area of Disabled Facilities Grants, no similar weaknesses had been identified in that area.

As Chairman of the Housing Overview & Scrutiny Committee, Councillor Ron Hampson praised the work undertaken by the Head of Housing and said that this had been a difficult situation which appeared to have been dealt with thoroughly.

Councillor Tim Newhouse requested the contact details of the new employee who had taken responsibility for the Empty Homes Scheme and said that all Members should be given notification of such changes in key personnel. The Head of Legal & Democratic Services agreed to liaise with the Head of ICT & Customer Services to put in place an automatic response to emails sent to closed accounts of ex-employees.

The Head of Housing responded to a number of questions about the issues identified in the report and those involved.

Mr. John Herniman of the Wales Audit Office said that despite the sums of money involved being small in comparison, this demonstrated the importance of establishing controls. The Internal Audit Manager drew attention to the

recommendations in the audit report, which included provision for a review of the application form to include a checklist of safeguards together with other controls in relation to the setting up of payments.

The Chair thanked the Head of Housing for attending the meeting and for the actions put in place.

**RESOLVED:**

That the work of Internal Audit, actions taken to rectify the issues and the subsequent improvements made in the service be noted.

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

There were two members of the press in attendance.

(The meeting started at 10.00 am and ended at 12.40 pm)

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**Chair**

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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:** **WEDNESDAY, 7 MAY 2014**

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

**SUBJECT:** **AUDIT COMMITTEE SELF ASSESSMENT AGAINST  
CIPFA GUIDANCE**

### **1.00 PURPOSE OF REPORT**

- 1.01 To inform members of the results of the Audit Committee self assessment which will feed into the preparation for the Annual Governance Statement 2013/14. It will also form the basis for the provision of any further training required by the committee.

### **2.00 BACKGROUND**

- 2.01 The Chartered Institute of Public Finance and Accountancy (CIPFA) published 'Audit Committees – Practical Guidance for Local Authorities and Police' in December 2013, with the aim of providing CIPFA's view of best practice for Audit Committees and of supporting them in operating effectively. The guidance was the basis of the training that most of the committee attended in February this year.

The guidance includes a self assessment questionnaire on Evaluating the Effectiveness of the Audit Committee. The Chair has agreed that this be used to provide a starting point for further development of the committee. It has also been completed by the Chief Executive and the Head of Finance.

- 2.02 The Audit Committee itself is part of the governance framework of the Authority. It is therefore appropriate for the self assessment questionnaire to be completed as part of the preparation for the Annual Governance Statement for 2013/14, which reports on overall governance within the Authority and will be published with the annual accounts.
- 2.03 In addition the results will be used to inform the provision of training to Audit Committee members.

### **3.00 CONSIDERATIONS**

- 3.01 The questionnaire is shown in Appendix A. The results have been analysed to show the average score per question and the range of scores given. All comments have been included.

- 3.02 Average scores for most of the questions are above 3.5 although some show a large range, in some cases from 1 to 5. The two lowest average scores were for the questions on value for money and effective public reporting, scoring 3.11 and 2.89.
- 3.03 Value for money is described in the Guidance as one of the core activities for an Audit Committee. It describes the role of the committee as focusing on whether the authority's overall approach to value for money is in line with objectives and to receive assurances on this to underpin the Annual Governance Statement. It should also consider the external audit opinion on value for money.
- 3.04 In their Annual Audit Letter presented to the committee in December WAO stated that overall they were satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness, but that any areas where improvements could be made will be highlighted in their Annual Improvement Report.
- 3.05 Internal Audit have looked at value for money in some reviews, but it is an area that needs to be developed.
- 3.06 Public reporting is described within the Guidance as a possible wider function of the Audit Committee. It is not an area that is currently within the Terms of Reference of the committee.

#### **4.00 RECOMMENDATIONS**

- 4.01 That the committee considers the results and reaches a decision on any further information needed or training required, individually or collectively.

#### **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 Audit Committee self assessment checklist.

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

None

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## Evaluating the Effectiveness of the Audit Committee

### Assessment Key

- 5** Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
- 4** Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
- 3** The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2** There is some evidence that the committee has supported improvements, but the impact of this support is limited.
- 1** No evidence can be found that the Audit Committee has supported improvements in this area.

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
Promoting the principles of good governance and their application to decision making.	<p>Providing robust review of the AGS and the assurances underpinning it.</p> <p>Working with key members/governors to improve their understanding of the AGS and their contribution to it.</p> <p>Supporting reviews/audits of</p>	<p>Not yet achieved but has been put forward as a goal.</p> <p>AGS reviewed effectively. All things here are discussed fully with Internal/External Audit and members fully involved.</p> <p>See 17/07/13 Item 5 on the Agenda “...Consider and Approve...”</p>	3.67	2-4

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
	<p>governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner Audit Committees to review governance arrangements in partnerships.</p>	<p>Recommendation: "...Amend as appropriate and approve the AGS..." There was no robust review of the AGS and the assurances underpinning it.</p> <p>There hasn't been a robust review of the AGS and the assurances underpinning it</p> <p>Committee involvement in AGS production. Working with Scrutiny to ensure 'joined up' approaches.</p>		
Contributing to the development of an effective control environment.	<p>Monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>Yes; Yes but not really effective; When known.</p> <p>Strong support for implementation of recommendations.</p> <p>Occasionally Internal Audit disagree with WAO advice. Risks identified are discussed and feedback is given. Control frameworks are in place. Senior Managers have been coming to meetings to discuss.</p>	3.89	2-5

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
		<p>We fail to effectively call to account areas of repeated concern/failure. Largely because of lack of any sanction in the cases the committee does put on record.</p> <p>Any areas of repeated concern or failure need to be effectively called to account with the potential of sanctions. Senior managers do come to Committee to discuss issues.</p> <p>Recommendation tracking improvements. Inviting Managers to discuss key issues with Committee.</p>		
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<p>Reviewing risk management arrangements and their effectiveness, e.g. risk managements benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/strategic risks.</p>	<p>Quite strong here. Managers are called to explain shortcomings.</p> <p>Regularly undertaken.</p> <p>Reviews are regular. Risks identified are reported on well, with action planned given.</p> <p>FCC is institutionally 'Risk Averse'.</p>	4	3-5

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
		<p>Managers are called to explain any shortcomings. Risks identified are reported on well, with action planned given.</p> <p>Emphasis put on what risks exist and how risks are being managed is becoming an embedded feature of the Audit Committee's approach.</p>		
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance.</p> <p>Seeking to streamline assurance gathering and reporting.</p> <p>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</p>	<p>Good work of streamline A/C reports.</p> <p>Committee have challenged the available resources on a number of occasions.</p> <p>Relationship between Internal Audit, External Audit and Audit Committee is excellent. I personally see no problem with overlaps as long as we reach the correct collective outcome.</p> <p>Control of finance is high priority, yet our audit arrangements permit &lt;5% "peculiarities" and &lt;£100k anomalies in FCC's finances to be ignored by WAO.</p>	3.78	1-5

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
		<p>The relationship between Internal Audit, External Audit and Audit Committee seems good. The correct outcomes seem to be reached even with any overlaps between them.</p> <p>Improvements to the information reported to Audit Committee to provide Members with information needed has been identified by the Committee.</p>		
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of internal audit arrangements and supporting improvements.</p>	<p>Regularly.</p> <p>Good support of Internal Audit. Challenge to new staffing structure of department. Monitoring of workload of Internal Audit.</p> <p>Audit Committee receives all reports and in good time. Follow up questions are always answered paper copy and email.</p> <p>Beware the recent positional organisation.</p> <p>There is good support of Internal Audit due</p>	4.11	1-5

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
		to the Committee receiving reports on time and follow-up questions being answered promptly.  Audit Independence is a key consideration for Officers and Members. Organisational support for Audit resources.		
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.  Reviewing the effectiveness of performance management arrangements.	More needed but working to improve.  Effective controls are in place.  Similar to risk management.  The major structural reorganisation of Senior Positions certainly did not come before the audit committee in any shape or form.  Effective controls seem to be in place.  Internal Audit undertakes work in this area but not so much the committee.	3.22	1-4
Supporting the development of robust	Ensuring that assurance on value for money arrangements is included in	Strong here hopefully.	3.11	1-5

