

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

2 December 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, 10TH DECEMBER, 2014** at **10.00 AM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

AGENDA

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
- 3 **MINUTES** (Pages 1 - 10)
To confirm as a correct record the minutes of the meeting held on 24 September 2014 (copy enclosed).
- 4 **TREASURY MANAGEMENT - MID YEAR REPORT 2014/15** (Pages 11 - 28)
Report of Corporate Finance Manager enclosed.

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

- 5 **RISK MANAGEMENT UPDATE** (Pages 29 - 38)
Report of Chief Executive enclosed.
- 6 **ANNUAL PERFORMANCE REPORT 2013-14 AUDIT - CERTIFICATE OF COMPLIANCE** (Pages 39 - 44)
Report of Chief Executive enclosed.
- 7 **INTERNAL AUDIT PROGRESS REPORT** (Pages 45 - 72)
Report of Internal Audit Manager enclosed.
- 8 **CORPORATE GOVERNANCE** (Pages 73 - 102)
Report of Chief Officer (Governance) enclosed.
- 9 **ACTION TRACKING** (Pages 103 - 106)
Report of Internal Audit Manager enclosed.
- 10 **FORWARD WORK PROGRAMME** (Pages 107 - 110)
Report of Internal Audit Manager enclosed.

Agenda Item 3

AUDIT COMMITTEE **24 SEPTEMBER 2014**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 24 September 2014

PRESENT: Councillor Tim Newhouse (Chairman)

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

SUBSTITUTE: Councillor: Ron Hampson (for Alan Diskin)

APOLOGY: Mr Paul Williams

IN ATTENDANCE:

Chief Executive, Chief Officer (Governance), Internal Audit Manager, Democracy & Governance Manager, Corporate Finance Manager and Committee Officer

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

Finance Manager - Technical Accountancy (for minute number 28)

Chief Officer (Education & Youth), Principal Learning Advisor Inclusion and Service Manager, Resources (for minute number 31)

Revenues & Benefits Manager (for minute number 32)

25. SUBSTITUTION

In line with the Constitutional requirement, agreement was sought to allow the substitution of Councillor Ron Hampson for Councillor Alan Diskin.

RESOLVED:

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

26. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

There were no declarations of interest.

27. MINUTES

The minutes of the meeting of the Committee held on 16 July 2014 were submitted.

RESOLVED:

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

28. STATEMENT OF ACCOUNTS 2013/14

The Corporate Finance Manager presented the Statement of Accounts for 2013/14 together with the Wales Audit Office (WAO) reports in connection with the audit of the financial statements and Letters of Representation for Flintshire County Council and the Clwyd Pension Fund.

The final accounts incorporated changes agreed by WAO during the course of the audit, which had been discussed with officers and relevant actions taken. In response to comments previously raised by WAO and queries from Members, a briefing note had been circulated in advance of the meeting, highlighting the main changes to the final accounts since submission of the draft version to the Committee in July 2014. All Members of the Council had been provided with responses to queries raised at that meeting, along with details of the available drop-in sessions held on 9 September 2014. In line with the usual practice, a copy of the final accounts had been included on the agenda for the County Council meeting, to be held in the afternoon, where approval would be sought within the statutory deadline of 30 September.

Audit of Financial Statements report for Flintshire County Council 2013/14

Mr. John Herniman of WAO acknowledged the production of the accounts comprising good quality working papers with improvements shown from previous years, within the statutory deadline, which he said was a significant achievement. In recognising the complex work involved, he thanked the Finance team for their support and efforts in reaching the current position. An unqualified (clean) opinion had been issued on the financial statements and a summary given of the corrected misstatements identified in the report, which had been agreed with management and incorporated in the final accounts. An overview was given of the risks identified during the audit process, together with actions taken to address other significant issues as set out in the report. As a recurring issue, although the WAO had taken a different view to that of the Council on pension contributions on Equal Pay and Single Status settlements, it had accepted that no further action was necessary for the 2013/14 accounts. Further advice was given on clarifying arrangements for the setting up and monitoring of reserves and improving the reconciliation of pension membership data.

