

Public Document Pack

Gareth Owens LL.B Barrister/Bargyfreithiwr
Chief Officer (Governance)
Prif Swyddog (Llywodraethu)



To: Cllr Tim Newhouse (Chairman)

CS/ST

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

16 September 2014

Paul Williams

Sharon Thomas 01352 702324
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Dear Sir / Madam

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **WEDNESDAY, 24TH SEPTEMBER, 2014** at **10.00 AM** to consider the following items.

For Agenda Item 4, Members are requested to bring with them to the meeting the County Council agenda of 24 September 2014.

Yours faithfully

Democracy & Governance Manager

AGENDA

1 **APOLOGIES**

2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

3 **MINUTES** (Pages 1 - 6)

To confirm as a correct record the minutes of the meeting held on 16 July 2014 (copy enclosed).

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- 4 **STATEMENT OF ACCOUNTS 2013/14** (Pages 7 - 10)
Report of Corporate Finance Manager enclosed.
- 5 **IMPROVEMENT PLAN 2014-15 AUDIT - CERTIFICATE OF COMPLIANCE**
(Pages 11 - 18)
Report of Chief Executive enclosed.
- 6 **INTERNAL AUDIT PROGRESS REPORT** (Pages 19 - 40)
Report of Internal Audit Manager enclosed.
- 7 **OUT OF COUNTY PLACEMENTS** (Pages 41 - 46)
Report of Chief Officer (Education and Youth), Chief Officer (Social Services)
enclosed.
- 8 **SINGLE FRAUD INVESTIGATION SERVICE** (Pages 47 - 50)
Report of Chief Officer (Community and Enterprise) enclosed.
- 9 **CERTIFICATION OF GRANT CLAIMS AND RETURNS 2012/13** (Pages 51 -
72)
Report of Corporate Finance Manager enclosed.
- 10 **ACTION TRACKING** (Pages 73 - 78)
Report of Internal Audit Manager enclosed.
- 11 **FORWARD WORK PROGRAMME** (Pages 79 - 82)
Report of Internal Audit Manager enclosed.

AUDIT COMMITTEE
16 JULY 2014

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 16 July 2014

PRESENT: **Councillor Tim Newhouse (Chair)**

Councillors: Glyn Banks, Haydn Bateman, Alison Halford, Ian Roberts and Arnold Woolley

APOLOGY: Mr Paul Williams

ALSO PRESENT: Leader of the Council

IN ATTENDANCE:

Chief Executive, Head of Legal & Democratic Services, Democracy & Governance Manager, Internal Audit Manager, Corporate Finance Manager, Finance Manager - Technical Accountancy, Accountant - Technical Accountancy and Committee Officer

Mr. John Herniman of Wales Audit Office

16. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

In response to advice sought from the Head of Legal & Democratic Services, Councillors Ian Roberts and Haydn Bateman declared a personal interest as members of the Clwyd Pension Fund on Agenda Item 4: Draft Statement of Accounts 2013/14.

The Head of Legal & Democratic Services pointed out that the same agenda item included information on senior officer emoluments and that he would leave the meeting if Members wished to debate that item.

17. MINUTES

The minutes of the meeting of the Committee held on 25 June 2014 were submitted.

Matters Arising

Minute 7: Budget Setting and Budgetary Control Arrangements - the Democracy & Governance Manager confirmed that arrangements had been made to submit the report by the Corporate Finance Manager to Overview & Scrutiny Committees.

RESOLVED:

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

18. DRAFT STATEMENT OF ACCOUNTS 2013/14

The Corporate Finance Manager presented the Statement of Accounts 2013/14 (subject to audit) for Members' information only at this stage. The accounts would then be submitted to the Committee in late September 2014 for approval and recommendation to County Council following the audit, to meet the statutory deadline.

The Corporate Finance Manager and Finance Manager - Technical Accountancy delivered a presentation which detailed the main points:

- Purpose and Background
- Key Dates
- Responsibility
- Changes
- Contents and Overview
- Links to Budget Monitoring
- Headlines - Council Fund, Reserves at Year End, Capital and HRA
- Core Statements
- Next Steps

Changes to the Code of Practice for Local Authority Accounting 2013/14 had resulted in the need to restate figures for 2012/13: explanatory notes throughout the document indicated where this had happened. In addition, officers had taken the opportunity to review and make a number of improvements to the accounts to assist the reader and to address comments previously raised by the Wales Audit Office (WAO). The Committee was reminded of the complexity of producing the annual accounts which meant there was an expectation for further changes to be made prior to submission of the final accounts. Drop-in sessions had been arranged for 9 September 2014 to provide all Members with the opportunity to raise questions with officers prior to presentation of the final Statement of Accounts on 24 September 2014 along with the opinion of the Wales Audit Office (WAO).

Councillor Alison Halford thanked the Finance Manager - Technical Accountancy and her team for their efficiency in producing the Draft Statement of Accounts 2013/14. This was echoed by the Chair and other Members of the Committee who were grateful for the time allowed for Members to read the report in detail together with the explanatory notes contained within the accounts. Councillor Haydn Bateman congratulated the Corporate Finance Manager on his appointment following the recent management restructure.

In response to a question from Councillor Ian Roberts, it was confirmed that balancing entries had been eliminated in the accounts for 2012/13 and for 2013/14. Mr. John Herniman of Wales Audit Office said that this had been acknowledged in the 2012/13 report previously submitted to the Committee.

Councillor Halford requested an explanation on the reduction in the number of houses within the Council's stock between 2013 and 2014. The Chief Executive said that this may be due to Right To Buy sales, however the Finance Manager - Technical Accountancy agreed to look into this and provide a full response.

Following a question on the increased expenditure on the Housing Revenue Account Income and Expenditure Statement, it was pointed out that clarification on such changes was contained in the note on non-current asset accounting included within the accounts.

Councillor Glyn Banks sought clarification on the 'miscellaneous' group of inventories. The Finance Manager - Technical Accountancy said that this contained a number of various items of stock including recycling bins etc, but would provide written detail.

RESOLVED:

- (a) That the draft Statement of Accounts 2013/14 (including the Annual Governance Statement), together with the underlying policies, be noted;
- (b) That the planned provision of 'drop-in' sessions over the summer period be noted.

19. ANNUAL GOVERNANCE STATEMENT

The Democracy & Governance Manager introduced a report to consider and approve the draft Annual Governance Statement (AGS) for 2013/14.

In response to comments previously made at the Committee, preparation of the AGS for 2013/14 had enabled a greater degree of involvement by Members, including circulation of a questionnaire to all Overview & Scrutiny Committee Chairs. In addition, an informal meeting of the Audit Committee had been held to consider the draft AGS, where Members' views had been sought.

As an action from the AGS for 2012/13, the Chief Executive said that work had been undertaken to review Section 5 of the AGS and asked if the Committee was satisfied that this was now better aligned to the corporate risk register in the Improvement Plan. The Committee supported the recommendations of the report.

RESOLVED:

That the Annual Governance Statement attached to the Statement of Accounts be approved.

20. SUPPLEMENTARY FINANCIAL INFORMATION TO DRAFT STATEMENT OF ACCOUNTS 2013/14

The Finance Manager - Technical Accountancy presented supplementary financial information to accompany the Draft Statement of Accounts 2013/14. Due to a technical error, Table 3 in Appendix 1 to the report had been omitted from the printed version of the agenda but had subsequently been made available.

On the table showing consultants and non-permanent posts for 2013/14 across the whole authority, it was stressed that the actual costs incurred were

payments to the organisations employing those individuals. Councillor Alison Halford asked for clarification on the role and nature of complaints dealt with by the Independent Reviewing Officer (IRO) (complaints).

The Chief Executive explained that these individuals were responsible for reviewing complaints in Social Services and that the amount involved may be due to a peak in complaints or through additional support needed for a particularly sensitive case. The Head of Legal & Democratic Services was in agreement and explained that it was considered good practice to seek independent advice in some cases to verify the Council's position. He felt that these costs may have related to a case in Children's Services but agreed to confirm with a written response.

Councillor Halford queried whether the costs for engaging the Occupational Health Physician were cost-effective. The Chief Executive explained that by providing this role on a consultancy basis, where a minimum 1-1½ day provision per week was necessary, was more cost effective than the previous arrangement where a General Practitioner had been employed by the Council on a full-time basis to manage the Occupational Health service.

RESOLVED:

That the contents of the report be noted.

21. TREASURY MANAGEMENT ANNUAL REPORT 2013/14 AND 2014/15 QUARTER 1 UPDATE

The Finance Manager - Technical Accountancy presented the Annual Report on the Council's Treasury Management Policy, Strategy and Practices 2013/14 together with an update on Treasury Management activity in 2014/15 to the end of June 2014.

On the Annual Report for 2013/14, a summary of the key points provided information on the economic position during the year and the impact it had on the investments made by the Council. No new borrowing had taken place during the year. An update at Quarter 1 reported no new borrowing and on investments, there had been a reduction in the number of counterparties used by the Council between February and June 2014 with yield and the total amount invested roughly the same. The Finance Manager - Technical Accountancy advised of an investment masterclass which she and a member of the team had recently attended, to obtain information on the range of financial products available to Local Authority investors.

Councillor Haydn Bateman welcomed the reduction in counterparties and asked for clarification on the investment limit. The Finance Manager - Technical Accountancy explained that the 2013/14 policy allowed for a maximum limit of £5m investment per counterparty for those with a minimum rating of A- whilst the 2014/15 policy stated a maximum limit of £7m. She went on to say that a further increase would not be recommended at this time and that a prudent approach was being taken in diversification to spread the default risk across a wider range of counterparties.

RESOLVED:

That the report be noted.

22. ACTION TRACKING

The Internal Audit Manager presented an update report on actions carried out to date from points raised at previous Audit Committee meetings. It was noted that all actions currently due for completion had been finalised.

RESOLVED:

That the report be accepted.

23. FORWARD WORK PROGRAMME

The Internal Audit Manager presented the report to consider the Forward Work Programme for the next year.

A request was made by Councillor Alison Halford for the Committee to consider the costs for out of county placements, as this had previously been an area of concern. The Chief Executive explained that this had been the subject of extensive consideration by the Lifelong Learning Overview & Scrutiny Committee due to the complexity of the issue and costs. He said that value for money work to reduce costs had provided assurance on the way that the service was now commissioned and that a report could be brought to the Committee.

As Chairman of the Lifelong Learning Overview & Scrutiny Committee, Councillor Ian Roberts spoke in support of this suggestion and referred to cost implications of the out of county placements service as a result of local government reorganisation. It was agreed that a report would be submitted to the next meeting in September 2014.