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
arrangements for ensuring value for money.	<p>assurances received by the Audit Committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p>	<p>Not convinced that value for money is adequately covered.</p> <p>The phrase 'Value for Money' appears in each AGS. I have not seen any convincing evidence that such is actually being delivered.</p> <p>There could be more emphasis placed on value for money. There doesn't seem to be a systematic approach in place for Audit Committee.</p> <p>No systematic approach in place for Audit Committee.</p>		
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<p>Reviewing arrangements against the standards set out in CIPFA's <i>Managing Risk of Fraud</i> (Red Book 2).</p> <p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p>	<p>In this large organisation we must rely upon good management and they sometimes fail. An area A/C is always seeking to enhance.</p> <p>Excellent reports on these matters. Fully discussed.</p> <p>Some evidence of activity but little or no</p>	3.44	2-5

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
	Assessing the effectiveness of ethical governance arrangements for both staff and governors.	<p>detail available to members.</p> <p>In any large organisation, you must rely on good management. Unfortunately they sometimes fail.</p> <p>Arrangements are reviewed regularly.</p>		
Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	<p>Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</p>	<p>We work hard to communicate but still face some criticism. More can be done.</p> <p>No impact on public reporting.</p> <p>Agenda items are more concise than they used to be, thus easier. Everything seems extremely transparent already. Would like to see all meetings advertised more.</p> <p>Reports are full of jargon, acronyms and poor grammar. Many are far too long. Too much narrative, too little evidence.</p> <p>Agenda items are more concise than they used to be, but are still occasionally too</p>	2.89	1-4



Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score	Range of Scores
		wordy.  Some involvement but not widespread.		

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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:**               **WEDNESDAY, 7 MAY 2014**

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

**SUBJECT:**           **PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

### **1.00 PURPOSE OF REPORT**

1.01 To inform members of the results of a first internal assessment of conformance with the new Public Sector Internal Audit Standards (PSIAS).

### **2.00 BACKGROUND**

2.01 In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new standards for internal audit across the public sector. They apply to Central Government departments including Scotland, Wales and Northern Ireland, Local Authorities across the UK, the NHS, Police and Fire Authorities and National Parks. These replace the CIPFA Code of Practice for Internal Audit in Local Government published in 2006.

2.02 The standards are based upon the CIIA standards and came into force on 1<sup>st</sup> April 2013. However, CIPFA's Local Government Application Note on how to apply them within Local Government was not published until early April 2013, leaving no time to prepare before they had to be in place.

2.03 Internal Audit departments must report their level of conformance with the PSIAS to the Audit Committee. It should then be reported in the Internal Audit Annual Report and stated in every audit report.

2.04 PSIAS include the Definition of Internal Audit, a Code of Ethics, four Attribute Standards and seven Performance Standards, leading to the overall level of conformance. Internal Audit departments should achieve General Conformance (definition given in the Appendix) overall with the PSIAS.

2.05 There is a requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS. External assessments should be

carried out at least once every five years, with annual internal assessments.

2.06 Internal assessments must include:

- ongoing monitoring of the performance of the internal audit activity and
- periodic self-assessments, or assessments by other persons within the organisation with sufficient knowledge of internal audit practices

2.07 The results of the internal self assessment are given in Appendix A.

### **3.00 CONSIDERATIONS**

3.01 The Local Government Application Note includes a checklist for assessing conformance with the PSIAS and the Local Government Application Note. This checklist has been used to perform the internal assessment for 2013/14.

3.02 The internal assessment was undertaken separately by the Internal Audit Manager and the two Principal Auditors. The results are given in Appendix A.

3.03 The first part of the Appendix gives the definitions of the levels of conformance with PSIAS. There is then a summary of the levels of conformance against the Definition, Code of Ethics and each Standard. That is followed by the detailed responses to each question in the checklist.

3.04 Overall they show General Conformance with the standards when the results for each section are put together. A few individual questions or sections show Partial or Non Conformance. These are not significant within the overall assessment. They will result in action plans for the coming year.

3.05 The result from this assessment are included in the Internal Audit Annual Report (separate paper to this committee) and within the Annual Governance Statement.

### **4.00 RECOMMENDATIONS**

4.01 The committee is requested to note the report.

### **5.00 FINANCIAL IMPLICATIONS**

5.01 None arising from this report.

**6.00 ANTI POVERTY IMPACT**

6.01 None arising from this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None arising from this report.

**8.00 EQUALITIES IMPACT**

8.01 None arising from this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None arising from this report.

**10.00 CONSULTATION REQUIRED**

10.01 None arising from this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None arising from this report.

**12.00 APPENDICES**

12.01 Appendix A – checklist for assessing conformance with the PSIAS and the Local Government Application Note.

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

None

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## CHECKLIST FOR ASSESSING CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND THE LOCAL GOVERNMENT APPLICATION NOTE (LGAN)

### Key:

- GC Generally Conforms with PSIAS.** The relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section / category. General conformance does not require complete / perfect conformance, the ideal situation, successful practice, etc.
- PC Partially Conforms with PSIAS.** The activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and / or achieving their objectives.
- DNC Does Not Conform with PSIAS.** The activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many / all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board.
- N/A Not Applicable.** The sections marked N/A do not apply to this assessment, i.e. there has not yet been an external assessment, the use of 'conforms with International Standards' or disclosure of non-conformance can only be used after this assessment, there are no external providers of audit services.
- CAE Chief Audit Executive.** A generic title used to describe the person responsible for managing the internal audit activity. In Flintshire, it is the Internal Audit Manager.

	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
	<b>Definition of Internal Auditing</b>	✓		
	<b>Code of Ethics</b>	✓		
	<b>Attribute Standards</b>			
<b>Reference</b>				
1000	Purpose, Authority and Responsibility	✓		
1100	Independence and Objectivity (The sum of <i>Standards</i> 1100-1130)	✓		
1200	Proficiency and Due Professional Care (The sum of <i>Standards</i> 1210-1230)	✓		
1300	Quality Assurance and Improvement Programme (The sum of <i>Standards</i> 1310-1320)		✓	



	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
	<b>Performance Standards</b>			
<b>Reference</b>				
2000	Managing the Internal Audit Activity (Sum total of <i>Standards</i> 2010 – 2060)	✓		
2100	Nature of Work (Sum of <i>Standards</i> 2110 – 2130)	✓		
2200	Engagement Planning (Sum of <i>Standards</i> 2201-2240)	✓		
2300	Performing the Engagement (The sum of <i>Standards</i> 2300-2340)	✓		
2400	Communicating Results (Sum of <i>Standards</i> 2410-2440)	✓		
2500	Monitoring Progress		✓	
2600	Resolution of Senior Management s Acceptance of Risks	✓		
	<b>OVERALL CONCLUSION – CONFORMANCE WITH PSIAS</b>	✓		

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
<b>1</b>	<b>Definition of Internal Auditing</b>				
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity: a) Independent? b) Objective?	✓ ✓			See questions below
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			See questions below
	<b>Definition Conclusion</b>	✓			
<b>2</b>	<b>Code of Ethics</b>				
	<b>Integrity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors: a) Perform their work with honesty, diligence and responsibility? b) Observe the law and make disclosures expected by the law and the profession? c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation? d) Respect and contribute to the legitimate and ethical objectives of the organisation?	✓ ✓ ✓ ✓			See questions below
	<b>Objectivity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not: a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? b) Accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	✓ ✓ ✓			See questions below