Audit of Financial Statements report for Clwyd Pension Fund 2013/14

Ms. Amanda Hughes of WAO explained that the report which had been made available was not the final version and contained two errors. Under 'Financial systems risks', it was noted that approximately £293.8m of unquoted investments were held by the Pension Fund in 2013/14 and that reference to the date in paragraph 14 should be 31 March 2014. Attention was drawn to the corrected misstatements which had been incorporated in the final accounts, mainly relating to the timing of investment reports received after preparation of the accounts - which was beyond the control of the Finance section - and the use of updated information to correctly accrue for lump sum accruals. Ms. Hughes noted the actions being taken to address the risks identified in the report and confirmed that no material misstatements had been identified. She went on to advise of the need to strengthen arrangements to capture all data on retirements and deaths up to and including year end.

As further assurance to Members, the Chief Executive explained the involvement of the Corporate Finance Manager and Chief Officers in the process for finalising the accounts and the intention for further work to be undertaken on the treatment of reserves.

RESOLVED:

- (a) That the final version of the Statement of Accounts 2013/14 be recommended to County Council; and
- (b) That the Letters of Representation for Flintshire County Council and the Clwyd Pension Fund be recommended to County Council.

29. IMPROVEMENT PLAN 2014-15 AUDIT - CERTIFICATE OF COMPLIANCE

The Chief Executive introduced the positive Certificate of Compliance which had been received from the Auditor General for Wales in respect of the audit of the 2014-15 Improvement Plan, together with the Council's Executive response. He explained that the Certificate of Compliance had replaced the full letter (issued in previous years by Wales Audit Office) and had been received by Cabinet and the Corporate Resources Overview & Scrutiny Committee. Discussion at the latter had led to agreement to establish a Task & Finish Group to work with the Chief Executive and Policy & Performance Manager on some of the process issues including target-setting and quality assurance of some of the narrative within the Improvement Plan.

The Committee received a presentation from Mr. Paul Goodlad of Wales Audit Office (WAO) who indicated that the feedback was mainly positive. The main points of the presentation were:

- Context and Background
- Summary
- The Council has addressed the key areas of concern highlighted in the September 2013 Improvement Assessment letter from WAO
- Improvement Objectives and sub-priorities within the Plan are (with a few exceptions) generally clear and robust
- Achievement measures do not always clearly reflect planned achievements/outcomes
- A few inconsistencies between aspirations to improve and the targets set for 2014-15
- In a few cases, the 'bigger impact' expected from the Plan is not apparent
- A minority of targets set for 2014-15 do not appear to be challenging
- In the significant majority of cases, the Council should be able to clearly demonstrate achievement of each improvement objective and sub-priority
- Gaining access to and awareness of the Improvement Plan and its key messages may be challenging for some stakeholders
- Proposals for Improvement

Mr. Goodlad referred to the austerity measures facing all Councils and the need for greater emphasis on clarity in defining improvement which could mean delivering the same service for less money. In terms of raising awareness of the Improvement Plan, it was confirmed that the 'Your Council' newsletter was available for anyone to access on the Council's website, with an option for users to subscribe if they wished.

Councillor Haydn Bateman commented on the potential for Flintshire Connects centres to help raise awareness of the Improvement Plan to members of the public. The Chief Executive commented on the challenges amongst all Councils in attracting public interest in corporate areas such as the Improvement Plan, whereas initiatives such as the Big Budget Conversation had generated considerable interest and had benefited from the use of social media.

RESOLVED:

- (a) That the presentation be received; and
- (b) That the report and the Council's Executive response be noted.

30. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit Manager presented the update report on progress of the Internal Audit department. He reminded Members of the impact on the Plan as a result of work on an ongoing investigation and a departmental vacancy which had subsequently been filled. Outstanding audits from the 2013/14 Plan had been incorporated into the Plan for 2014/15 which had also been adapted to correspond with the new Chief Officer team, incorporating agreed changes to audits for their respective areas. As part of arrangements to increase the efficiency of the Internal Audit department, the Committee was advised of the procurement of integrated audit software to carry out a range of tasks in the audit process.

During an update on recommendation tracking, it was noted that 60% of recommendations had been implemented by their due dates including some which had previously been placed on hold, awaiting the implementation of Single Status.

On performance indicators for the department, the Internal Audit Manager explained changes to the process which had led to a reduction in the overall days from the end of fieldwork to issuing final reports. It was hoped that the new software might help to improve the number of completed client satisfaction questionnaires which had possibly been impacted by the management restructure.

It was also reported that following previous consideration by the Committee, the Whistleblowing Policy had been approved by the Constitution Committee and with no requirement for endorsement at County Council, had been published on the Infonet and highlighted with Members. It was hoped that employees' attention could be drawn to the new Policy by including a note in payslips for October 2014.

On the list of reports which had been finalised, Councillor Haydn Bateman asked for clarification on one of the recommendations relating to the Payroll audit which had been allocated a 'red' assurance level. The Internal Audit Manager explained that similar to remarks made by the Wales Audit Office on the previous agenda item, there was a need for accurate data to be kept on new starters for the Clwyd Pension Fund.

The Chief Executive said that the increase in voluntary redundancies may have been one of the reasons explaining performance issues on delays and that a commitment had been given to resolving the 'time lag' on pension leaver case processing working through into accounting.

On the findings of the same audit report, Councillor Alison Halford asked if the issues identified related to the iTrent system or inputting errors. The Internal Audit Manager said that the details of all new starters had not been captured in the report which was shared with Payroll and that the recommendation was for checks to be carried out on the list of authorisers for new starters. In response to a comment from Councillor Halford about the potential for senior officers to provide detail on the findings of audits within their sections, the Chief Executive said that more information could be made available above the level of detail in the report if required.

The Chief Executive thanked the Internal Audit Manager for the changes to the Plan in line with the new structure and welcomed the improvement shown in the number of days leading to final reports issued. He spoke of a change in management culture and working practices, led by himself and the Internal Audit Manager and said that there were no immediate plans to further review Internal Audit capacity which was aligned to the approved audit work programme.

The Internal Audit Manager responded to queries raised by Councillor Glyn Banks on performance indicators for the return of questionnaires and noted the suggestion for a change of term for 'client' questionnaires.

RESOLVED:

That the report be noted.

31. OUT OF COUNTY PLACEMENTS

The Chief Officer (Education & Youth) introduced the report detailing commissioning practices relating to out of county (OOC) placements, in response to a request made by Councillor Alison Halford at the previous meeting.

The report outlined the reasons for the Council's use of OOC placements and the joint approach taken to commissioning placements between Education, Social Care and Health colleagues. The Chief Officer acknowledged the high expenditure on OOC provision, as set out in the report, but pointed out that the cost implication of capital investment and revenue funding to create similar provision within Flintshire was not considered to be the best use of public money when, for example, good educational provision for children on the autistic spectrum was available across the border at Ysgol Plas Brondyffryn in Denbighshire.

The Principal Learning Advisor Inclusion explained that OOC provision was only used for individuals with more complex needs and stressed the importance of meeting needs despite the significant cost and small number of individuals involved. She went on to refer to the review of OOC commissioning processes in 2010 where a series of outcomes had been agreed, as set out in the report, and that the introduction of new legislation and Educational reforms would generate further collective working between the three agencies: Education, Social Care and Health. Reference was made to the composition of the multi-agency OOC Panel responsible for considering placement options and the assessment activity taking place to reach that stage.