Councillor Roberts asked for an update on the Council's banking arrangements following discussion at the Committee in January 2014. The Finance Manager - Technical Accountancy reported on the tendering exercise carried out by the Eastern Shires Purchasing Organisation (ESPO) and that following this, work was due to commence on progressing the Council's tenders over the coming months. She agreed to bring an update report to the Committee, which was anticipated to be the December 2014 meeting.

Councillor Halford referred to concerns which had been raised by the Head Teacher of a secondary school about value for money on the school catering service. Councillor Roberts said that the Lifelong Learning Overview & Scrutiny Committee had considered reports covering primary and secondary schools which indicated positive feedback on the catering service, but was aware of concerns around some of the smaller primary schools due to the low number of pupils. The Chief Executive offered to follow up this issue outside of the meeting.

The Internal Audit Manager commented that this appeared to be a performance issue which was perhaps best dealt with by Overview & Scrutiny.

Councillor Halford pointed out that the school in question was a larger secondary school and that the Head Teacher had felt that a more cost-effect option could be sourced.

The Chairman suggested that the Chief Executive liaise with Councillor Halford outside the meeting. The Chief Executive said that professional communication channels such as the Secondary Heads Federation were in place to raise such issues. He agreed to follow this up to see if the same concerns were shared by other Head Teachers.

RESOLVED:

That the Forward Work Programme be approved with the inclusion of a report on the costs for out of county placements on 24 September 2014 and a report on the Council's banking arrangements on 10 December 2014.

24. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

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

(The meeting started at 10.00 am and ended at 10.55 am)

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Chairman

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 24 SEPTEMBER 2014**

REPORT BY: **CORPORATE FINANCE MANAGER**

SUBJECT: **STATEMENT OF ACCOUNTS 2013/14**

1.00 PURPOSE OF REPORT

1.01 To present to Members of the Audit Committee the Statement of Accounts for 2013/14, incorporating those changes agreed with Wales Audit Office (WAO) during the course of the audit.

1.02 To present to Members of the Audit Committee, the WAO's reports in connection with the audit of the 2013/14 financial statements -

- Flintshire County Council
- Clwyd Pension Fund

1.03 To present to Members of the Audit Committee; the Letter of Representation - Flintshire County Council, and the Letter of Representation - Clwyd Pension Fund.

2.00 BACKGROUND

2.01 The Audit Committee received the draft Statement of Accounts 2013/14 on 16th July 2014 - for information only at that stage; the Accounts and Audit (Wales) (Amendment) Regulations 2010 specify the statutory deadline for the approval of the accounts, being 30th September.

3.00 CONSIDERATIONS

3.01 The audit of the 2013/14 accounts is now substantially complete; the audit continues up until the point at which the accounts are signed off by the auditors.

3.02 A copy of the Statement of Accounts for 2013/14 incorporating those changes agreed with WAO during the course of the audit and up to the point of writing this report, is included in the agenda for the County Council meeting for consideration in the afternoon (Members are requested to bring the County Council agenda, which includes the Statement of Accounts, to the meeting with them).

- 3.03 Various questions/queries were raised by Members in connection with the draft Statement of Accounts as presented at Audit Committee on 16th July - no further questions have been received over the summer period. Responses to all matters raised have been provided by letter to all Members of the Council. Drop in sessions were arranged for Members on the morning and the afternoon of the 9th September to provide an opportunity for further explanation should Members wish to take up the opportunity.
- 3.04 Under the International Standards on Auditing (ISA) 260, WAO is required to communicate relevant matters relating to the audit of the final statements to those charged with governance, which for this Council is the Audit Committee.
- 3.05 Copies of the WAO's ISA 260 reports 'Audit of the Financial Statements – Flintshire County Council' and 'Audit of the Financial Statements – Clwyd Pension Fund', are included in the agenda for the County Council meeting for consideration in the afternoon (Members are requested to bring the County Council agenda, which includes the WAO ISA 260 reports, to the meeting with them).
- 3.06 Each WAO report includes details of significant issues arising from the audit, and a summary of corrections made to the draft financial statements. Any accounting issues relating to the audit findings will be reviewed internally during the current financial year (2014/15).
- 3.07 It is usual, within the course of the audit of any organisation, that items will be brought to the attention of the body being audited (in this case Flintshire County Council / Flintshire County Council – Administering Body of the Clwyd Pension Fund). The audit findings have been discussed in detail with the WAO, and those adjustments made have been reflected in the Statement of Accounts.
- 3.08 The Letter of Representation requires the Council to confirm the accuracy of the audit. In this letter, the Council confirms to the WAO that all the information contained within the financial statements is true and accurate and that all information has been disclosed.
- 3.09 Copies of; the Letter of Representation - Flintshire County Council, and the Letter of Representation - Clwyd Pension Fund, are included in the agenda for the County Council meeting for consideration in the afternoon (Members are requested to bring the County Council agenda, which includes the letters, to the meeting with them).

4.00 RECOMMENDATIONS

- 4.01 Members are requested to recommend to County Council the final version of the Statement of Accounts 2013/14.

4.02 Members are requested to consider WAO's reports; Audit of the Financial Statements – Flintshire County Council, and Audit of the Financial Statements – Clwyd Pension Fund.

4.03 Members are requested to recommend to County Council; the Letter of Representation - Flintshire County Council, and the Letter of Representation - Clwyd Pension Fund.

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 required.

11.00 CONSULTATION UNDERTAKEN

11.01 None required.

12.00 APPENDICES

12.01 None

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

Various 2013/14 Final Accounts Working Papers

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 24 SEPTEMBER 2014**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **IMPROVEMENT PLAN 2014-15 AUDIT –
CERTIFICATE OF COMPLIANCE**

1.00 PURPOSE OF REPORT

- 1.01 To advise Members of the positive Certificate of Compliance from the Auditor General for Wales in respect of the audit of the 2014-15 Improvement Plan.
- 1.02 Members to receive a presentation of the key issues by the Wales Audit Office and note the Council's Executive response.

2.00 BACKGROUND

- 2.01 The Auditor General is required by the Local Government (Wales) Measure 2009 (the Measure) to report any audit and assessment work which informs tangible judgement as to whether a Council has discharged its duties and met the requirements of the Measure.
- 2.02 This is the first certificate that the Council will receive during 2014/15; to certify the Auditor General's views on whether the Council has discharged its duties in respect of improvement planning. The second certificate will consider the Council's compliance with requirements to make arrangements to secure continuous improvement.
- 2.03 The issuing of certificates by the Auditor General for Wales (AGW) replaces the former practice of 'letters' which have been issued for the last four years. The AGW has decided to discharge his audit duties under section 17 of the Measure by checking whether authorities have published improvement plans and assessments of performance as required by them under section 15 of the legislation. Provided an authority meets these statutory requirements, it will have complied with Welsh Government statutory guidance. The issue of a certificate for each audit will state whether or not an authority has discharged its duties.

Limiting the audit approach to that described above is to allow concentration on improvement assessment work on issues critical to organisational health and to aspects directly relevant to driving improvement within the current local government context. Less

emphasis will be placed on compliance testing and more emphasis on providing insight into drivers and barriers to improvement.

3.00 CONSIDERATIONS

3.01 The certificate states the Auditor General's opinion on whether the Council has discharged its statutory duties in respect of improvement reporting.

3.02 The certificate is attached at Appendix 1.

3.03 The conclusion of the audit is:

“As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.”

The Auditor General has made no new statutory recommendations or proposals for improvement.

3.04 As is good practice, the Council always makes a full response to issues raised as part of external regulatory reports. The response is attached at Appendix 2.

3.05 The certificate and the Council's response have been received by both the Cabinet and the Corporate Resources Overview and Scrutiny Committee meeting earlier this month. Both these committees have received a presentation by the Wales Audit Office detailing the background to the conclusion drawn. This was at the request of the Corporate Resources Overview and Scrutiny Committee at its meeting in June.

4.00 RECOMMENDATIONS

4.01 To advise Members of the positive Certificate of Compliance from the Auditor General for Wales in respect of the audit of the 2014-15 Improvement Plan.

4.02 Members to note the report and the Council's Executive response.

5.00 FINANCIAL IMPLICATIONS

5.01 The letter has no direct implication in relation to finance.

6.00 ANTI POVERTY IMPACT

6.01 The letter has no direct implication in relation to poverty.

7.00 ENVIRONMENTAL IMPACT

7.01 The letter has no direct implication in relation to environmental impact.

8.00 EQUALITIES IMPACT

8.01 The letter has no direct implication in relation to equalities.

9.00 PERSONNEL IMPLICATIONS

9.01 The letter has no direct implication in relation to personnel issues.

10.00 CONSULTATION REQUIRED

10.01 None required.

11.00 CONSULTATION UNDERTAKEN

11.01 Senior officers have had input into the findings of this audit.

12.00 APPENDICES

12.01 Appendix 1: Certificate of Compliance from the Auditor General for Wales in respect of the audit of the 2014-15 Improvement Plan.
(August 2014)
Appendix 2: The Council's response to the Auditor General's Certificate of Compliance (August 2014)

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

None

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Certificate of Compliance

Audit of Flintshire County Council's 2014-15 Improvement Plan

Certificate

I certify that I have audited the 2014-15 Improvement Plan produced by Flintshire County Council (the Council) in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Council has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

Respective responsibilities of the Council and the Auditor General

Under the Measure, the Council is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Council to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Council is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Council has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Council's auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Council has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Council can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Council's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

cc: Lesley Griffiths, Minister for Local Government and Government Business
Huw Lloyd Jones: Manager
Paul Goodlad: Performance Audit Lead

Wales Audit Office Certificate 1: Improvement Plan 2014/15

August 2014

Executive Response

The Auditor General for Wales has provided a positive Certificate of Compliance in relation to the audit of the Improvement Plan 2014/15 which overall, is a fair and positive summary of the position of the Council. The report is a welcome endorsement of a full year of improved improvement reporting following the introduction of this year's Improvement Plan.

There are no new statutory recommendations or proposals for improvement.

In our response we set out how we will make improvements to ensure full compliance with the spirit and detail of the national guidance.

Listed below are the principal topics highlighted by the Wales Audit Office along with our response.