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>Confidentiality</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by: a) Acting prudently when using information acquired in the course of their duties and protecting that information? b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?	 ✓  ✓			See questions below
	<b>Competency</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by: a) Only carrying out services for which they have the necessary knowledge, skills and experience? b) Performing services in accordance with the PSIAS? c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?	 ✓  ✓  ✓			See questions below
	Do internal auditors have regard to the Standards of Public Life's Seven Principles of Public Life?	✓			See questions below
	<b>Code of Ethics Conclusion</b>	✓			
	Standards				
<b>3</b>	<b>Attribute Standards</b>				
<b>3.1</b>	<b>1000 Purpose, Authority and Responsibility</b>				
	Does the internal audit charter include a formal definition of: a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	 ✓  ✓  ✓			The Internal Audit Charter includes the responsibilities, independence, role and rights of access. It is part of the Constitution. These are also included in the Council's Financial Regulations.
<b>LGAN</b>	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.		✓		Sets out each of the functions of the board and where it lies.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
LGAN	Does the internal audit charter also: a) Set out the internal audit activity's position within the organisation?	✓			The Charter includes sections on the Role and Scope of IA, Independence and Authority, Audit Responsibility, Resources, Training, Reporting and Performance Reporting. It includes the reporting relationships of the Audit Manager to statutory officers and the Audit Committee.  The contribution is in place through all audit work and the Audit Manager's participation in the Corporate Governance Working Group.
LGAN	b) Establish the CAE's functional reporting relationship with the board?	✓			
LGAN	c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?	✓			
LGAN	d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?	✓			
LGAN	e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	✓			
LGAN	f) Define the scope of internal audit activities?	✓			
LGAN	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?	✓			
LGAN	h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the <i>Accounts and Audit (England) Regulations 2011</i> ?	✓			
LGAN	i) Establish the organisational independence of internal audit?	✓			
	j) Cover the arrangements for appropriate resourcing?	✓			
	k) Define the role of internal audit in any fraud-related work?	✓			
	l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?	✓			
	m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?	✓			
	n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation?	✓			
	o) Define the nature of consulting services?	✓			
	p) Recognise the mandatory nature of the PSIAS?	✓			
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	✓			Updated in 2013.
	Does the CAE attend audit committee meetings?	✓			Attendance at all meetings.
	Does the CAE contribute to audit committee agendas?	✓			Produces the Forward Work Programme.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>1000 Conclusion</b>	✓			
<b>3.2</b>	<b>1100 Independence and Objectivity</b>				
	Does the CAE have direct and unrestricted access to senior management and the board?	✓			Manager reports to the Head of Finance, and can contact any Director or Corporate Head, or the CMT as a whole at any time.
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	✓			Manager can contact Chief Executive and Chair of Audit at any time.
	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓ ✓ ✓ ✓			Auditors identify any conflict and report them to audit management. All other levels included in the Charter and Constitution.
	<b>1100 Conclusion</b>	✓			
	<i>1110 organisational Independence</i>				
	Does the CAE report to an organisational level equal or higher than the corporate management team?	✓			Manager reports to the Head of Finance.
<b>LGAN</b>	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			Manager reports to the Head of Finance.
<b>LGAN</b>	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority.	✓			Manager reports to the Head of Finance and the Audit Committee and can contact the Chief Executive at any time.
<b>LGAN</b>	Does the CAE's position in the management structure: a) Reflect the influence he or she has on the control environment? b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓ ✓ ✓			Manager is a member of the Finance Senior Management Team. Audit plans are agreed with CMT and Audit Committee. Audit Reports, including action plans, are issued to the relevant Director / Corporate Head.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity: The board: a) approves the internal audit charter  b) approves the risk-based audit plan  c) approves the internal audit budget and resource plan d) receives communications from the CAE on the activity's performance (in relation to the plan, for example) e) approves decisions relating to the appointment and removal of the CAE f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓  ✓  ✓ ✓ ✓ ✓			In the Annual Report. Also in annual meeting with the AC.  Audit Committee  Corporate Management Team and Audit Committee. Head of Finance Audit Committee  Head of Finance  Audit Committee
	Does the chief executive or equivalent undertake, Countersign, contribute feedback to or review the performance appraisal of the CAE?			✓	Outsourced position until 31.5.13. First appraisal completed by Head of Finance as line manager, in accordance with FCC policy.
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?			✓	Outsourced position until 31.5.13. First appraisal completed by Head of Finance as line manager, in accordance with FCC policy.
	<b>1110 Conclusion</b>		✓		
	<i>1111 Direct Interaction with the Board</i>				
	Does the CAE communicate and interact directly with the board?	✓			Corporate Management Team and Audit Committee
	<b>1111 Conclusion</b>	✓			
	<i>1120 Individual Objectivity</i>				
	Do internal auditors have an impartial, unbiased attitude?	✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			Auditors report any potential conflict to audit management.
	<b>1120 Conclusion</b>	✓			
	<i>1130 Impairment to Independence or Objectivity</i>				
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?				N/A. None has arisen.
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?	✓			New auditors have not had previous operational responsibility.
	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?				N/A. Manager does not have any operational responsibility.
<b>LGAN</b>	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	✓			The team is large enough to allow this.
<b>LGAN</b>	Have internal auditors declared interests in accordance with organisational requirements?	✓			Auditors sign declarations of interest forms annually.
<b>LGAN</b>	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?				N/A. None accepted.
<b>LGAN</b>	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?	✓			This has not happened.
<b>LGAN</b>	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓			Auditors sign declaration of interest forms annually.
<b>LGAN</b>	Have internal auditors complied with the Bribery Act 2010?	✓			See above.
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?				N/A. None has arisen.
	Where there have been significant additional consulting services agreed				N/A. Plan allows time for some consulting work.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?				
	<b>1130 Conclusion</b>	✓			
<b>3.3</b>	<b>1200 Proficiency and Due Professional Care</b>				
	1210 Proficiency				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			CFIIA
	Is the CAE suitably experienced?	✓			In Internal Audit since 1982, management positions since 1999, Manager at FCC since 2005.
<b>LGAN</b>	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			Manager fully responsible for recruitment.
<b>LGAN</b>	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓			Job descriptions and person specifications redefined as part of Finance Function Review, 2012.
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓			Auditor competencies assessed. Annual appraisals carried out.
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	✓			If necessary can buy in expertise.
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			Manager, Principal Auditors and some Senior Auditors keep up to date on fraud requirements and attend training days.
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓			Principal Auditors and some Senior Auditors specialise in IT work. A Principal is a qualified IT Auditor.
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	✓			Members of the team keep up to date on Computer Assisted Audit Techniques. IDEA is used for most regulatory reviews.