The Principal Learning Advisor Inclusion also commented on Flintshire's involvement with the North Wales Commissioning Hub and gave assurance that the processes in place to commission OOC placements were robust and were subject to monitoring and challenge to determine the most appropriate outcome.

In response to comments from Councillor Halford on the cost of OOC provision in Denbighshire, the Chief Officer said that the core charging rates were set out in regulations but that the availability and suitability of alternative placements were always given consideration first. When asked about any financial implications arising from issue of the Welsh Government (WG) Continuing Health Care Guidance (Children), the Service Manager (Resources) said that additional funding would not be available from WG. He stated his view that the contribution by Health was fair and that the intention was for Education and Social Services colleagues to work with the Health Board on these changes. The Principal Learning Advisor Inclusion spoke about the positive relationship with the Health Board and the other North Wales Councils in the Commissioning Hub.

Following comments from Councillor Ron Hampson on Ysgol Maes Hyfryd, the Principal Learning Advisor Inclusion said that pupil numbers were high in this school which was working creatively to maintain provision for children with specific learning needs. She also referred to the success of Coleg Cambria in helping pupils with the transition from specialist schools to college.

Councillor Glyn Banks welcomed the report and asked about the potential for Flintshire to buy into OOC provision. Officers spoke about the priority to work collaboratively for the benefit of young people and to utilise the expertise in place, ensuring that other learners were able to take advantage of facilities which were available. It was stressed that sustaining current OOC provision such as Ysgol Plas Brondyffryn was in the interests of Flintshire and Wrexham.

RESOLVED:

That the report be noted.

32. SINGLE FRAUD INVESTIGATION SERVICE

The Revenues & Benefits Manager presented the report on the transfer of the Housing Benefit Fraud Investigation to the Department of Work & Pensions (DWP) Fraud and Error Service.

It was explained that responsibility for the investigation and prosecution of Housing Benefit fraud was to pass from all Councils to the newly formed Single Fraud Investigation Service (SFIS) by March 2016, managed by DWP. Council officers in Flintshire were working with SFIS to achieve their set transfer date of 1 October 2014 when the Council would no longer have statutory powers to investigate incidents of fraud. The implications for the small investigations team in Flintshire were set out in the report and it was explained that the Council would maintain responsibility for reporting suspected fraud cases to SFIS by email. Confirmation was awaited on the level of new burdens funding for the support work required in providing Housing Benefit information to the new service.

In response to a query from Councillor Haydn Bateman, the Revenues & Benefits Manager reported on the transfer of the Council's two investigators to SFIS.

The Chief Executive said that there had been some concerns about the early transfer date for Flintshire and the possible impact on quality of service.

RESOLVED:

That the report be noted.

33. CERTIFICATION OF GRANT CLAIMS AND RETURNS 2012/13

The Corporate Finance Manager introduced the annual report on the grant claim certification for the year ending 31 March 2013. He confirmed that the findings of the report had been considered by the Corporate Finance Management Team and that appropriate actions had been put in place in conjunction with the managers of relevant services.

The report by Wales Audit Office (WAO) was presented by Ms. Amanda Hughes who confirmed that whilst the Council had generally adequate arrangements in place for the production and submission of its 2012/13 grant claims, there was scope for improvement which was being progressed. She referred to the interactive training sessions held with Council officers which had been well received and had led to WAO giving individual feedback to relevant officers on each particular grant claim.

The overall grants total for 2012/13 was reported to be £190m with a £0.066m net adjustment to claims relatively small in proportion to the total. Of the 31 grant claims certified during this period, 17 were unqualified and 14 qualified. Ten of the grant claims had been submitted late, however it was noted that nine of these related to Communities First claims where the Council had retrospective approval for late submission. Following a request previously made, the summary of certification work outcomes included an additional column to show the result from the previous year's report for comparison. Ms. Hughes drew attention to the five recommendations in the WAO report and hoped that the more detailed feedback and training provided would impact positively on the grant claim certification for 2013/14.