Issue	Response
Avoid inconsistency and ambiguity when future Plans are produced:	
– ensure that success measures are capable of demonstrating whether planned outcomes are being met;	The example to demonstrate this point has perhaps not been fully understood; as the planned outcome is “Independent living”, to which all these measures contribute. Some planned outcomes need to be measured with ‘proxies’ as exact measurement may only be achieved over a long period of time or cannot be directly measured.
– if future targets are intentionally lower than recent outturn performance, explain why;	Yes, noted.
– focus the Improvement Plan on areas where the Council intends to make a “bigger impact’ – and reflect this in the targets; and	The example to illustrate this point “effective streetlighting” does contribute to community safety, which is why it has been included.
– ensure that aspirations to improve outcomes are reflected in achievement measures which target improved performance.	Noted; this is an area that needs to be improved in a small minority of cases.
Explore cost-effective ways to improve access to, and awareness of, the 2014-15 Improvement Plan (and other key plans) – for all citizens	Access to key documents is usually searched using a key search engine such as Google or using the ‘search’ tool on the FCC website itself. Further opportunities to promote the Improvement Plan will be taken with the introduction of the new e-newsletter.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY 24 SEPTEMBER 2014**

REPORT BY: **INTERNAL AUDIT MANAGER**

SUBJECT: **INTERNAL AUDIT PROGRESS REPORT**

1.00 **PURPOSE OF REPORT**

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

2.00 **BACKGROUND**

2.01 Internal Audit gives a progress report to the Audit Committee every quarter as part of the normal reporting process. The report is divided into several parts as listed below.

2.02 The status of all projects in the 2014/15 plan as at 1st September is shown in Appendix A. The Appendix shows the agreed timing for the individual projects where it is known, and the actual number of days spent on each project.

2.03 Changes from the original plan for 2014/15 are outlined in Appendix B

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

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

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

2.07 An overview of current Investigations is given in Appendix F.

3.00 **CONSIDERATIONS**

3.01 **Audit Plan and Resources**

As outlined at the last Audit Committee work on the completion of the

2013/14 operational plan and the commencement of the 2014/15 operational plan were affected by the need to recruit a replacement for a member of the team who left in March. His replacement started in July. Outstanding audits from the 2013/14 plan have now been included in the 2014/15 plan. In addition the plan has been re-ordered to correspond to the new management structure. Meetings have been held with each of the new Chief Officers and their teams to confirm that the plan is still valid. As a result of these meetings some changes have been made – audits added, deleted, or their timing changed. Some of the provision for management requests has been allocated. There are still some lower priority audits in the plan that may be deferred or deleted during the year if necessary, depending on resources.

Appendix A shows the updated plan for 2014/15, whilst Appendix B lists the changes from the original plan.

3.02 Further work is going ahead to increase the efficiency of the department. At the present time the department uses three different ICT systems as part of the audit process – legacy RSM Tenon software for working papers and some reports, an in-house system for recommendation tracking and another in-house system for time recording. None of them are linked. Other parts of the audit process are completed manually or through spreadsheets – strategic planning, scheduling, client feedback, and the production of some reports. Integrated audit software which will cover each stage of the process is being purchased after a competitive tender exercise. It is intended that it will be in place this calendar year. The initial cost of the purchase has been covered by budget savings in 2013/14 and 2014/15. Costs will also be recovered through efficiencies in the department after it is introduced.

3.03 **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix C. Details for the Payroll report are also given.

3.04 Copies of all final reports are available for members if they wish to see them.

3.05 **Recommendation Tracking**

Appendix D shows the responses that have been received when tracking recommendations. Replies have been received for all reports. There were several recommendations outstanding from old reports, which had been left outstanding until the implementation of Single Status. These have now been cleared and are included in the table. Around half of the recommendations that were due to be implemented at this time have been completed. The non-implemented recommendations will be tracked again at their new due date.

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

3.06 Performance Indicators

Appendix E shows the new range of performance indicators for the department following the changes to the way the department discusses audit findings and issues reports. The number of days taken for each stage of the process is not as planned, however the overall length of time from completion of the fieldwork to reports being finalised has reduced significantly to below 20 days and is below the target of 27 days. The previous target under the old system was up to 45 days, and the last statistics reported for that system showed that it took 44 days.

A number of large audits were finalised during the quarter and planned time was exceeded on some. This will be monitored more closely from now on. Only 43% of client satisfaction questionnaires were received. This may be due to the restructure taking place. The new audit software will include this automatically.

3.07 Investigations

Appendix F shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.

3.08 Whistleblowing Policy

After approval at the Audit Committee in May the policy was also approved by the Constitution Committee in July. Group Leaders did not require it to be referred to County Council, so it has now been updated in the Constitution. The new policy has been highlighted on the Infonet, and a briefing issued to all Members as they could be contacted.

4.00 RECOMMENDATIONS

4.01 The committee is requested to consider the report.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a direct result of this report.

6.00 ANTI POVERTY IMPACT

6.01 None as a direct result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a direct result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a direct result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 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 A Operational Plan
B Changes to the Operational Plan
C Reports Issued
D Recommendation Tracking
E Performance Indicators
F Investigations

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

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

Operational Plan 2014/15

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
	CORPORATE				
Risk	Risk Management	10	10		3
Risk	Performance Indicators	5	10		3
Risk	Implementation of Operating Model	10	0		
Risk	North West Regional Waste Partnership	10	10		4
Risk	Use of Consultants	10	5		3
Risk	Corporate Governance	10	10		3
Risk	Partnerships	10	5		3
Addition	Value for Money – Business Plans		20	4	WIP
		65	70	4	
	GOVERNANCE				
Risk	Data Protection	10	10	4	WIP
Risk	Document Sealing	5	5		TBC
System	Members Allowances	5	5		2
System	Freedom of Information/ EIR	5	5		TBC
Advisory	Electoral Register	10	0		
Risk	IT Helpdesk	10	10		4
Risk	Backup & Service Continuity	10	10	1	WIP
Risk	Use of Personal Email Addresses	10	10		3
Risk	Mobile Phones & Devices/Usage	15	15	6	WIP
Follow Up	EDRMS	10	0		
Risk	Procurement – New Arrangement	5	5		TBC
Risk	Contract Procedural Rules	15	15		4
System	P2P System	10	10		3
Advisory	Select List, E Sourcing project	5	5		2

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
Risk	Etarmis	20	20	22	FINAL
Risk	Records Management	15	15	21	WIP
2013/14	Server Licensing		9	2	WIP
2013/14	Moodle		8	8	WIP
		160	157	64	
	PEOPLE AND RESOURCES				
Systems	Main Accounting	30	30		3 / 4
Follow Up	Capital Programme	10	10		4
Follow Up	Corporate Grants	10	10	2	WIP
Follow Up	Fees and Charges	10	10		4
System	Pensions Administration & Contributions	15	15		3
System	Pensions Investment Management & Accounting	15	15		3
Risk	Implementation of Single Status	20	20	32	WIP
Risk / System	SS Governance Framework: Additional Payments & ECU	20	20		4
Risk	SS Governance Framework: Workforce Data	10	15		2
Risk	Schools HR/ Safeguarding	15	15	1	WIP
System	SS Governance Framework: SS Payments	20	20	1	WIP
Risk	Voluntary Redundancy & Early Voluntary Retirement	20	10	5	FINAL / 3
Risk	Staff Recruitment & Induction	15	15		3
System	Payroll	20	20		3
2013/14	Attendance Management		7	11	WIP
Addition	Budget monitoring - underspends		10		
Addition	Investigation Protocol		5		
		230	247	47	

	EDUCATION AND YOUTH				
Risk	Risk Management in Schools	10	5		2
System	Grants – Various WG Requirement	10	10		2/3/4
System	School Funding Formula	20	20	1	WIP
Risk	Control & Risk Self Assessment	15	15	4	WIP
Risk	Risk Based Thematic Reviews	45	45		3
Risk	School Closures/ Openings	10	10	13	FINAL
2013/14	Grants – Post 16		6	7	WIP
2013/14	School Funds		20	23	WIP
		110	131	48	
	SOCIAL SERVICES				
Risk	Mental Health Team	10	10	1	WIP
Risk	Community Equipment Service	10	10		3
Risk	Commissioning Team	20	15		3
Risk	Movement from Children's Team to Care Leavers Team	15	15		TBC
System	Llys Jasmine	20	20		3
Risk	Financial Assessment & Charging Team	15	15	5	WIP
Risk	Community Living	10	0		
		100	85	6	
	COMMUNITY & ENTERPRISE				
System	Housing Benefits	20	20		4
Risk	Supporting People	20	20	1	WIP
Risk	Appraisal & Absence Management	20	20	4	WIP
System	Council Tax & NNDR	20	20	1	WIP
Risk	Rent Arrears	15	15	2	WIP
Risk	Communities First	15	15	2	WIP
2013/14	Corporate Complaints		5	7	FINAL
2013/14	Private Sector Housing		11	26	FINAL

		110	126	47	
	PLANNING & ENVIRONMENT				
System	Building Control	20	0		
System	Pest Control	15	15	21	DRAFT
Risk	21 st Century Schools	5	5		TBC
Addition	S 106 Agreements		5		
		40	25	21	
	STREETSCENE AND TRANSPORTATION				
Risk	Waste Management – Recyclable Materials	20	20	1	WIP
Advisory	Alltami Store	5	5	3	WIP
2013/14	Waste Management		5	5	WIP
		25	30	9	
	ORGANISATIONAL CHANGE				
Risk	Facilities Services	30	15	3	WIP
Risk	Repairs & Maintenance Procurement	15	5		TBC
Risk	Asset Management - TechForge	20	20	2	WIP
		65	40	5	
	INVESTIGATIONS, PROVISIONS AND DEVELOPMENT				
Provision for Investigations & Pro-active Fraud		200	200	64	ONGOING
Provision for ad hoc requests from Directorates		90	50		
Follow up Reviews		50	30		2/3/4
IDEA		20	20		
Audit Development – New Software		55	55	18	
Consultancy		50	30	12	
Regional Collaboration		10	5	1	
		475	390	95	
Grand Total		1380	1301	342	

Definitions

Risk based audits

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

Systems based audits

Work in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.

Advisory

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

TBC (To be confirmed)

Lower priority audits that may be deferred or deleted during the year if necessary, depending on resources.

2013/14

Audits carried forward from the previous year's plan.

Additions

Audits added to the plan at the request of management, time used from the provision for requests.

CHANGES TO THE AUDIT PLAN

Audits added to the audit plan

Corporate

Value for Money – Business Plans

The value for money review will be focused on the current production of business plans

People and Resources

Budget monitoring

Review of budget monitoring, including the treatment of underspends.

Investigation Protocol

Review of the management of investigations and disciplinary procedures

Planning and Environment

Section 106 Agreements

Review of the application of s106 agreements

Audits deleted from the plan

Corporate

Implementation of the Operating Model

The new structure is in operation. Risks will continue to be monitored but no formal review is necessary.