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>1210 Conclusion</b>	✓			
	<i>1220 Due Professional Care</i>				
	Do internal auditors exercise due professional care by considering the: a) Extent of work needed to achieve the engagement's objectives? b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? c) Adequacy and effectiveness of governance, risk management and control processes? d) Probability of significant errors, fraud, or non-compliance? e) Cost of assurance in relation to potential benefits?	✓ ✓ ✓ ✓ ✓			Overall consideration for the organisation takes place as part of the annual planning cycle. Analysis of these factors takes place in the planning stage of every assignment. Now use Pre-Audit Questionnaire and scoping meeting to gain information.
	Do internal auditors exercise due professional care during a consulting engagement by considering the: a) Needs and expectations of clients, including the nature, timing and communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement's objectives? c) Cost of the consulting engagement in relation to potential benefits?	✓ ✓ ✓			Considered during the planning of any consultancy work by auditors and Principal Auditors.
	<b>1220 Conclusion</b>	✓			
	<i>1230 Continuing Professional Development</i>				
<b>LGAN</b>	Has the CAE defined the skills and competencies for each level of auditor?	✓			Defined in the person specification for each position.
<b>LGAN</b>	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			Annual appraisal process.
	Do internal auditors undertake a programme of continuing professional development?	✓			Each auditor is responsible for their own CPD to meet the requirements of their professional body.
	Do internal auditors maintain a record of their professional development and training activities?	✓			Maintained by the department.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>1230 Conclusion</b>	✓			
<b>3.4</b>	<b>1300 Quality Assurance and Improvement Programme</b>				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?		✓		This is a new requirement. QAIP being developed. However some aspects of QA have been completed in the past, particularly internal assessments against CIPFA Code of Practice and ongoing review of work.
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?		✓		This is a new requirement. QAIP being developed.
	Does the CAE maintain the QAIP?		✓		This is a new requirement. QAIP being developed.
<b>LGAN</b>	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?				N/A
	<b>1300 Conclusion</b>		✓		
	<i>1310 Requirements of the Quality Assurance and Improvement Programme</i>				
	Does the QAIP include both internal and external assessments?		✓		This is a new requirement. Internal assessment this year, external assessment to be arranged.
	<b>1310 Conclusion</b>		✓		
	<i>1311 Internal Assessments</i>				
<b>LGAN</b>	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			Part of the planning process annually and for individual assignments.
	Do internal assessments include ongoing monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	✓ ✓			All work is subject to quality review.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
LGAN	Does ongoing performance monitoring include comprehensive performance targets?	✓			There are performance targets for the department and each staff member.
LGAN	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			Departmental targets agreed with Head of Finance and Audit Committee. Entered into the Service Plan. Individual targets agreed during annual appraisals.
LGAN	Does the CAE measure, monitor and report on progress against these targets?	✓			Progress against departmental targets reported to Audit Committee quarterly.
LGAN	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓			Feedback questionnaires issued on completion of every assignment.
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.	✓			Self Assessments have been carried out by the Audit Manager, against the previous CIPFA standards. Now carried out against these Standards by the Audit Manager and Principal Auditors.
LGAN	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓			
	<b>1311 Conclusion</b>	✓			
	<i>1312 External Assessments</i>				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			QA review of files carried out by RSM Tenon during 2012/13. QAIP review to be planned.
LGAN	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?				N/A. To be completed in planning the review.
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?				N/A. To be completed in planning the review.
LGAN	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CEO or the chief executive?				N/A. To be completed in planning the review.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?				N/A. To be completed in planning the review.
	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process? Competence can be determined in the following ways: a) experience gained in organisations of similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and e) technical experience. Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.				N/A. Not yet completed.
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?				N/A. Not yet completed.
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.				N/A. Not yet completed.
	<b>1312 Conclusion</b>				N/A
	<i>1320 Reporting on the Quality Assurance and Improvement Programme</i>				
	Has the CAE reported the results of the QAIP to senior management and the board? Note that: a) the results of both external and periodic internal assessment must be communicated upon completion b) the results of ongoing monitoring must be communicated at least annually c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.	✓			This report.
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			Annual Report to this meeting.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>1320 Conclusion</b>	✓			
	<i>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</i>				
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?				Not yet applicable. Will be included after this review.
	<b>1321 Conclusion</b>				N/A. To be included after this review.
	<i>1322 Disclosure of Non-conformance</i>				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			This report shows conformance or non-conformance.
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			Considered for the governance statement for 2013/14.
	<b>1322 Conclusion</b>	✓			
<b>4</b>	<b>Performance Standards</b>				
<b>4.1</b>	<b>2000 Managing the Internal Audit Activity</b>				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	✓			Through the audit plan, as reported in the annual report.
	Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i>	✓			Through the Charter and the audit manual.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ?	✓			Through the audit manual. All work subject to review. All complete a Declaration of Interests form.
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance? b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓ ✓			Audit plan is based on the organisation's objectives. Audit reports contain recommendations to improve effectiveness and efficiency.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2000 Conclusion</b>	✓			
	<i>2010 Planning</i>				
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	✓			Strategic and Operational plan based on the organisations objectives.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			Strategic and Operational plan designed to provide evidence needed for annual opinion.
	Does the risk-based plan take into account the organisation's assurance framework?	✓			Sources of assurance considered during planning.
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓ ✓ ✓			Part of the Strategic Plan. Stated in the Plan. Part of the Strategic Plan.
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			Strategic Plan includes how the plan was developed, including links to risk management.
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓			Risk maturity assessed by internal audit.
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?				N/A
<b>LGAN</b>	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓ ✓	✓		Work prioritised in the plan to show what may be deferred if insufficient resources to meet the plan.
<b>LGAN</b>	Does the risk-based plan differentiate between audit and other types of work?	✓			All work categorised within the plan.
<b>LGAN</b>	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			The plan includes a contingency allowance, and is subject to review throughout the year.
	Does the CAE review the plan on a regular basis and has he or she	✓			The plan is subject to review throughout the

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?				year, with amendments reported to the Audit Committee.
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓			The Council's strategic and operational risks are assessed and used in audit planning.
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			The Council's strategic and operational risks are assessed at least annually.
<b>LGAN</b>	In developing the risk-based plan, has the CAE also considered the following: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use specialists, eg IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓  ✓ ✓ ✓			Considered in strategic and assignment planning. Considered in strategic and assignment planning. Included in the plan.  Included in the plan.
	Is the input of senior management and the board considered in the risk assessment process?	✓			Consultation takes place with senior management whilst producing the audit plan. Audit Committee views also taken into account.
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			During audit planning.
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	✓			All proposed consulting work is considered before it is accepted.
	Are consulting engagements that have been accepted included in the risk-based plan?	✓			Added to the plan and reported to the Audit Committee.
	<b>2010 Conclusion</b>	✓			
	<i>2020 Communication and Approval</i>				

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	✓			Reported to Corporate Management Team and Audit Committee.
	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓			Reported to the Audit Committee.
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			Reported to the Audit Committee and CMT. Annual plan includes possible deferrals.
	<b>2020 Conclusion</b>	✓			
	<i>2030 Resource Management</i>				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓			From experience and in line with others.
<b>LGAN</b>	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	✓			Discussed in planning meetings and planned throughout the year.
<b>LGAN</b>	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.	✓			For example September 2013 and March 2014.
	<b>2030 Conclusion</b>	✓			
	<i>2040 Policies and Procedures</i>				
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓			Policies and procedures in place.
<b>LGAN</b>	Has the CAE established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS? Examples include maintaining an audit manual and/or using electronic management systems.	✓			Audit manual in place. To be updated during 2014 to reflect changes.



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
LGAN	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓			To be updated during 2014 to reflect changes.
	<b>2040 Conclusion</b>	✓			
	<i>2050 Coordination</i>				
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	✓			Reliance placed on external auditors and regulators.
LGAN	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?				N/A
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			Regular meetings with external auditors.
LGAN	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	✓			Regular meetings with external auditors.
	<b>2050 Conclusion</b>	✓			
	<i>2060 Reporting to Senior Management and the Board</i>				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓			Quarterly reports to Audit Committee.
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓			Major findings reported. In addition, reports provided as requested by the Audit Committee.
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	✓			Standard quarterly reporting. However, additional reporting would take place if there was sufficient importance and urgency. Major reports dealt with in full, e.g. Empty Homes. When necessary management called to attend AC meetings.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2060 Conclusion</b>	✓			
	<i>2070 External Service Provider and Organisational Responsibility for Internal Auditing</i>				
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?				N/A
	<b>2070 Conclusion</b>				N/A
<b>4.2</b>	<b>2100 Nature of Work</b>				
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	✓			Overall aim of the department.
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	✓			Through the completion of the audit plan.
	<b>2100 Conclusion</b>	✓			
	<i>2110 Governance</i>				
	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation? b) Ensure effective organisational performance management and accountability? c) Communicate risk and control information to appropriate areas of the organisation? d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	✓ ✓ ✓ ✓			Through the completion of the audit plan and communication of findings to management.
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	✓			Through individual assignments and by the input of the manager to the Corporate Governance Working Group.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?		✓		Audit work is based on the Council's objectives and priorities and covers some of the areas in the Code of Corporate Governance such as organisational performance management and communication of risk and control information.
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	✓			Information technology governance included in the audit plan.
<b>LGAN</b>	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?	✓			All competing priorities are considered when finalising the plan.
	<b>2110 Conclusion</b>	✓			
	<i>2120 Risk Management</i>				
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that: a) Organisational objectives support and align with the organisation's mission? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite? d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?	✓ ✓ ✓ ✓			Risk management included in the audit plan every year. Risks now aligned within the Improvement Plan.  Reported to O&S in Performance Reports.
	Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives?  b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and	✓  ✓ ✓ ✓			As part of audit planning and the completion of individual audit assignments. Evaluated and reported to O&S in Performance Reports.  Within specific audits. Within specific audits. Within specific audits. Within specific audits.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	contracts?	✓			
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?		✓		As part of audit planning. The department is responsible for the maintenance of the Anti Fraud Strategy, Fraud Response Plan and Whistleblowing procedure. Fraud risks not fully evaluated.
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			Dependent on the nature of the assignment.
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			Any other risks are reported to audit management.
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓			Auditors do not take on management responsibility or risk management roles.
	<b>2120 Conclusion</b>	✓			
	<i>2130 Control</i>				
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓ ✓ ✓ ✓ ✓			As part of audit planning and the completion of individual risk based audit assignments.
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			All relevant knowledge is used.
	<b>2130 Conclusion</b>	✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
<b>4.3</b>	<b>2200 Engagement Planning</b>				
	Do internal auditors develop and document a plan for each engagement?	✓			Audit Planning Sheet (APS) completed for each audit.
	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	✓ ✓ ✓ ✓			Standard format that includes all these.
	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance? c) The significant risks to the activity being audited? d) The activity's resources? e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓			Documented in the APS where relevant. Not all are relevant to each audit.
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?	✓			NWRWTP and Taith – objectives and scope of the audits agreed.
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope?	✓ ✓			Agreed with management at the start of the work.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓			
	For significant consulting engagements, has this understanding been documented?				N/A
	<b>2200 Conclusion</b>	✓			
	<i>2210 Engagement Objectives</i>				
	Have objectives been agreed for each engagement?	✓			Part of the APS.
	Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓			Where applicable. Strategic and operational risks considered. Carried out using the Pre Audit Questionnaire and Scoping Meeting
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓			Where applicable.
	Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	✓ ✓ ✓ ✓			When developing the APS.
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	✓			KPI's included within the audits.
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			Part of overall evaluation.
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?		✓		Lack of KPIs reported where applicable, not developed by IA.
<b>LGAN</b>	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered; including money, people and assets?		✓		Where referred to. Some value for money assignments completed but needs to be extended.
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓			Objectives agreed with the client.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓			Objectives agreed with the client.
	<b>2210 Conclusion</b>	✓			
	<i>2220 Engagement Scope</i>				
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	✓			Recorded in APS
	Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises?	✓			All include consideration of systems. Others considered when appropriate,
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate: a) Systems? b) Records? c) Personnel? d) Premises?				N/A
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?				N/A
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?				N/A
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	✓			Scope agreed at the start of the audit.
	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?				N/A