Councillor Alison Halford asked for clarification on the delay relating to the claim for the North East Wales Town Regeneration Project. Ms. Hughes was unable to provide a response to this specific question but commented that delays resulting from submission issues sometimes applied to European claims.

In response to a question from Councillor Haydn Bateman, Ms. Hughes gave examples of various issues which could impact on the verification of claims.

The Corporate Finance Manager responded to queries from Councillor Ian Roberts on Communities First claims, explaining that claims for 2012/13 included those up to 31 March 2013. Councillor Roberts said that with the prospect of local government re-organisation, clear guidelines would be needed on the disposal of assets. Ms. Hughes said that officers should be aware of the requirements and conditions relating to each grant.

RESOLVED:

That the content of the Grant Claim Certification for 2012/13 be noted.

34. 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.

The Democracy & Governance Manager explained that the action to develop value for money reporting had been addressed at the informal meeting between the Committee and Overview & Scrutiny Chairs and Vice-Chairs on 9 September 2014.

Members thanked the Chief Officer (Governance) for circulating information on the work of the Independent Reviewing Officers, in response to a query raised at the previous meeting under discussion on the supplementary financial information to the Statement of Accounts 2013/14.

RESOLVED:

That the report be accepted.

35. FORWARD WORK PROGRAMME

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

Councillor Alison Halford suggested that a future item be considered on waste including costs of landfill and contractors.

The Internal Audit Manager pointed out that an audit on waste was to be undertaken in this year's Plan. The Chief Executive said that a mechanism was in place for matters relating to the North Wales Residual Waste Treatment Project to be submitted to the Environment Overview & Scrutiny Committee. To avoid the risk of duplication of work, the Democracy & Governance Manager said

that operational matters on waste should remain under the remit of Overview & Scrutiny whereas the findings of the forthcoming audit would provide the Audit Committee with assurance levels on controls or give the opportunity to raise any concerns. No further comments were made.

RESOLVED:

That the Forward Work Programme be approved.

36. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

There was one member of the press in attendance at the start of the meeting.

(The meeting started at 10.00 am and ended at 11.55 am)

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Chairman

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **10TH DECEMBER 2014**

REPORT BY: **CORPORATE FINANCE MANAGER**

SUBJECT: **TREASURY MANAGEMENT - MID YEAR REPORT**
2014/15

1.00 PURPOSE OF REPORT

1.01 To provide an update on matters relating to the Council's Treasury Management Policy, Strategy and Practices 2014/15 to the end of September 2014.

2.00 BACKGROUND

2.01 The Council has nominated the Audit Committee to be responsible for ensuring effective scrutiny of Treasury Management Strategy and Policies. The Audit Committee has previously agreed to include Treasury Management (TM) as a standing item on each quarterly agenda to receive an update.

2.02 On 1st March 2013, the Council approved the Treasury Management Policy Statement 2013-2016 and Treasury Management Practices 2013-2016, following the recommendation of the Cabinet and consideration by the Audit Committee.

2.03 On 18th February 2014 the Council approved the Treasury Management Strategy 2014/15, following the recommendation of the Cabinet and consideration by the Audit Committee.

3.00 CONSIDERATIONS

Treasury Management Mid Year Report 2014/15

3.01 The draft Treasury Management Mid Year Report for 2014/15 is attached as Appendix 1 for review. This Mid Year Report will be reported to Cabinet and Council in January 2015.

3.02 The Mid Year Report reviews the activities and performance of the treasury management operations during the period 1st April to 30th September 2014.