Governance

Electoral Register

Not required this year, in strategic plan for 2015/16

EDRMS (Electronic Document and Records Management System) Follow Up
Move to 2015/16 due to delays in introduction.

Social Services

Community Living

Include as part of Client Finances and Receiverships during 2015/16

Planning and Environment

Building Control

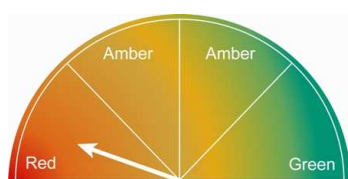
Not a priority this year, moved to 2015/16 plan.

Appendix C

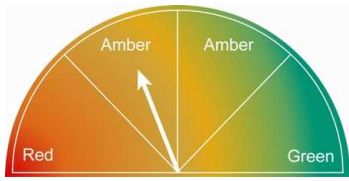
The following reports have been finalised since the last Audit Committee. Action plans are in place to address the weaknesses identified. For reviews which received red assurance a summary of the findings and the Action Plan is attached.

Project Reference	Project Description	Level of Assurance	Recommendations		
			High	Med	Low
CD0020T1	Risk Management	Amber +	0	4	3
FD0080T1	Main Accounting	Green	0	1	2
FD6150T2	Housing Benefits	Amber +	1	2	4
LD0100U1	Etarmis	Amber -	0	7	3
HR0151T1	Payroll	Red	2	2	4
HR0800T1	Early Voluntary Retirement	Amber +	0	3	0
HR0101T1	Salary Overpayments	Amber -	0	5	0
IT0300T1	Corporate Compliments, Concerns & Complaints	Amber +	0	3	2
LL1000U1	School Closures	Amber –	1	4	1
LL1000U2		Green	0	1	0
LL1000U3		Amber -	1	5	1
CS4040T1	Houses into Homes	Amber -	0	4	10
EN0065T1	Migration of Stores	Amber -	0	8	1

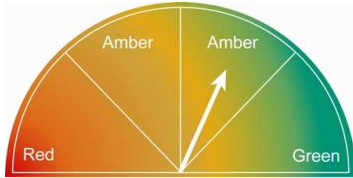
Levels of Assurance – standard reports.



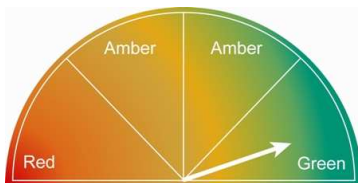
Taking account of the issues identified, the organisation cannot take assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.



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



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



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

Levels of Assurance – follow up reports.

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

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

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

Categorisation of Recommendations

High, Medium, Low

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

Value For Money

The definition of Internal Audit within the Audit Charter includes 'It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.'

These value for money findings and recommendations are included within audit reports. In the findings listed below they have been highlighted in bold italics.

Summary of Findings and Action Plan of Reviews with Red Assurance level

HR0151T1, Payroll.

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

- Starters, leavers and overtime payments not being authorised correctly.
- The payment of honoraria.
- Access to the Electronic Data Management (EDM) system, where scanned payroll documents are held
- Pensions not being informed on a timely basis for those officers making pension contributions.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.	<p>Payroll should ensure all forms both manual and electronic are approved by a Certifying Officer. Where forms are not appropriately authorised these forms should be rejected by HR.</p> <p>HR should obtain copies of each School's Scheme of Delegation to identify those individuals who have the authority to authorised payments.</p>	Medium	Yes	<p>Agreed, the Employment Services Manager recommends that, as in other Local Authorities, that the requirement for monitoring Certifying Officers for all areas requiring certification, this would ensure greater control and visibility and avoid duplication within those sections/ directorates. Discussions with Internal Audit will take place prior to exploring the combining of Accounts Payable & Accounts Receivable.</p> <p>Schools will be requested to provide their Scheme Of Delegation</p>	30/09/2014	Employment Services Manager
4.	<i>All forms for Honorarium requests,</i>	<i>Medium</i>	<i>Yes</i>	<i>I can confirm that a lotus notes</i>	<i>01/07/2014</i>	<i>Organisation</i>

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p><i>for both Education and non Education staff, should:</i></p> <ul style="list-style-type: none"> <i>be captured, monitored and controlled on one system i.e. a lotus notes database via a designated HR officer;</i> <i>be approved at the appropriate level and;</i> <i>comply with the FCC Payment of Acting Up Allowances and Honoraria Policy;</i> <i>An independent report should be produced off iTrent on a regular basis to ensure no other Honoraria payments are in place which have by passed the appropriate procedures.</i> 			<p><i>workflow database has been created for the purposes of honoraria and will be available once the new Additional Payments Policy has been approved. This database will need to be used for all honoraria requests going forward and reports will be able to be run off the database. Requests will not be approved without meeting the policy criteria and having the relevant Chief Officer approval.</i></p> <p><i>Reports will be requested from payroll to check against the data held in the honoraria database to ensure no other payments are going through. Also honoraria payments will be subject to review under the Single Status Governance Group.</i></p> <p><i>NB – The independent report format should be determined and requested.</i></p>		<i>Development Manager</i>
6.	Due to the sensitive information contained within the EDM System all requests for access to the system should be made via an appropriately authorised user access form.	High	Yes	This issue has been acknowledged by the EDM team who agree that council wide access to the EDM system should be formalised. Until this is in place if someone in HR requires access to EDM, the team always seek HR Team Leader approval.	30/09/2014	Information Governance Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
8.	<p>HR should investigate why data has been omitted from the system generated report off iTrent which is used to inform Pensions of all new starters into the Clwyd Pension Fund and remedial action taken.</p> <p>Payroll should supply the Pensions Section on a monthly basis with a complete list of new starters to the LG Pension scheme and should endeavour to ensure that the Jasper report is accurate.</p>	High	Yes	Agreed	31/12/2014	Team Leader Systems and Data

Recommendation Implementation

Status of Recommendations that reached their Implementation Dates in May, June and July 2014.

Title	Reference	Date Issued	Response Received	Recommendations		
				Due	Implemented	Not Implemented
CORPORATE						
Implementation of LEAN Recommendations	CD0300S1	Sep 2013	Yes	2	2	0
			Total	2	2	0
GOVERNANCE						
Procurement	CD0070S1	Oct 2013	Yes	1	0	1
Procurement	CD0070R1	Mar 2012	Yes	2	0	2
Security Organisation & Personnel Security	IT1200I1	May 2005	SS Linked	1	1	0
ICT Unit Security of Mobile Devices	LL1065P1	May 2011	Yes	1	0	1
			Total	5	1	4
PEOPLE & RESOURCES						
Overtime	CD0150K1	Jul 2007	SS Linked	1	1	0
Equalities	XD9345J1	Jul 2006	SS Linked	1	1	0
Financial Systems	FD0080R1	Jun 2012	Yes	1	0	1
Corporate Grants	FD0220S1	Jun 2013	Yes	1	1	0
Enforcement	FL0300L1	Feb 2009	Yes	2	0	2
Payroll	HR0150N3	Sep 2010	SS Linked	1	1	0
Payroll	HR0151T1	Jul 2014	Yes	1	1	0
Holiday Entitlements	HR0220N1	Sep 2010	Yes	3	0	3
Payroll (New System)	CS0020M2	Jun 2009	SS Linked	1	1	0
Payroll	PE6010J1	Aug 2006	SS Linked	5	5	0
Income From Fees & Charges	EN0001T1	Feb 2014	Yes	1	0	1
			Total	18	11	7

Title	Reference	Date Issued	Response Received	Recommendations		
				Due	Implemented	Not Implemented
EDUCATION & YOUTH						
			Total	0	0	0
SOCIAL SERVICES						
			Total	0	0	0
COMMUNITY AND ENTERPRISE						
			Total	0	0	0
PLANNING & ENVIRONMENT						
Planning Appeals	EN0105R1	May 2013	Yes	1	1	0
			Total	1	1	0
STREETSCENE & TRANSPORTATION						
School Transport	LL0060T1	Nov 2013	Yes	2	2	0
Streetscene – Cleanliness of the Public Realm	EN0010R1	Feb 2012	Yes	1	1	0
			Total	3	1	2
ORGANISATIONAL CHANGE						
			Total	0	0	0
			Total	29	18	11

Recommendations Not Implemented – Comments from Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
Procurement – CD0070S1	Original Dates: 30.06.14	Gareth Owens	The e-sourcing system will enable contractor performance reports to be aggregated across different contracts. Its implementation has been delayed until the end of December 2014.	This risk will have to be accepted until the new system is in place.	Yes.
	New Dates: 30.06.15				
Procurement – CD0070R1	Original Dates: 31.12.12 x 2	Gareth Owens	The e-sourcing system will enable contractor performance reports to be aggregated across different contracts. Its implementation has been delayed until the end of December 2014.	Contract managers will be reminded to apply existing contract management processes pending the implementation of the new system.	Yes.
	New Date: 01.10.15 & No Response				
Financial Systems – FD0080R1	Original Date: 31.03.13	Helen Stappleton	The portfolio service is currently scoping out the specification for a new Accounts Receivable / Debtors system which will have the capability to analyse and report debtor information efficiently. The revised date of the end of March 2015 is reasonable and achievable by establishing the appropriate level of capacity and investment to deliver.	The Bad Debt methodology has been reviewed and some amendments have been made for certain categories of debt. Improvements have been made wherever possible and risks are being managed to a tolerable level pending implementation of a new system.	Yes
	New Date: Mar 15				










Recommendations Not Implemented – Comments from Chief Officers




Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
Enforcement – FL0300L1	Original Date: Jun 09 x 2	Helen Stappleton	This audit and recommendations clearly overlaps with the Financial Systems Audit above with the solution for both being the implementation of a new Accounts Receivable / Debtors System. The Council is not currently able to analyse debt or report on 'aged' debts effectively. The service has not had the appropriate level of capacity or investment to select and implement a new system. The revised date of end of March 2015 is reasonable and achievable by establishing the appropriate level of capacity and investment to deliver.	The Bad Debt methodology has been reviewed and some amendments have been made for certain categories of debt. Improvements have been made wherever possible and risks are being managed to a tolerable level pending implementation of a new system.	Yes
	New Date: Mar 15 x 2				
Holiday Entitlements – HR0220N1	Original Dates: 30.11.10 x 3	Helen Stappleton	The Holiday entitlement policy has been developed and full consultation undertaken (as reported previously). The Council's Etarmis system (recording working time) needs to be re-configured to enable implementation of the new policy and will complement the new agile working and flexible hours scheme which will be implemented over the coming weeks. Other implications relating to Single Status and terms and conditions have also been considered. The new date is acceptable to ensure a successful implementation, given all other considerations.	Effective implementation, considering all other factors, is more important than achieving an earlier date.	Yes
	New Dates: Jan 15 x 3				