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓			As normal procedure.
	During consulting engagements, were internal auditors alert to any significant control issues?	✓			As normal procedure.
	<b>2220 Conclusion</b>	✓			
	<i>2230 Engagement Resource Allocation</i>				
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	✓ ✓ ✓			Planned at start of the year, then amended with detailed planning.
	<b>2230 Conclusion</b>	✓			
	<i>2240 Engagement Work Programme</i>				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			Work programmes developed for each engagement.
	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓			Information, including analysis and evaluation, recorded in the engagement file.
	Were work programmes approved prior to implementation for each engagement?	✓			Reviewed by Principal Auditors.
	Were any adjustments required to work programmes approved promptly?	✓			By Principal Auditors.
	<b>2240 Conclusion</b>	✓			



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
<b>4.4</b>	<b>2300 Performing the Engagement</b>				
	Have internal auditors carried out the following in order to achieve each engagement's objectives: a) Identify sufficient information? b) Analyse sufficient information? c) Evaluate sufficient information? d) Document sufficient information?	✓			Standard methodology, trained and experienced staff, files reviewed by Principal Auditors and retained.
	<b>2300 Conclusion</b>	✓			
	<i>2310 Identifying Information</i>				
	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information? c) Relevant information? d) Useful information?	✓			Information requested prior to the audit. Files contain test sheets and results. Standard methodology, trained and experienced staff, files reviewed by Principal Auditors and retained.
	<b>2310 Conclusion</b>	✓			
	<i>2320 Analysis and Evaluation</i>				
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	✓			Requirements set out in audit manual. Files contain test sheets and results. Files reviewed by Principal Auditors and retained.
<b>LGAN</b>	Have internal auditors remained alert to the possibility of the following: a) intentional wrongdoing b) errors and omissions c) poor value for money d) failure to comply with management policy, and e) conflicts of interest when performing their individual audits, and has this been documented?	✓			Requirements set out in audit manual, standard methodology. Files reviewed by Principal Auditors. Auditors are trained and experienced.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2320 Conclusion</b>	✓			
	<i>2330 Documenting Information</i>				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Requirements set out in audit manual. Files reviewed by Principal Auditors
<b>LGAN</b>	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			Requirements set out in audit manual. Files contain test sheets and results, reviewed by Principal Auditors and retained.
	Does the CAE control access to engagement records?	✓			Filed securely.
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?				N/A. Only released to WAO.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			Retention in line with FCC and Data Protection guidelines
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			Policy is in line with FCC and Data Protection guidelines.
	<b>2330 Conclusion</b>	✓			
	<i>2340 Engagement Supervision</i>				
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			Supervised by Principal Auditors – scope agreed, work reviewed.
	Is appropriate evidence of supervision documented and retained for each engagement?	✓			Recorded in the files.
	<b>2330 Conclusion</b>	✓			
<b>4.5</b>	<b>2400 Communicating Results</b>				
	Do internal auditors communicate the results of engagements?	✓			At debrief meeting, draft and final reports.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2400 Conclusion</b>	✓			
	<i>2410 Criteria for Communicating</i>				
	Do the communications of engagement results include the following: a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	✓			Included in all reports.
<b>LGAN</b>	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓			Standard practice to have a closing meeting..
<b>LGAN</b>	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓			High, medium, low.
<b>LGAN</b>	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			Included in final report.
<b>LGAN</b>	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?				N/A. Disagreements are resolved.
<b>LGAN</b>	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	✓			All material known facts disclosed.
<b>LGAN</b>	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	✓			Included in the final report.
	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			Prior communication via the debrief meeting and draft report. Views considered, but the opinion remains the auditors
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			Reports supported by evidence in the file.
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓			Included in report.
	When engagement results have been released to parties outside of the	✓			WAO only. Status of reports included in

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	organisation, does the communication include limitations on the distribution and use of the results?				communications.
<b>LGAN</b>	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?	✓			Reports to NWRWTP and Taith.
	<b>2410 Conclusion</b>	✓			
	<i>2420 Quality of Communications</i>				
	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	✓			Aim for all of these, through specified report format, audit manual requirements, training and experience, review of files and reports.
	<b>2420 Conclusion</b>	✓			
	<i>2421 Errors and Omissions</i>				
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?				N/A. Not happened. Would be communicated if applicable.
	<b>2421 Conclusion</b>	✓			
	<i>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'</i>				
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?				Not yet applicable, this is first assessment. Will be included after this.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2421 Conclusion</b>				N/A
	<i>2431 Engagement Disclosure of Non conformance</i>				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?				Not yet applicable, this is first assessment. If necessary will be included after this.
	<b>2431 Conclusion</b>				N/A
	<i>2440 Disseminating Results</i>				
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			Reports issued to Directors / Corporate Heads of Service, relevant managers.
	Has the CAE communicated engagement results to all appropriate parties?	✓			Through debrief meetings, draft and final reports.
	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓			WAO only for FCC reports. NWRWTP – reports seen by senior management / legal before they are issued.
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			Included in reports and issued to Directors / Corporate Heads. Also reported to Audit Committee, in summary or in total.
	<b>2440 Conclusion</b>	✓			
	<i>2450 Overall Opinion</i>				
	Has the CAE delivered an annual internal audit opinion?	✓			Annual Report

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓			Annual Report includes the opinions.
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓			Expectations taken into account, but it remains the audit opinion.
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	✓			Built up from all reports in the year.
	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓			All included in the Annual Report.
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?				N/A. Not given. If this were the case, reasons would be included.
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			Used and quoted in the AGS.
<b>LGAN</b> <b>LGAN</b> <b>LGAN</b>	Does the annual report incorporate the following: a) The annual internal audit opinion? b) A summary of the work that supports the opinion? c) A disclosure of any qualifications to the opinion? d) The reasons for any qualifications to the opinion?	✓ ✓			N/A. No qualifications N/A. No qualifications
<b>LGAN</b> <b>LGAN</b>	e) A disclosure of any impairments or restriction in scope? f) A comparison or work actually carried out with the work planned? g) A statement on conformance with the PSIAS?	✓ ✓ ✓			
<b>LGAN</b> <b>LGAN</b>	h) The results of the QAIP? i) Progress against any improvement plans resulting from the QAIP?	✓ ✓			
<b>LGAN</b>	j) A summary of the performance of the internal audit activity against its performance measures and targets? k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓ ✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2450 Conclusion</b>	✓			
<b>4.6</b>	<b>2500 Monitoring Progress</b>				
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?		✓		Recommendation tracking in operation for 'red' reports, high and medium recommendations. Automated tracking system introduced during the year. Also some follow up reviews, but process not formalised. Managers called to Audit Committee if inadequate action.
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓			Issue new report after the follow up if necessary.
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	✓			Included in planning for the year.
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓			At a later time by a different auditor, to ensure independence is maintained.
	<b>2500 Conclusion</b>		✓		
<b>4.7</b>	<b>2600 Communicating the Acceptance of Risks</b>				
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓			
	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	✓			
	<b>2600 Conclusion</b>	✓			

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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:**               **WEDNESDAY, 7 MAY 2014**

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

**SUBJECT:**           **INTERNAL AUDIT ANNUAL REPORT**

### **1.00 PURPOSE OF REPORT**

1.01 To inform members of the outcome of all audit work carried out during 2013/14 and to give the annual Internal Audit opinion on the standard of internal control, risk management and governance within the Council.