3.03 In summary, the key points of the Mid Year Report are:

- Performance during the period marginally exceeded the expectations of the TM Strategy 2014/15.
- The UK economy saw stronger economic growth during the first half of the year with falling unemployment but this is against a backdrop of historically low interest rates, low inflation and depressed wages. A number of global factors exist which have the potential to impact on the continued recovery as outlined in the economic update in section 3 of the report.
- No new borrowing has been undertaken so far during 2014/15, therefore total long term borrowing stands at £172.1m with associated interest costs of £3.553m paid during the 6 month period at an average interest rate of 5.42% as expected.
- Preparations are being made for the abolition of the Housing Revenue Account Subsidy (HRAS) system in Wales and the introduction of 'Self Financing' for the Housing Revenue Account, which will have an impact on the Council's level of debt. Section 4 of the report provides further information.
- Investments in general were made with UK banks and building societies up to periods of 12 months. When appropriate, suitable longer term investments will be made. The average rate of return was 0.54% generating investment income of £0.170m which is £46k more than that budgeted.
- AAA rated Money Market Funds continue to be utilised. As at 30th September 2014, £20.3m was invested across 4 separate funds.
- The treasury function operated within the limits detailed in the Treasury Management Strategy 2014/15.

Treasury Management Update

- 3.04 A statement setting out the Council's investments as at 30th September 2014 is attached as Appendix 2, the investment balance was £52.9m across 16 counterparties.
- 3.05 There have been no changes to the Council's long term borrowing in 2014/15, and this borrowing strategy, of using internal reserves in lieu of borrowing, will continue for the remainder of the year, as this remains the most cost effective way of funding capital expenditure. A schedule of outstanding loans as at 30th September is attached as Appendix 3.
- 3.06 Officers, along with our Treasury Management advisors, are considering the potential impact of the EU Bank Recovery and Resolution Directive approved by the European Parliament earlier this year. The UK is implementing the '*bail-in*' provisions in January 2015, sooner than other countries; ending government support potentially available should a bank fail in the future (similar to the support given to banks during the 2008 financial crisis). Investors / creditors classed

as senior unsecured bondholders will be bailed-in to secure the future financial stability of a bank in the event of a default.

There is a risk that following the withdrawal of potential government support, the credit rating agencies will downgrade the credit ratings of some institutions on Flintshire's counterparty list to BBB+, below A- the minimum required by the Treasury Management Strategy. Should the risk materialise in year, no new investments will be made with these institutions and, any existing investment will be considered on a case by case basis in consultation with our advisors, in line with the Treasury Management Strategy.

Further consideration will need to be given to any future investments with affected institutions in the 2015/16 Treasury Management Strategy.

- 3.07 Attention now turns towards setting the Treasury Management Strategy for 2015/16.

Member training has been arranged for 21st January 2015 which will be a Treasury Management Workshop presented by Arlingclose Ltd.

The session will be hosted by the Audit Committee but will be open to all Members. The views of the Audit Committee are sought in deciding which particular areas of Treasury Management they would like our London based advisors to cover in more depth.

4.00 RECOMMENDATIONS

- 4.01 Members review the draft Treasury Management Mid Year Report 2014/15 and identify any matters to be drawn to the attention of Cabinet on 20th January 2015.

5.00 FINANCIAL IMPLICATIONS

- 5.01 As set out in the report.

6.00 ANTI POVERTY IMPACT

- 6.01 None directly as a result of this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None directly as a result of this report.

8.00 EQUALITIES IMPACT

- 8.01 None directly as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 Arlingclose Ltd

11.00 CONSULTATION UNDERTAKEN

11.01 Arlingclose Ltd

12.00 APPENDICES

- 12.01
1. Draft Treasury Management Mid Year Report 2014/15
 2. Investments as at 30th September 2014
 3. Loans as at 30th September 2014

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

None.

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FLINTSHIRE COUNTY COUNCIL

TREASURY MANAGEMENT

MID YEAR REPORT 2014/15

1.00 PURPOSE OF REPORT

1.01 To provide members with a mid-year update on matters relating to the Council's Treasury Management function.

2.00 BACKGROUND

2.01 Treasury management comprises the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2.02 The Council's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of local authority services is an important, but secondary, objective.