Recommendations Not Implemented – Comments from Chief Officers

Report	Original and new dates	Response From	Reason and new date acceptable	How is the Risk being Managed Before the Recommendation is Implemented	Internal Audit acceptance
ICT Unit Security of Mobile Devices – LL1065P1	Original Dates: 31.10.11	Gareth Owens	Only 2 schools now need the new software. The implementation at these schools was delayed by inspections and the annual summer holidays.	Work scheduled to be completed in the new school year.	Yes
	Revised Dates: Sep 14				
Income From Fees and Charges – EN0001T1	Original Date: 31.03.14	Helen Stapleton	Significant work has already been undertaken to establish a baseline position for what we charge for currently and the potential for additional income through fees and charges. Income generation from fees and charges is now an important part of the Council's Business / Budget Planning process which is taking place over September / October 2014. A policy for establishing a consistent approach will be developed to achieve the new deadline.	Limited risks given the Council's renewed focus on Income Generation and in establishing a standardised approach for the Council.	Yes
	New Date: 31.03.15				

Internal Audit Performance Indicators

Performance Measure	Q1	Target	RAG Rating
Internal Audit Departmental Targets			
Audits completed within planned time	70%	80%	 ↓
Average number of days from end of fieldwork to debrief meeting	5.75	20	 ↑
Average number of days from debrief meeting to the issue of draft report	5.00	2	
Days for departments to return draft reports	7.50	3	
Average number of days from response to issue of final report	1.50	2	 ↑
Total days from end of fieldwork to issue of final report	19.75	27	
Client questionnaires responses as satisfied	100%	95%	 →
Productive audit days	75%	75%	 ↓
Other Targets			
Return of client satisfaction questionnaires	43%	70%	 ↓

Key  Target not achieved  Within 10% of target  Target Achieved

↑ Improving trend → No change ↓ Worsening trend

Investigations

Ref	Date Referred	Investigation Details
1. The following new referrals have been received		
1.1	29.07.2014	Information has been received concerning alleged financial irregularities at a school.
2. The following investigations have been reported to previous committees and are still being investigated		
2.1	05.07.2012	An investigation has been concluded into alleged operational and financial irregularities within Streetscene, however, one officer is still the subject of disciplinary procedure.
3. The following investigations have been completed		
3.1	26.04.2013	The employee who was the subject of a disciplinary investigation for missing monies at a Council leisure centre has subsequently handed in her notice.
3.2	09.05.2014	An investigation has been concluded into the alleged improper use of electrical equipment. An audit review has been carried out of the service area and enhanced controls have been recommended.
3.3	03.03.2014	Following an investigation into an allegation that an employee was stealing articles from a recycling site, the investigation has been concluded and the employee has been issued with management advice.
3.4	20.02.2014	An investigation has been concluded into an allegation about the granting of a lease for Council owed land, the investigation has been concluded and a report issued recommending enhanced controls.
3.5	19.02.2014	The referral concerning a company allegedly set up by Flintshire, (to manage funding assigned for conservation area purposes), was investigated and the issues raised were unfounded.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 24 SEPTEMBER 2014**

REPORT BY: **CHIEF OFFICER- EDUCATION & YOUTH**
CHIEF OFFICER- SOCIAL SERVICES

SUBJECT: **OUT OF COUNTY PLACEMENTS**

1.00 PURPOSE OF REPORT

1.00 To inform the Audit Committee regarding the commissioning practices relating to Out of County (OOC) Placements.

2.00 BACKGROUND

2.01 Flintshire County Council commissions placements that are known as OOC where the provision required is not available within the Council's existing resources. This may be due to any of the following factors:

- the existing provision/resource has no capacity for additional placements;
- the existing provision is unable to meet the specialist/complex needs of the child/young person;
- secure provision or a specialist mental health placement is required; or
- there is a need for additional support to maintain placements where Flintshire pupils attend mainstream schools in neighbouring authorities.

2.02 Education, Social Services and Health agencies work in partnership to commission individual placements. Although each agency is subject to their own legal framework and statutory guidance, work has been undertaken to align processes for OOC placements to improve the robustness of the commissioning process in relation to decision making and overall spend.

2.03 Each agency has its own process to ensure all internal options have been exhausted prior to consideration of an OOC placement. Where it has been determined that an individual's needs cannot be met through the council's existing resources, a multi-disciplinary team meeting is arranged to review the needs holistically and determine the most appropriate provision going forward. Lead officers are required to complete an options appraisal outlining the recommendations in relation to the individual's needs. Options are presented to the OOC Panel which consists of senior officers (budget holders) from Education, Social Services and Health and an external advisor with market commissioning experience.

- 2.04 Flintshire contributes to the North Wales Commissioning Hub which operates across the six authorities & Betsi Cadwalader University Health Board (BCUHB), in the role of sourcing and costing placements. Lead officers liaise with Hub staff to identify appropriate provision and a breakdown of the costs associated with each of the options presented. Officers are required to present a minimum of three options to the panel for consideration.
- 2.05 The existing processes continue to evolve in relation to local, regional and national developments, however significant work was undertaken to review and improve commissioning processes as part of the OOC Improvement Project initiated in 2010. The project outcomes are identified below.
- 2.06 ***Planned Outcome 1: Ysgol Plas Brondyffryn (YPB) to be flexible in relation to packages of respite care***
Agreement was secured with YPB to access a range of respite provision in place of the previous 2 or 4 night options and this is now accessed in line with individual needs. The need for additional in-house respite was identified as part of the project and Arosfa has successfully been established in response to this, catering for 3 children and young people for 350 days per year (previous provision being 2 children for 240 nights). Further work around placement costs is set to start from Autumn 2014.
- 2.07 ***Planned Outcome 2: Clear mechanism for regular reporting & monitoring***
Raising awareness and the profile of this work was a key aspect of the early activity. Workshops were held with members around OOC placements and regular financial and activity reports were presented to the OOC Board members via monthly meetings. Flintshire County Council (FCC) developed a standardised format for advising independent providers regarding percentage uplift. This format has now been adopted by the North Wales Consortium (NWC) in partnership with Betsi Cadwallader University Health Board (BCUHB) to advise providers. Stronger links have also been established between FCC and BCUHB finance officers.
- 2.08 ***Planned Outcome 3: Clear protocols for practitioners across Community Services for children (CS), Lifelong Learning (LLL) and health colleagues within Betsi Cadwallader University Health Board (BCUHB)***
Clear protocols and information for lead officers and parents have been developed and training events have been held for lead officers across CS and LLL in relation to these. The North Wales Commissioning Hub (NWCH) has adapted the model developed within FCC for utilisation across the NWC. The Welsh Government has now issued the final document outlining the Continuing Health Care Guidance (Children) and protocols are now being revised again in response to these developments.
- 2.09 ***Planned Outcome 4: Improved monitoring of placements***
At the onset of the project all placements were reviewed against individual need and the possibility of relocating to Flintshire provision, following which a number of placements were changed. Lead officers were made aware of the need for due diligence in relation to placement costs and expected outcomes and training was provided through the external consultants Clinical &

Commercial Solutions Ltd (CCSL) to raise awareness and offer skill development in this area. The Terms of Reference for the Childcare Panel were revised to create the Out of County Panel which provides the ongoing forum for placement consideration, agreement and monitoring by senior officers from CS, LLL and BCUHB.

2.10 ***Planned Outcome 5: Establish joint procedures for signing and monitoring contracts and agreeing high cost placements***

The OOC Panel members (CS & LLL) have the delegated responsibility for agreement and sign off on high cost placements. FCC continues to work in partnership with BCUHB to further develop these procedures which need further refinement given the WG Continuing Health Care Guidance.

2.11 ***Planned Outcome 6: Ensure best value principles apply regarding the use of resources***

External consultancy was provided through CCSL to support this area. FCC worked to produce a Framework of providers from an initial Meet the Commissioner event, through the Pre-Qualification Questionnaire / interview process to the establishment of a Preferred / Approved Provider Framework. The Framework and the process has been adopted by the NWCH as a model of good practice to be used across the Consortium. The support and training offered by CCSL has served to build capacity within CS and LLL with regard to lead / senior officers in relation to financial and business acumen around commissioning, procurement and contract monitoring, which in turn has supported the reduced spend against the OOC budget.

2.12 ***Planned Outcome 7: Develop a robust options appraisal process***

The process and associated documentation has been developed and is an integral part of the process for determining the need for, and accessing OOC placements. This has ensured that the need for OOC placements is duly considered and scrutinised against Flintshire's own provision and that of other providers. The output of this work has been adopted for use by the North Wales Regional Commissioning Hub.

3.00 CONSIDERATIONS

3.01 Flintshire County Council has duties in accordance with the Special Educational Needs (SEN) Code of Practice for Wales (2002), Towards a Stable Lives and Brighter Futures (2007) and the Equality Act (2010) to meet the needs of all children and young people within Flintshire. Our commissioning responsibilities are therefore to provide a continuum of provision to ensure these duties are fulfilled. This involves both the use of in-house and externalised resources where necessary.

3.02 The priority of all agencies is the maintenance of stable placements for children and young people in relation to their care, education and health needs.

3.03 OOC placements are made where in-house education and social care options have been exhausted. The table below indicates the annual spend

Table 1: Placements & Budget					
Financial Year	Ongoing Placements	Placements Ended	New Placements	Budget Allocation	Total Expenditure
2009/10	146	29	61	4,536,329	6,444,702
2010/11	130	64	18	5,776,478	6,791,361
2011/12	123	28	25	7,147,007	6,224,699
2012/13	104	32	32	6,370,492	4,624,265*
2013/14	111	43	29	6,161,028	6,886,920

*A significant underspend in 2012/13 was supported by the recoument of outstanding health contributions which had accrued over a period time. This has now been offset by a significant reduction in health contributions to packages for complex needs.

3.04 Flintshire is not exempt from the pressures being experienced by other authorities across the UK including an increasing amount of placements with safeguarding and also complex health and educational needs. A single emergency placement can cost £250k, whilst sibling groups offer an alternative challenge. Officers across education and social care work diligently to ensure actions are taken to reduce the need for OOC placements and ensure that the budget is allocated to those individuals who are in need of highly specialist resources.