### **2.00 BACKGROUND**

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

### **3.00 CONSIDERATIONS**

3.01 The report outlines the role of the department and the professional standards that it must meet, the Public Sector Internal Audit Standards. It then includes a statement that the department Generally Conforms with those professional standards, as reported in a separate paper to the committee.

3.02 It then gives the annual audit opinion – that there are adequate and effective arrangements in place for risk management, governance and internal control along with the basis of that opinion. The scope and basis of that opinion are outlined.

3.03 The report summarises all the work undertaken during 2013/14 and compares the results with the previous year. Summary information by Directorate is provided on the assurance levels given to the reviews together with the categorisation and number of recommendations made. The work on investigations and advisory work is also outlined.

3.04 The overall performance of the department throughout the year against targets is then given, showing that most targets were met or just missed.

**4.00 RECOMMENDATIONS**

4.01 The Committee is requested to consider the report.

**5.00 FINANCIAL IMPLICATIONS**

5.01 None.

**6.00 ANTI POVERTY IMPACT**

6.01 None.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None.

**8.00 EQUALITIES IMPACT**

8.01 None.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None.

**10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

12.01 Internal Audit Annual Report.

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

None

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**Flintshire County Council**

Internal Audit Annual Report

Year ended 31 March 2014

Presented at the Audit Committee meeting of: 7<sup>th</sup> May 2014

## Contents

<b>Section</b>	<b>Page</b>
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## **1 Introduction**

### **1.1 The Role of Internal Audit**

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

At the start of 2013/14 Public Sector Internal Audit Standards (PSIAS) came into force, replacing CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom. CIPFA published a Local Government Application Note on how to apply the Standards within Local Government.

The definition of Internal Auditing in the Standards is as follows:

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

The role and responsibilities of the FCC Internal Audit department are outlined in the Internal Audit Charter, which has been approved by the Audit Committee and is part of the Constitution. It also specifies the department's independence, authority, scope of work and reporting arrangements. All audit work is carried out in accordance with the contents of the Charter.

### **1.2 Governance Statement**

Under the Accounts and Audit (Wales) Regulations 2005 Local Authorities are required to publish a statement on internal control. They have a choice as to whether they go further and complete a wider ranging Governance Statement. The Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 published by CIPFA recommends that the annual review of the system of internal control should be reported in an Annual Governance Statement.

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

### **1.3 RSM Tenon**

RSM Tenon provided the Internal Audit Manager for the Council's audit service until the end of May 2013, when the position was brought in-house. The Manager completed a TUPE transfer and is now employed by FCC. The RSM Tenon contract covered

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

## 1.4 Professional Standards

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

The Internal Audit Department Generally Conforms with the Standards.

That means that the relevant structures, policies and procedures of the department, as well as the processes by which they are applied, comply with the requirements of the standards and of the Code of Ethics in all material respects. General Conformance does not require complete/perfect conformance, the ideal situation, etc.

The Standards require the Audit manager to develop a Quality Assurance and Improvement Programme (QAIP), designed to enable an evaluation of internal audit's conformance with the Standards. The QAIP must include both internal and external assessments. External assessments must be completed at least every five years.

Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments

Ongoing monitoring of performance is in place. The quality of audit work is ensured by the use of an audit manual, ongoing supervision and management of staff and the review of all audit work. Performance targets are set and actual performance reported to quarterly Audit Committee meetings.

A self assessment against the Standards has been completed and the results reported to the Audit Committee, showing General Conformance with PSIAS.

## 2 Internal Audit Assurance for 2013/2014

### 2.1 Context

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

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

### 2.2 Resources

The decision was taken to leave a vacancy unfilled during the year, which was reflected in the audit plan. A part time employee was seconded to the Union for the year. As reported to the September Audit Committee meeting a replacement was not approved under the vacancy management control procedure, which impacted on the plan. A full time employee left the department at the end of the year. Efforts are being made to recruit a replacement, in the meantime 1½ days per week are being covered by increasing the hours of two part-time members of staff.

## Internal Audit Opinion

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

For the year ending 31 March 2014 based on the work we have undertaken my opinion is that FCC have adequate and effective arrangements in place for governance, risk management and internal control.

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

### 2.3 Scope of the Internal Audit Opinion

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

- The results of all internal audits undertaken during the year ended 31 March 2014 (see Appendix A for a summary of audits);
- The results of follow-up action taken in respect of audits from previous years;
- Whether recommendations have been accepted by management and, if not, the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports or other assurance providers to the Audit Committee and/or Council;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been covered to date.

### 2.4 The Basis of the Opinion

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

#### **Governance**

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

### **Risk Management**

Internal Audit carried out an audit of risk management during the year, focusing on the identification and reporting of strategic and operational risks. The opinion is also informed by the total of risk based audit assignments completed during the year.

Risk Management systems have continued to develop in 2013/14. The Risk Management Strategy was revised in September 2013. Strategic Risks are now aligned to the Council's Improvement Priorities through the Improvement Plan. They are monitored on an ongoing basis with updates being provided to Overview and Scrutiny Committees every quarter using a standard template to show gross, net and target risk levels. There are still inconsistencies in the management and reporting of operational risks, however progress is being made. The audit will be used as a basis to identify areas for further improvement and to continue to develop risk management within the Council.

### **Internal Control**

Audits were carried out in all areas of the Council during the year. The overall level of control found in audit assignments this year was good. 68% of audits resulted in a 'green' or 'amber +' assurance level. No area stood out as being worse than the others. In all cases the findings were reported in detail to the Audit Committee. Recommendation tracking also showed a greater degree of implementation of recommendations within the agreed timescale. Detailed results are given in the Appendix, together with definitions of the assurance levels.

### **Acceptance of Recommendations**

All of the recommendations made during the year were accepted by management. The Corporate Management Team have committed to a more robust process of recommendation tracking to ensure follow through of recommendations.

## **2.5 Governance Statement**

The overall opinion may be used by the Council in the preparation of the Annual Governance Statement.

## **2.6 Conflicts of Interest**

The department has not undertaken any work or activity during 2013/14 that would lead me to declare any conflict of interests.

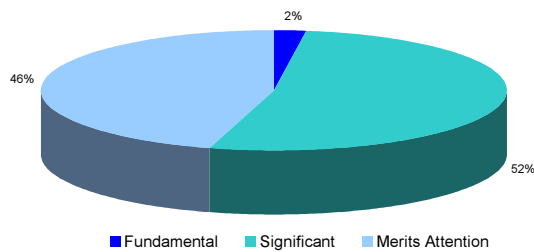


## 2.7 Benchmarking Data

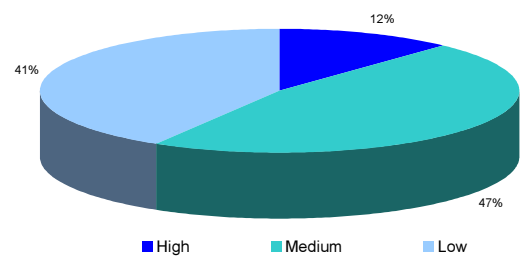
The tables below show the split of internal audit recommendations and opinions for FCC in 2012/13 and those made in 2013/14. Comparisons are difficult as the categorisation of recommendations and assurance levels changed between the years. Previously for example, the definition of a fundamental recommendation was 'action is imperative to ensure that the objectives of the area under review are met', so that there were very few recommendations at this level, most were significant. Now recommendations are categorised according to the level of risk that they address, which is more meaningful. There are now four assurance levels instead of three, giving more realistic overall opinion. The definitions for the assurance levels are given in the last page of this report. In addition, during 2012/13 a substantial amount of time was spent on investigations, which affected the number of reports finalised – only 39 in that year. 65 reports were finalised in 2013/14.