2.03 The Council's policy is to appoint external consultants to provide advice on its treasury management function. The current external adviser is Arlingclose Ltd.

2.04 The Council has adopted the 2011 edition of the CIPFA Treasury Management in the Public Services: Code of Practice, which requires the Council to approve a treasury management strategy before the start of each financial year, a mid-year report, and an annual report after the end of each financial year.

2.05 In addition, the Welsh Government (WG) Guidance on Local Government Investments recommends that local authorities amend their investment strategies in light of changing internal or external circumstances.

2.06 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the WG Guidance.

2.07 The Council approved the 2014/15 Treasury Management Strategy at its meeting on 18th February 2014.

3.00 ECONOMIC & INTEREST RATE REVIEW APRIL – SEPTEMBER 2014.

Provided by Arlingclose Ltd the Council's Treasury Management advisors.

Growth and Inflation:

The recent strong performance of the UK economy continued with output growing at 0.8% in Q1 2014 and at 0.9% in Q2. The services sector once again grew strongly. On the back of strong consumption growth, business investment appeared to be recovering quickly, albeit from a low base. The annual CPI

inflation rate fell to 1.5% year-on-year in August.

Revisions to the GDP methodology, now compliant with the European System of Accounting 2010, mean that growth is now estimated to be 2.7% above its pre-recession peak in Q1 2008 rather than just 0.2% higher, the general theme being that the recession was not as deep and the recovery was earlier than initially estimated. In anticipation of these revisions, the MPC has forecast growth at 3.4% in 2014.

Unemployment:

The labour market continued to improve, with strong employment gains and the headline unemployment rate falling to 6.2%. However, earnings growth remained very weak, rising just 0.6% for the three months May-July 2014 when compared to the same period a year earlier. The growth in employment was masked by a large number of zero-hour contracts and involuntary part-time working.

UK Monetary Policy:

The MPC made no change to the Bank Rate of 0.5% and maintained asset purchases at £375bn. However, there was a marked shift in tone from the Bank of England's Governor and other MPC members. In his Mansion House speech in June Governor Mark Carney warned that interest rates might rise sooner than financial markets were expecting. Following some mixed messages from Governor Carney later in the summer, the minutes of the August and September MPC meetings revealed a split vote with regards to the Bank Rate. Ian McCafferty and Martin Weale voted to increase Bank Rate by 0.25%, arguing economic circumstances were sufficient to justify an immediate rise. The MPC emphasised that when Bank Rate did begin to rise, it was expected to do so only gradually and would likely remain below average historical levels for some time to come.

In the Bank of England's August Inflation Report the Bank forecast growth to be around 3½% in 2014, easing back thereafter to around its pre-crisis historical average rate. Inflation was forecast to remain at, or slightly below, 2% before reaching the target at the end of the 2-year forecast period.

The Bank's Financial Policy Committee also announced a range of measures to cool the UK's housing market to avert the potential of spiralling house prices derailing a sustainable economic recovery. Key recommendations included lenders stress-testing mortgage applicants can cope with a 3% rise in interest rates; putting a 15% cap on the number of mortgages at more than 4.5 times the borrower's income; and a separate Treasury pledge banning anyone applying for a loan through the Help to Buy scheme borrowing more than 4.5 times their income. The Prudential Regulation Authority also announced that it intends to consult on capital requirements for mortgages.

The result of the Scottish referendum in the end was close, but not as close as many believed it might be. However, the political upheaval set in motion (the Prime Minister's linking of a more devolved Scotland to giving greater powers to English MPs over English-only legislation, the prospect of Scotland's potential freedom to raise taxes not being replicated elsewhere in the UK) is arguably likely to be just as problematic in the run-up to and beyond next year's general election.