4.00 RECOMMENDATIONS

4.01 The Audit Committee consider the commissioning processes undertaken by Education and Social Care in respect of OOC placements.

5.00 FINANCIAL IMPLICATIONS

5.01 See Table 1 for finance information.

6.00 ANTI POVERTY IMPACT

6.01 None reported

7.00 ENVIRONMENTAL IMPACT

7.01 None reported.

8.00 EQUALITIES IMPACT

8.01 Processes are more robust ensuring that specialist resources are allocated appropriately to those individuals in need.

9.00 PERSONNEL IMPLICATIONS

9.01 None reported.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.00 None.

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

None

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 24 SEPTEMBER 2014**

REPORT BY: **CHIEF OFFICER, COMMUNITY AND ENTERPRISE**

SUBJECT: **SINGLE FRAUD INVESTIGATION SERVICE**

1.00 PURPOSE OF REPORT

1.01 To advise Members of the transfer of Housing Benefit Fraud Investigation to the Department of Work and Pensions (DWP) Fraud and Error service (FES).

2.00 BACKGROUND

2.01 The Revenues and Benefits department delivers a Housing Benefit (HB) service on behalf of the DWP. As part of this service there is also a responsibility for the investigation and prosecution of HB fraud.

2.02 In support of the implementation of Welfare reform the Governments Welfare Reform bill also included the establishment of a Single Fraud Investigation Service (SFIS) which would replace DWP, LA and HMRC fraud teams. The Chancellors Autumn statement 2013 confirmed that SFIS would be managed by the DWP.

2.03 SFIS has been established as a division of the DWP FES and prosecutions arising from SFIS investigations will be conducted by the Crown Prosecution Service in England and Wales.

2.04 The intention is that SFIS will operate to a single set of policies and procedures, with an aim to provide a nationally flexible service to tackle all welfare benefit fraud.

2.05 The transfer of LA Fraud investigation to SFIS has been planned to be rolled out gradually with all LA investigations to be transferred by March 2016. The transfer date for Flintshire is 1st October 2014.

3.00 CONSIDERATIONS

3.01 HB and HR officers of the Authority are currently working with SFIS to achieve the implementation date of 1st October 2014 which has been set by the SFIS.

- 3.02 The Authority currently employs a small investigations team of 3 staff comprising of 2 investigators and 1 support officer, the 2 investigators are to transfer to SFIS under a section 38 agreement/ COSOP (Cabinet Office Statement of Practice) which provides "TUPE like" protections.
- 3.03 On completion of the transfer all HB investigations will be the responsibility of SFIS, with the statutory powers of investigation being removed from the LA.
- 3.04 The HB department will continue to be responsible for the reporting of suspected fraud cases to SFIS and the provision of supporting evidence for all SFIS investigations which include Housing Benefit.
- 3.05 A Service Level Agreement between DWP and LA's is under discussion but it is likely that the local authority associations will not ratify it until LG funding is fully known.

4.00 RECOMMENDATIONS

- 4.01 That members consider and note the report.

5.00 FINANCIAL IMPLICATIONS

- 5.01 Flintshire currently receive an Admin subsidy grant which includes payment for the provision of fraud investigation, with the removal of this service there will be a reduction in subsidy however it is expected that the reduction in staff will counterbalance this reduction. The final grant figure is expected to be advised by November.
- 5.02 As the Authority is within the rollout schedule before March 2015 there will not be a change to the 2014/15 admin subsidy, however there will be a £12 million reduction for 2015/2016 which will apportioned between the 127 LA's who go live with SFIS during this period based on Authority housing benefit caseloads. It is expected that this reduction would be cost neutral due to the transfer of Investigation staff, which will be further supplemented by the additional 6 months of operational savings in 2014/15.
- 5.03 There are discussions in progress between DWP and LG associations regarding new burdens funding for the support work required in the supply of HB information to SFIS.

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 There is a small investigations team of 3 staff comprising of 2 investigators and 1 support officer.

9.02 The 2 investigators are to be transferred to SFIS, with the support officer being retained to support SFIS information requirements.

10.00 CONSULTATION REQUIRED

10.01 None

11.00 CONSULTATION UNDERTAKEN

11.01 None

12.00 APPENDICES

12.01 None

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

Chancellor of Exchequer Autumn statement 2013

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 24 SEPTEMBER 2014**

REPORT BY: **CORPORATE FINANCE MANAGER**

SUBJECT: **CERTIFICATION OF GRANT CLAIMS AND RETURNS**
2012/13

1.00 PURPOSE OF REPORT

1.01 The purpose of the report is to inform Members of the grant claim certification for the year ended 31st March 2013.

2.00 BACKGROUND

2.01 The Council's external auditors, the Wales Audit Office (WAO) are required to report annually on the certification of grant claims and returns and the annual report for 2012/13 is appended to this report. WAO will be in attendance at the meeting to present the report and respond to members comments and questions in relation to their audit findings. Council officers will be able to respond in relation to matters raised in the audit and the actions being taken to address them.

3.00 CONSIDERATIONS

3.01 The Corporate Finance Management Team has considered the report in detail, and where appropriate, actions have been put in place in conjunction with the managers of relevant services to address the findings and recommendations included in the report.

3.02 In relation to the overall grants total of £190m, the net adjustment to claims of £0.066m is relatively small proportionate to the total. However, the report is welcomed and its findings and recommendations accepted.

3.03 As referred to in last year's report the WAO did deliver two interactive training sessions in August and September last year which was mandatory for all officers responsible for dealing with grants. This was well received and led to WAO giving individual feedback to relevant officers on each particular grant claim. A check list detailing steps to be completed was also issued to ensure completeness and consistency of approach.

3.04 As some grant claims would already have been submitted prior to this training it is anticipated that the full positive effect of this training will be seen in the grant claim certification for 2013/14.

4.00 RECOMMENDATIONS

4.01 Members are requested to note the content of the Grant Claim Certification for 2012/13.

5.00 FINANCIAL IMPLICATIONS

5.01 As detailed in the Audit report.

6.00 ANTI POVERTY IMPACT

6.01 None.

7.00 ENVIRONMENTAL IMPACT

7.01 None

8.00 EQUALITIES IMPACT

8.01 None

9.00 PERSONNEL IMPLICATIONS

9.01 None

10.00 CONSULTATION REQUIRED

11.00 CONSULTATION UNDERTAKEN

11.01 None

12.00 APPENDICES

12.01 WAO report.

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

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Archwilydd Cyffredinol Cymru
Auditor General for Wales

Certification of Grants and Returns 2012-13

Flintshire County Council

Audit year: 2012-13

Issued: August 2014

Document reference: 490A2014

Status of report

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

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

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The team who delivered the work comprised John Hermiman, Amanda Hughes, Ron Parker, Sue Bethell, Bob Hughes, Helen Howard, Diane Jones and Paul Jones.

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Summary

1. Under Paragraph 20 of Schedule 8 to the Government of Wales Act 2006 the Auditor General shall, if required by a local government or other grant-receiving body, make arrangements for certifying claims and returns (referred to as grant claims, hereafter).
2. We undertook our work with the aim of certifying individual claims and to answer the question:
'Does Flintshire County Council (the Authority) have adequate arrangements in place to ensure the production of co-ordinated, accurate, timely and properly documented grant claims?'
3. We have completed the audit and conclude that while the Authority had generally adequate arrangements in place for the production and submission of its 2012-13 grant claims, there is scope for improvement. We are continuing to work with the Authority to make these improvements for 2013-14. Our conclusion for 2012-13 is based on the following overall findings:
 - The Authority worked closely with us to ensure that an accurate and up-to-date schedule of 2012-13 grants was in place throughout the year;
 - We held two grant awareness sessions with Authority staff involved in grants preparation to provide more information on our audit requirements; and
 - Arising from these sessions, we agreed to produce an informal grant feedback memorandum for each audited claim to identify areas for improvement;
 - There is still scope to improve the Authority's arrangements for submitting its grant claims for audit.
4. For 2012-13 we certified 31 grant claims with a value of £190 million, compared to 26 claims with a value of £193 million in 2011-12.
5. The Authority submitted 21 of its 2012-13 grant claims to us on time, with 10 being submitted late (although nine of these were the Communities First claims for which the Council had retrospective approval for late submission). We can confirm that we have certified all of the claims, at a total audit cost of £122,920. Overall, the audits resulted in a reduction in the amount claimable by the Authority of £66,232.07 in respect of 2012-13.
6. 1:2 of the claims were qualified; this is above the Welsh average of 1:3 for 2012-13.

Headlines

Introduction and background

This report summarises the results of work on the certification of the Authority's 2012-13 grant claims and returns

- As appointed auditors of the Authority, we are asked on behalf of the Auditor General, to certify grant claims made by the Authority.
- For 2012-13, we certified 31 grants with a total value of £190 million.
- At the start of our grant audit work for 2012-13, we met with the grant co-ordinator and key financial officers (having the responsibility of grant claim preparation) and agreed our proposed *approach for completing the grant work*. We provided the officers with a comprehensive Good Practice *Grant Checklist* to be included on each grant claim file. The *Grant Checklist* highlighted the key areas the Wales Audit Office would be reviewing whilst performing grant auditor certification.
- We also held two grant awareness sessions, with staff involved in producing grant claims to confirm our approach and requirements. As a result of a request from those sessions we also agreed to produce an informal Grant Feedback Memorandum, which aims to highlight issues identified and make recommendations for improvement. A total of 15 Grant Feedback Memorandums were issued during the year, of these one covered and summarised the issues arising from the nine Community First schemes.
- We have produced this report so that we can provide feedback collectively to those officers having the responsibility for grant management so that we can work together to identify further improvements which can be made to improve the processes.

Pages 8-17

Timely receipt of claims

- Our analysis shows that 68 per cent of grants received during the year were received by the Authority's deadline. Of the 10 submitted late, nine were Community First claims. The audit submission deadline was 31 July 2013, with an audited claim submission deadline of 31 Oct 2013. We didn't actually receive them for audit until 18 November 2013. The Council have subsequently provided retrospective approval from Welsh Government dated 11 December 2013.
- In future, the grant co-ordinator should ensure that all grant claims are submitted by the deadlines and any approvals are sought prior to the deadline. It is also important that replies to audit queries are typically provided within no more than two working days. We acknowledge that audit queries that relate to third parties' expenditure are likely to sometimes take longer to address, but it is imperative that queries are answered in a timely manner in order for the auditor certification deadline to be met.