### Comparison of the categories of internal audit recommendations made 2012/13 and 2013/14

Recommendations 2012/13

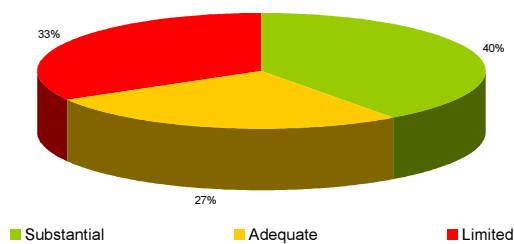


Recommendations 2013/14

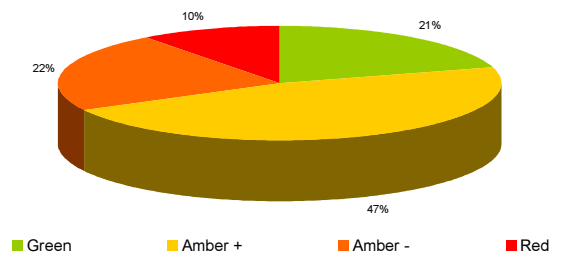


### Comparison of assurance levels provided by internal audit in 2012/13 and 2013/14

Assurance Levels 2012/13



Assurance Levels 2013/14



## 2.8 Other Internal Audit Work

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

Area of review	Comments
Schools CRSA	Control and Risk Self Assessment carried out. Responses received from 69 Primary schools and 12 Secondary Schools
Schools Audits	53 days on schools audits
Investigations	15 investigations carried out in the year, taking 247 days
National Fraud Initiative	61 days on work relating to National Fraud Initiative
Advisory work	90 days on advisory work in the year.
Follow up reviews	8 days on follow up reviews in the year
Grant audits	3 audits of grants.

## 2.9 Investigations

At the start of the year there were three live investigations. During the year twelve more were started and seven were completed, leaving eight ongoing investigations at the end of the year.

Of the twelve new investigations, six related to the Environment Directorate, three to Community Services, two to Lifelong Learning and one to Pensions. There is no pattern to the subjects of the investigations.

Two of these were raised by 'whistleblowers', relating to the private use of a Council vehicle and the undertaking of private work in Council time. Both allegations were proven and resulted in disciplinary action. They were both reported to the Audit Committee during the year.

## 2.10 Advisory work

This includes work that does not result in an audit report but adds value to the Authority by contributing to working groups or providing advice. Examples include advice on the new Contract Procedure Rules, the Data Protection Team, Fleet Management Project, Elections Data Matching.

## 2.11 Internal Audit Performance

The performance of the department against performance measures and targets is set out below. During the year progress against the plan was adversely affected by resource issues as noted in para 2.2. The original annual plan showed 72 audits to be completed in 1450 days. This was reduced in December 2013 to 64 audits in 1200 days. 7 audits were added to the plan during the year after management requests, with 15 audits deferred.

There is always a time lag in terms of the dates of audits, with the audit plan for any year not being completed at the end of March but in April/May. Additions and deferrals also make comparison of actual work completed against the plan more difficult. However, within 2013/14, 63 reports were issued in draft and 71 final reports were brought to the Audit Committee, showing that the plan was substantially achieved.

All the deferred audits were then considered during the planning meetings for the 2014/15 to 2016/17 audit strategic plan. As a result, 11 of them appear in the strategy. A further 2 were deferred too late to be included in the strategy but will be added to the 2014/15 work.

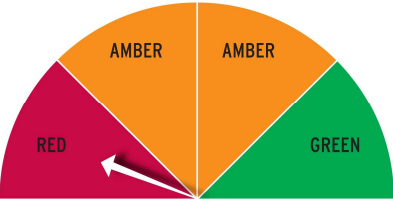
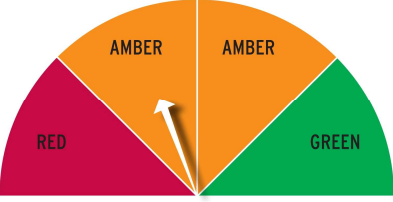
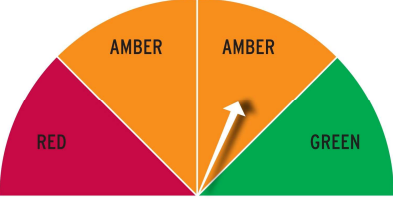
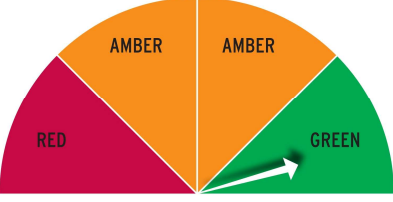
Performance against target is reported to each quarterly Audit Committee, and is summarised in the table below. During the year the methodology for issuing draft and final reports was changed, so that performance against both targets is given. Most targets are met or just missed. More work needs to be done to ensure that audits are completed within the planned number of days.

<b>Performance Measure</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>13/14</b>	<b>13/14 Target</b>
Audits completed within planned time	78%	73%	67%	82%	75%	80%
Average number of days from closure meeting to issue of draft report – old system	23	17	21.4	19.8	20.3	20
Average number of days from response to issue of final report – old system	2	4	2.8	1	2.45	5
Average number of days from end of fieldwork to debrief meeting – new system	N/A	N/A	4.33	7.22	5.77	20
Average number of days from closure meeting to issue of draft report – new system	N/A	N/A	0	4.11	2.05	2
Average number of days from response to issue of final report – new system	N/A	N/A	2.6	2.33	2.46	2
Return of client questionnaires	100%	50%	50%	60%	65%	70%
Client questionnaires responses as satisfied	100%	100%	100%	100%	100%	95%
Chargeable audit days	80%	77%	77%	81%	79%	75%

**Appendix A: Internal Audit Opinions and Recommendations 2013/14**

Auditable Area	Audit Opinions					Number of Recommendations made				
	Red	Amber -	Amber +	Green	In Total	High	Medium	Low	In Total	Agreed
Corporate	1	2	3	2	8	7	27	19	53	53
Finance	0	2	5	2	9	0	22	28	50	50
Legal and Democratic	0	0	1	2	3	0	7	2	9	9
HR&OD	0	2	2	0	4	3	11	13	27	27
ICT	0	1	5	1	7	3	7	11	21	21
Community Services	1	1	5	3	10	22	22	22	66	66
Environment	2	3	3	0	8	5	38	12	55	55
Lifelong Learning	2	2	3	2	9	3	23	33	59	59
<b>Total</b>	<b>6</b>	<b>13</b>	<b>27</b>	<b>12</b>	<b>58</b>	<b>43</b>	<b>157</b>	<b>140</b>	<b>340</b>	<b>340</b>

Auditable Area	Audit Opinions		Number of Recommendations made				
	No Assurance	In Total	High	Medium	Low	In Total	Agreed
Corporate	5	5	1	16	11	28	28
Finance	0	0	0	0	0	0	0
Legal and Democratic	0	0	0	0	0	0	0
HR&OD	1	1	0	0	0	0	0
ICT	0	0	0	0	0	0	0
Community Services	0	0	0	0	0	0	0
Environment	0	0	0	0	0	0	0
Lifelong Learning	1	1	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>1</b>	<b>16</b>	<b>11</b>	<b>28</b>	<b>28</b>

Audit Assurance Level	Opinion (RISK BASED)	Opinion (SYSTEMS BASED)
	<p>Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.</p> <p>Action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied or effective.</p> <p>Action needs to be taken to ensure risks in this area are managed.</p>
	<p>Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.</p>	<p>Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective, action needs to be taken to ensure risks in this area are managed.</p>
	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.</p>	<p>Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.</p> <p>However we have identified issues that, if not addressed, increase the likelihood of risk materialising in this area.</p>
	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.</p>	<p>Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.</p>

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**               **WEDNESDAY, 7 MAY 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.