Pages 8-17

Certification results

- We issued unqualified certificates for 17 grants and returns but qualifications were necessary in 14 cases (45 per cent)**
- The reasons for qualifying the grants can be grouped into ongoing issues which have been reported in previous financial years and issues which have come to our attention (for the first time) during our grant work carried out in 2012-13:
Qualification issues reported in previous financial years
 - Claim forms not completed in accordance with grant terms and conditions
 - Lack of supporting evidence
 - Authority not sought for disposals or changes to claim
 - Ineligible expenditure
 - Maintaining asset register
 - Unable to fully reconcile to ledger
- Qualification issues reported for the first time in 2012-13**
- SLAs were unsigned
- Qualification issues outside the Authority's control**
- Grant amended offer letter not available

Pages 8-17

Audit adjustments

Adjustments were necessary to 13 of the Authority's grants and returns as a result of our auditor certification work this year

- There were five significant adjustments (ie, over £10,000). An adjustment of £301,274 (increase) was made on the NNDR claim, £230,133 (decrease) on the Welsh Learning Disability Strategy claim, £39,211.61 (increase) on the Schools Effectiveness Grant claim, £31,175.22 (decrease) on the Free Concessionary Travel claim, and £10,002 (decrease) was made on the Housing and Council Tax Benefits claim.
- The net adjustment of the 13 grants is a reduction of £66,232.07 in funds payable to the Authority. Excluding the significant adjustment to the five, the net adjustment of the other seven grants is an increase of £2,943.32 to the Authority.

Pages 8-17

The Authority's arrangements

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

- The Authority should consider if training is required for those people having responsibility within their departments for letting contracts (however small) to ensure that they are aware of the correct procedures to be followed.
- Extra procedures should be put in place to ensure that individual grant scheme rules are always adhered to throughout the Authority.
- The Authority should ensure the most up to date Grants Completion Checklist is used by all sections
- The Authority should ensure that issues identified in both the qualification letter and the grants feedback memos are addressed to eliminate their re-occurrence.

Pages 13-17

Fees

Our overall fee for certification of grants and returns for 2012-13 is £122,920 which was within our original estimate of £115,000 to £145,000

Summary of certification work outcomes

7. Detailed on the following page is a summary of the key outcomes from our certification work on the Authority's 2012-13 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.
8. A qualification means that issues were identified concerning the Authority's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant-paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

Key information for 2012-13

Overall, we certified 31 grants and returns (26 in 2011-12):

- Eleven were unqualified with no amendment (14 in 2011-12)
- Six were unqualified but required some amendment to the final figures (four in 2011-12)
 - Seven required a qualification to our audit certificate (three in 2011-12)
 - Seven were qualified but required some amendment to the final figures (five in 2011-12)

Ref – Para 8	Grants and returns	Claim due	Claim received	Late	Qualified certificate	Amendment (>£10,000)	Amendment (<£10,000)	Unqualified certificate	2011-12 Result
1	National Non-Domestic Rates Return	31/05/13	31/05/13	N	√	£301,274			Unqualified with amendment
2	Land Drainage Scheme	N/A	N/A	N/A				No claim this year	Unqualified
3	Transitional Schools Building Improvement T2	30/09/13	30/09/13	N				√	Unqualified
4	Transitional Schools Buildings Improvement T3	30/09/13	30/09/13	N				√	Unqualified
5	Learning Pathways	31/10/13	31/10/13	N	√		£495.62		Qualified with amendment
6	Welsh Learning Disability Strategy	30/09/13	30/09/13	N		-£230,133		√	Unqualified
7	Transport Grant	N/A	N/A	N/A				No claim this year	Unqualified
8	Teachers Pensions	30/06/13	30/06/13	N				√	Unqualified with amendment

9	Communities First – Central Team	31/07/13	18/11/13	Y	✓				Unqualified
10	Communities First – Rural North	31/07/13	18/11/13	Y	✓	-£440.63			Unqualified
11	Communities First – Rural North Exit Strategy	31/07/13	18/11/13	Y	✓				New scheme
12	Communities First – Higher Shotton	31/07/13	18/11/13	Y	✓	£91.64			Unqualified with amendment
13	Communities First – Holywell Neighbourhoods	31/07/13	18/11/13	Y	✓	-£363.74			Qualified with amendment
14	Communities First – Bryn Gwalia (Non-Core)	31/07/13	18/11/13	Y		-£448.62	✓		Unqualified
15	Communities First – Bryn Gwalia (Core)	31/07/13	18/11/13	Y			✓		Qualified with amendment
16	Communities First – Castle Ward (Non-Core)	31/07/13	18/11/13	Y		£1082.41	✓		Unqualified
17	Communities First – Castle Ward (Core)	30/09/13	18/11/13	Y	✓				Qualified
18	Cymorth	N/A	N/A	N/A			No claim this year		Qualified

19	Families First	30/09/13	30/09/13	30/09/13	N					✓	No claim last year
20	Flying Start	30/09/13	30/09/13	30/09/13	N			-£2,265		✓	Qualified
21	School Effectiveness Grant	30/09/13	30/09/13	30/09/13	N	✓	£39,211.61				Unqualified
22	Social Care Work Development Programme	28/09/13	28/09/13	28/09/13	N					✓	Unqualified
23	Regional Transport Grant	30/09/13	30/09/13	30/09/13	N					✓	Unqualified
24	Free Concessionary Travel	30/09/13	18/12/13	18/12/13	Y			-£31,175.22		✓	Qualified with amendment
25	HRA Subsidy	30/09/13	11/10/13	11/10/13	N				-£1,095	✓	Unqualified with amendment
26	Substance Misuse Action Fund	30/09/13	30/09/13	30/09/13	N	✓					Unqualified
27	Housing & Council tax Benefits Scheme	30/04/13	30/04/13	30/04/13	N	✓		-£10,002			Qualified with amendment
28	Sustainable Waste Management	31/10/13	31/10/13	31/10/13	N					✓	Unqualified

29	Welsh in Education Grant	30/09/13	30/09/13	N	√					No claim last year
30	Town Improvement Warren Bank	N/A	N/A	N				√		No claim last year
31	Town Improvement Manor Lane	N/A	N/A	N	√					No claim last year
32	Pooled Budget Memorandum Account	10/05/13	10/05/13	N				√		No claim last year
33	N.E.Wales Town Centre (EU)	31/12/12	31/12/12	N	√					New Scheme
34	N.E.Wales Town Centre (EU) Second year	31/12/13	31/12/13	N				√		New Scheme
Total					14	£69,175.39	-£2,943.32	17		

9. This table summarises the key issues behind each of the adjustments or qualifications that were identified on pages 9 to 12.

Ref	Summary observations	Amendment
1	<p>NNDR (LA01)</p> <ul style="list-style-type: none"> The amendment, which increased the contribution to the pool by £301,274, resulted from combined errors identified in two lines of the claim, which related to an incorrect calculation for bad debt provision. (Recommendation 1). The claim was qualified because we could not complete a test due to the lack of supporting documentation related to the application for rate relief. (Recommendation 2). 	£301,274
5	<p>Learning Pathways (EDU43)</p> <ul style="list-style-type: none"> The Learning Pathways claim was amended as a result of an incorrect amount for transport recharges, and this increased the amount payable by £495.62. (Recommendation 1). The claim was qualified because of a lack of adequate supporting documentation and the lack of a rationale to support apportionment of staff costs, and this was the same as last year. (Recommendation 2). 	£495.62
6	<p>Welsh Learning Disability Strategy (HC03)</p> <ul style="list-style-type: none"> The amendment, which reduced the amount payable by £230,133, related to ineligible expenditure and to under-utilised grant. (Recommendation 4). 	-£230,133
9	<p>Communities First – Central Team (RG02)</p> <ul style="list-style-type: none"> The claim was qualified as an asset purchased in the year was not added to the asset register in accordance with requirements and the asset register was therefore incomplete. (Recommendation 5). 	£Nil

Ref	Summary observations	Amendment
10	<p>Communities First – Rural North (RG02)</p> <ul style="list-style-type: none"> The claim was amended because a printer (cost £440.63) was incorrectly charged to the project. (Recommendation 4). The claim was qualified for a number of issues. There was insufficient supporting evidence for one item of expenditure. (Recommendation 2). It was also identified, from a review of asset disposals that no authorisation from Welsh Government had been obtained for the disposal of three assets and the transfer of 46 assets to community groups. (Recommendation 5). 	-£440.63
11	<p>Communities First – Rural North Exit Strategy (RG02)</p> <ul style="list-style-type: none"> The claim was qualified for two issues. Firstly, as part of the expenditure testing, we identified a number of ineligible items of expenditure, amounting in total to £4,155.60. The claim was not amended as the Authority has applied for retrospective approval to utilise unspent funds, following the grant cut-off date. (Recommendation 4). The claim was also qualified because the authority's contract regulations had not been followed, as the contract for WFCE Ltd was awarded without obtaining three quotes as required under the contract procedure rules. (Recommendation 1). 	£Nil
12	<p>Communities First – Higher Shotton (RG02)</p> <ul style="list-style-type: none"> The claim was amended because maintenance charges had been incorrectly charged to the wrong period, resulting in an increase in the amount payable of £91.64. (Recommendation 4). The claim was qualified for a number of issues relating to the maintenance of the asset register. Firstly, testing of expenditure identified five items purchased in year that had not been included in the asset register. Secondly, the asset guidance states that projects should carry out a physical check of assets on the asset register at intervals agreed with the grantee (recommended quarterly), but no check had been performed since 2012. (Recommendation 5). 	£91.64

Ref	Summary observations	Amendment
13	<p>Communities First – Holywell Neighbourhoods (RG02)</p> <ul style="list-style-type: none"> The claim was amended because of adjustments made for expenditure not included which affected the calculation, resulting in a decrease in the amount payable of £363.74. (Recommendation 1). The claim was qualified for a number of issues related to the asset register. Asset disposal testing identified both disposals and transfers where there were no cost details in the asset register and some disposals where no authorisation had been sought from the Welsh Government. Expenditure testing identified one item purchased in-year that was not included in the asset register. (Recommendation 5). 	-£363.74
14	<p>Communities First – Bryn Gwalia (Non-Core) (RG02)</p> <ul style="list-style-type: none"> The claim was amended because the original claim did not agree to the ledger and expenditure had been charged against incorrect categories on the claim. This resulted in a decrease in the amount payable of £448.62. (Recommendation 1). 	-£448.62
16	<p>Communities First – Castle Ward (Non-Core) (RG02)</p> <ul style="list-style-type: none"> The claim was amended because the original claim did not agree to the ledger and expenditure had been charged against incorrect categories on the claim. This resulted in an increase in the amount payable of £1,082.41. (Recommendation 1) 	£1,082.41
17	<p>Communities First – Castle Ward (Core) (RG02)</p> <ul style="list-style-type: none"> The claim was qualified for two issues. Firstly, testing of asset disposals identified five items where no authorisation had been sought from Welsh Government prior to disposal (Recommendation 5). The second issue, identified from expenditure testing, related to four items that were not supported by sufficient documentation. (Recommendation 2). 	£Nil
20	<p>Flying Start (EYC01)</p> <ul style="list-style-type: none"> The claim was amended as a result of the inclusion of ineligible expenditure, which following amendment decreased the amount payable by £2,265. (Recommendation 4). 	-£2,265

Ref	Summary observations	Amendment
21	<p>School Effectiveness Grant (EDU15)</p> <ul style="list-style-type: none"> The claim was amended as a result of a number of issues including ineligible expenditure, school underspends and the incorrect allocation of central costs, and this increased the amount payable by £39,211.61. (Recommendation 4). The claim was qualified because we could not fully reconcile the claim to the ledger. (Recommendation 2). 	£39,211.61
24	<p>Free Concessionary Fares (TRA23)</p> <ul style="list-style-type: none"> The claim was amended as a result of expenditure under claimed and an incorrect amount included, and this decreased the amount payable by £31,175.22. (Recommendation 1). 	-£31,175.22
25	<p>HRA Subsidy (HOU03)</p> <ul style="list-style-type: none"> The claim was amended as a result of incorrect entries included in the claim, and this decreased the amount payable by £1,095. (Recommendation 1). 	-£1,095
26	<p>Substance Misuse Action Fund (HC02)</p> <ul style="list-style-type: none"> The claim was qualified because there were no signed Service Level Agreements (SLA) for three services commissioned from the BCULHB. (Recommendation 2). 	£Nil

Ref	Summary observations	Amendment
27	<p>Housing & Council Tax Benefits Scheme (BEN01)</p> <ul style="list-style-type: none"> The claim was amended for a number of errors identified from testing, and this decreased the amount payable by £10,002. The claim was qualified for the following reasons: <ul style="list-style-type: none"> Modified Schemes – split between statutory benefit and local scheme. (Recommendation 1). Council Tax Benefit – required additional testing on Tax Credits, Earned Income & Self Employed Income. (Recommendation 1). Rent Rebate – additional testing on Tax Credits. (Recommendation 1). Rent Allowances – additional testing on overpayment misclassification, Tax Credits & 13 Week Protection. (Recommendation 1). Issues around manual adjustments. (Recommendation 2). 	-£10,002
29	<p>Welsh in Education Grant (EDU44)</p> <ul style="list-style-type: none"> The claim was qualified because there was a lack of supporting evidence related to delegated expenditure. (Recommendation 2). 	£Nil
31	<p>Town Improvement Manor Lane (RG16)</p> <ul style="list-style-type: none"> The claim was qualified because an amended grant offer letter was not provided to support the claim. (Recommendation 2). 	£Nil
33	<p>North East Wales Town Regeneration Project (EUR01)</p> <ul style="list-style-type: none"> The claim was qualified because it was received three months late and bodies and auditors are required to abide by the claim timescales. (Recommendation 1). 	£Nil
	Total effect of amendments to the Authority	£66,232.07

Recommendations

10. We make the following recommendations to improve the Council's Grant arrangements. We will follow up these recommendations during next year's audit.

Recommendations

R1	The Council should ensure that claim forms are completed in accordance with the relevant grant terms and conditions.
R2	The Council should strengthen arrangements to ensure that each claim's financial transactions and other information are fully supported by source prime documents, such as ledger prints, invoices, calculation of apportionments, timesheets etc.
R3	The Council needs to ensure that it obtains prior approval for changes to the original plans/expenditure profiles from the grant awarding body, including virements, before the claim is authorised by the Council's certifying officer and submitted for audit.
R4	The Council needs to ensure that only eligible expenditure, including that incurred within the claim period, should be included within the claim. Advice should be sought from the grant awarding body prior to the claim completion for any concerns about the expenditure eligibility, and evidence of that correspondence provided with the claim.
R5	Where claims include assets, then the Council should maintain an asset register which contains all relevant details. Where assets being disposed of have previously been purchased from grant funding then the Council should obtain prior approval from the grant awarding body prior to disposal.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 24 SEPTEMBER 2014**
REPORT BY: **INTERNAL AUDIT MANAGER**
SUBJECT: **ACTION TRACKING**

1.00 PURPOSE OF REPORT

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

2.00 BACKGROUND

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

3.00 CONSIDERATIONS

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

4.00 RECOMMENDATIONS

4.01 The committee is requested to accept the report.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a direct result of this report.

6.00 ANTI POVERTY IMPACT

6.01 None as a direct result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a direct result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a direct result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None as a direct result of this report.

10.00 CONSULTATION REQUIRED

10.01 None as a direct result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 None as a direct result of this report.

12.00 APPENDICES

12.01 Appendix A – Summary of Action Points.

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

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AUDIT COMMITTEE ACTION SHEET

18TH DECEMBER 2013				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
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 regarding audit findings being reported to O&S.	Internal Audit Manager.	Discussed at the meeting on 9 th September 2014. Audit report results to be included in Performance Reports. O&S Chairs to contact IA Manager if they need more information. IA Manager to contact O&S Chairs if he is concerned with performance issues from audit reports or non-implementation of recommendations.

29TH JANUARY 2014				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
68	Risk Management Update	That an additional column be included in the Appendix to indicate the date by which it was anticipated the improvement would be made.	Policy and Performance Manager	Not yet completed. To be included in next update – December.

7TH MAY 2014

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
93	Audit Committee self-assessment against CIPFA guide	Further work be completed on developing a more consistent approach to ensuring value for money on financial pressures and non-audited work in the Council.	Chief Executive Internal Audit Manager	Scope agreed, linked to the Business Planning process.
93	Audit Committee self-assessment against CIPFA guide	The work of Internal Audit and the Policy, Performance and Partnerships team on external partnership governance and performance be shared with the Committee	Internal Audit Manager.	Review included in audit plan, Q3.

25TH JUNE 2014

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
7	Budget Setting and Budgetary Control Arrangements	The report of the Corporate Finance Manager be submitted to each O&S Committee to seek feedback on the effectiveness of financial scrutiny arrangements.	Democracy and Governance Manager	To be sent to all Overview and Scrutiny Committees when the budget process is finalised.
7	Budget Setting and Budgetary Control Arrangements	The next informal meeting Audit Committee members and O&S Chairs / Vice Chairs include discussion on developing reporting of value for money.	Democracy and Governance Manager	To be considered after the Budget Setting report has been presented to Overview and Scrutiny committees.
8	Annual Improvement Report 2013-14 by the Auditor General for Wales	To liaise with the Chief Executive and Cabinet on what level of MTFP detail could be shared with the Committee.	Chief Officer Governance	MTFP is linked to the budget, which needs to be approved by Cabinet before being shared with the Committee.
14	Forward Work Programme	Inclusion of an item on underspends	Internal Audit Manager	To be included in the new audit plan, to be brought to the September committee.

26TH JULY 2014

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
18	Draft Statement of Accounts 2013/14	To provide a written response to the committee to Cllr Halford's query on the reduction in the number of Council houses since 2013 (P80 of accs).	Finance Manager – Technical Accountancy	Letter sent to all members 2.9.14
18	Draft Statement of Accounts 2013/14	To provide a written response to the committee to Cllr Banks' query on what was included in the 'misc' group under inventories (P.40 of accs).	Finance Manager – Technical Accountancy	Letter sent to all members 2.9.14
20	Supplementary Financial information to Draft Statement of Accounts 2013/14	To provide a written response to the whole of the committee to Cllr Halford's query on the services provided by the IRO (complaints) on Table 3 (p.160 of agenda)	Chief Officer Governance	Information still being collated.
23	Forward Work Plan	Inclusion of a report on the costs for out of county placements for 24/9/14.	Internal Audit Manager	Report brought to this meeting
23	Forward Work Plan	Inclusion of an update report on the tendering exercise for the Council's banking arrangements	Finance Manager – Technical Accountancy	Included in the Forward Work Plan, December 2014.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 24 SEPTEMBER 2014**
REPORT BY: **INTERNAL AUDIT MANAGER**
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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AUDIT COMMITTEE
FORWARD WORK PROGRAMME 2014/15

MEETING DATE	AGENDA ITEM	AUTHOR
10 December 2014	<ul style="list-style-type: none"> • Internal Audit Progress Report • Action Tracking • Forward Work Programme • Risk Management update • Corporate Governance Report • Treasury Management Mid Year Update • Risk Management • Tendering for banking services 	David Webster David Webster David Webster Karen Armstrong Peter Evans Liz Thomas Karen Armstrong Liz Thomas
28 January 2015	<ul style="list-style-type: none"> • Treasury Management Update and Strategy • Annual Report on external inspections • Action Tracking • Forward Work Programme 	Liz Thomas Peter Evans David Webster David Webster
18 March 2015	<ul style="list-style-type: none"> • Annual Financial Audit Outline (WAO) • Treasury Management Update • Internal Audit Progress Report • Internal Audit Strategic Plan • PSIAS Compliance • Audit Committee Self Assessment • Action Tracking • Forward Work Programme • Private Meeting (WAO and IA) 	Liz Thomas David Webster David Webster David Webster David Webster David Webster David Webster
3 June 2015	<ul style="list-style-type: none"> • Annual Improvement Report (WAO) • Regulatory Programme (WAO) • Certification of Grants and Returns Report (WAO) 	

MEETING DATE	AGENDA ITEM	AUTHOR
	<ul style="list-style-type: none"> • Internal Audit Annual Report • Internal Audit Progress Report • Action Tracking • Forward Work Programme • Risk Management Update 	David Webster David Webster David Webster David Webster Karen Armstrong
15 July 2015	<ul style="list-style-type: none"> • WAO Certification of Grants report • Draft Statement of Accounts • Supplementary Financial Information to Draft Statement of Accounts 2013/14 • Draft Annual Governance Statement • Treasury Management Update and Annual Report 2012/13 • Action Tracking • Forward Work Programme 	Liz Thomas Liz Thomas Liz Thomas Gareth Owens Liz Thomas David Webster David Webster
September 2015	<ul style="list-style-type: none"> • Statement of Accounts 2014-15 • Audit of Financial Statements (WAO) • Internal Audit Progress Report • Action Tracking • Forward Work Programme 	Gary Ferguson David Webster David Webster David Webster