2.03 An update was presented to the Committee in March, however reservations were expressed in the meeting by Wales Audit Office. The paper was withdrawn and further work carried out to ensure it met the required standards.

2.04 The WAO provided information and the policy was also checked against the National Audit Office checklist.

### **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 in raising a concern either internally or externally. For internal cases it details how the Council will respond. There are also 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.

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# 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	April 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.

The Chief Executive and the County Council are committed to this policy and to maintaining high ethical standards. If you raise a genuine concern under this policy your concerns will be taken seriously and you will not be at risk of losing your job or suffering any form of retribution as a result, even if the concern proves to be unfounded.

## The Council's Commitment

1. Employees who reasonably believe that the disclosure they are making is true will not face sanctions.
2. Anybody attempting to deter employees from raising concerns or victimising them for doing so may be subject to disciplinary action.
3. At the same time someone who maliciously raises a matter they know is untrue may also be subject to disciplinary action.

## 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 workers within the Council with the exception of teachers and those employed by School Governing Bodies. This policy is commended to schools as good practice.

Workers are defined as; employees, agency workers, people that are training with Flintshire but are not employed and self employed workers.

## Definition

Whistleblowing is the raising of concern, either within the workplace or externally, about a danger, risk, malpractice or wrongdoing which affects others. It is primarily for concerns where the interests of others or the organisation itself are at risk.

It does not include grievances about your personal position. 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 by your line manager, the Grievance Policy should be followed.

## Independent Advice

If you are unsure whether to use this policy or you want independent advice at any stage you should contact

- The HR Department
- Your Trade Union representative.
- 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.

## 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. It is also possible that the investigation itself may serve to reveal the source of information, although this will be avoided where possible.

This policy encourages you to put your name to your allegation, as concerns expressed anonymously are often much more difficult to investigate. However we

would prefer that you raised serious concerns anonymously than not at all. Anonymous allegations will be considered at the discretion of the Council.

### **Third Parties/Contractors**

The Public Interest Disclosure Act 1998 applies to all workers within the Council, 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.

### **Internal Procedure**

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

1. Raise the issue first with your line manager 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. 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
  - the Head of Finance
  - a Member of the Council, who will refer to the appropriate officer.

### **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. The length of time will depend on the nature of the concern. 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 Council 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.

## 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.

## External Procedure

If all internal channels have been followed or you do not feel you can raise your concerns within the Council you can contact a relevant prescribed body. Examples of prescribed bodies which are relevant to FCC are shown at appendix 2.

You can also raise your concerns with other external persons such as a Minister of the Crown and the Press or Media.

## Legal 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.

You have a right not to be demoted, suspended, unfairly dismissed or victimised.  
You will be protected from suffering a detriment, bullying or harassment.  
Disclosures will be protected if the employee or worker discloses;

- in the course of obtaining legal advice;
- to the employer
- to any Member of Parliament (a prescribed person)
- in certain circumstances to a Minister of the Crown
- to a prescribed body (see Appendix 2 for list of prescribed bodies)
- to another non prescribed person or body eg. the press or media

It should be noted that if disclosures are made to a non prescribed external body then a number of detailed conditions need to be met. These include a requirement that you do not make the disclosure for personal gain and that it is reasonable to make the disclosure in the circumstances

### **Role of the Manager**

- To deal with and respond to any complaints raised under this policy if within their area of control
- If necessary to escalate the concern to one of the contacts listed under FCC procedure Para 3.
- To ensure employees are protected from suffering a detriment as a result of raising an issue under this policy.

### **Role of the Employee**

- Employees are expected to raise concerns they become aware of.
- 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.



### **Monitoring and Evaluation**

The policy will be reviewed regularly to ensure compliance with changes in employment legislation or recommended best practice. Any future amendments to the policy will be considered by the Audit Committee.

A central log of concerns reported under this Policy will be kept by Internal Audit.

An annual summary of the number and outcomes of whistleblowing cases will also be reported to the Audit Committee, whilst respecting confidentiality.

### **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.

## **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.

## Appendix 2

### Relevant Organisations

Relevant organisations (prescribed regulators) you can contact to make a protected disclosure

Auditor General Wales 24 Cathedral Road Cardiff, CF11 9LJ Tel: 01244 525980 whistleblowing@wao.gov.uk	Health & Safety Executive Rose Court 2 Southwark Bridge London SE1 9HS Tel: 0300 0031647 <a href="http://www.hse.gov.uk">www.hse.gov.uk</a> (online form)
Information Commissioner Wycliffe House Water Lane Wilmslow Cheshire SK9 5AF Tel: 01625 545745 mail@ico.gsi.gov.uk	The Director of the Serious Fraud Office 2-4 Cockspur Street London SW1Y 5BS Tel: 020 7239 7272 confidential@sfo.gsi.gov.uk
The Environmental Agency Horizon House Deanery Road Bristol BS1 5AH Tel: 03708 506506	Any Member of Parliament

There are many other prescribed regulators who can be contacted to raise a concern, they can be found at:

<http://www.direct.gov.uk/>

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**               **WEDNESDAY, 7 MAY 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 that have not yet reached their due date. 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

**30<sup>th</sup> JULY 2013**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
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.

**25<sup>TH</sup> SEPTEMBER 2013**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
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.

18<sup>TH</sup> DECEMBER 2013

18 <sup>TH</sup> 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	Information sent 9 <sup>th</sup> April, 2014.
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.	Meeting not yet arranged.

29<sup>TH</sup> JANUARY 2014

29 <sup>TH</sup> 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.



**26<sup>TH</sup> MARCH 2014**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
82	Internal Audit Progress Report	Investigations in Appendix F to include the start date	Internal Audit Manager	To be actioned for June meeting.
83	Internal Audit Strategic Plan	That the audits on 'Use of Consultants' and 'Mobile Phones' be kept on the plan for 2014/15	Internal Audit Manager	Actioned.
83	Internal Audit Strategic Plan	To review the resources allocated to Legal and Democratic Services so that an annual allocation could be reserved for Data Protection.	Head of Legal and Democratic Services. Democracy and Governance Manager Internal Audit Manager	Actioned.
84	Whistleblowing Policy	That the policy be re-drafted to reflect the comments made and submitted to a future meeting of the Committee.	Internal Audit Manager	Submitted to the May meeting.
89	Empty Homes Scheme	To provide all Members with the contact details of the new Empty Homes Scheme officer, together with any other changes in key personnel.	Head of Housing	Information has been sent to all Members.

**26<sup>TH</sup> MARCH 2014**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
89	Empty Homes Scheme	To liaise with the Head of ICT to put in place an automatic response to emails sent to closed accounts of ex-employees	Head of Legal and Democratic Services.	Not possible as stated. However, leaver's checklist to be updated to include requirement for message on the out of office notification. The possibility of an automatic response after an email address has been archived is being investigated.

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**               **WEDNESDAY, 7 MAY 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 the 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 as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None arising directly from this report.

**8.00 EQUALITIES IMPACT**

8.01 None as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.00 None as a result of 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**

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**Email: David.webster@flintshire.gov.uk**

**AUDIT COMMITTEE**  
**FORWARD WORK PROGRAMME 2014/15**

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

MEETING DATE	AGENDA ITEM	AUTHOR
<b>December 2014</b>	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> <li>• Risk Management update</li> <li>• Corporate Governance Report</li> <li>• Treasury Management Mid Year Update</li> <li>• Risk Management</li> </ul>	David Webster David Webster David Webster Karen Armstrong Peter Evans Liz Thomas Karen Armstrong
<b>January 2015</b>	<ul style="list-style-type: none"> <li>• Treasury Management Update and Strategy</li> <li>• Annual Report on external inspections</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> </ul>	Liz Thomas Peter Evans David Webster David Webster
<b>March 2015</b>	<ul style="list-style-type: none"> <li>• Annual Financial Audit Outline (WAO)</li> <li>• Treasury Management Update</li> <li>• Internal Audit Progress Report</li> <li>• Internal Audit Strategic Plan</li> <li>• PSIAS Compliance</li> <li>• Audit Committee Self Assessment</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> <li>• Private Meeting (WAO and IA)</li> </ul>	Liz Thomas David Webster David Webster David Webster David Webster David Webster David Webster