Global:

Eurozone inflation continued to fall towards zero. HICP inflation (Harmonised Index of Consumer Prices – an indicator of inflation and price stability for the European Central Bank) registered just 0.3% in September, and there was mounting evidence that the already feeble recovery was losing pace. The unemployment rate remained stubbornly high at 11.5%. The European Central Bank lowered its official benchmark interest rate from 0.15% to 0.05%. The rate it pays on commercial bank balances held with it was also cut further into negative territory from -0.1% to -0.2% and the Marginal Lending Facility rate cut further to 0.3%. The ECB also announced a programme of acquiring Asset Backed Securities (ABS) from banks in an effort to encourage lending which was viewed as being one step away from full blown Quantitative Easing (QE) adopted by the US, UK and Japanese central banks. The minutes of the Bank of England's MPC meeting in September noted that "*weakness in the euro area had been the most significant development during the month*" and that, if it led once again to uncertainty about the sustainability of euro-area public and external debt, it could damage confidence and disrupt financial markets

There was no change from the US Federal Reserve as the central bank kept policy on its current track with a reduction in asset purchases by \$10 billion per month. Asset purchases are expected to end by October 2014, expectations therefore turned towards the timing of rate increases. The US economy rebounded strongly in Q2 with annualised growth of 4.6%.

Market reaction:

Gilt yields have continued to decline and hit a financial year low at the end of August, before ticking upwards in the run up to the Scottish referendum. What has driven yields lower is a combination of factors but the primary drivers have been the escalation of geo-political risk within the Middle East and Ukraine alongside the slide towards deflation within the Eurozone (EZ).

Outlook:

The stronger economic growth seen in the UK over the past six months is likely to use up spare capacity more quickly than previously assumed. Arlingclose has brought forward the timing for the first rise in Bank Rate to Q3 2015.

In addition to two MPC members having voted for a rate rise in August and September, the rhetoric from Committee members has in general become more

hawkish. However, the lack of inflationary pressure is expected to allow policymakers to hold off monetary tightening for longer than the market currently expects. The near-term risk is that the Bank Rate could rise sooner than anticipated.

The focus is now on the rate of increase and the medium-term peak and, in this respect; expectations are that rates will rise slowly and to a lower level than in the past.

The table below details the latest forecast for the Bank of England base rate as provided by our advisors Arlingclose:

	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sep 16	Dec 16	Mar 17	Jun 17
Interest Rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.75%	1.75%

4.00 BORROWING REQUIREMENTS AND DEBT MANAGEMENT

4.01 PWLB (Public Works Loans Board) Certainty Rate Update.

The Authority qualifies for borrowing at the 'Certainty Rate' (0.2% below the PWLB standard rate) for a 12 month period from 1st November 2013. In August the Authority submitted its application to WG along with the 2014-15 Capital Estimates Return to access this reduced rate for a further 12 months from 1st November 2014.

4.02 Borrowing Activity to 30th September 2014.

The total long term borrowing outstanding, brought forward into 2014/15 totalled £172.1 million. Loans with the Public Works Loans Board are in the form of fixed rate (£143.1m) and variable rate (£10m). The remaining £18.95m is variable in the form of Lobo's (Lender's Option, Borrower's Option). The Council's average borrowing rate is currently 5.42%.

	Balance 01/04/2014 £m	Debt Maturing £m	New Debt £m	Balance 30/09/2014 £m
Capital Financing Requirement	184.6			184.6
Long Term Borrowing	172.1	0.00	0.00	172.1
TOTAL BORROWING	172.1	0.00	0.00	172.1
Other Long Term Liabilities *	7.6	0.00	0.00	7.6
TOTAL EXTERNAL DEBT	179.7	0.00	0.00	179.7
Increase/ (Decrease) in Borrowing £m				0.0

* relates to finance leases in respect of Deeside Leisure Centre (£5.0m) and Jade Jones Pavilion (£2.6m)

4.03 The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

4.04 No new long term borrowing has been undertaken so far during 2014/15.

Affordability (interest costs charged on new loans) and the "cost of carry" (costs associated with new loans) remain important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing.

4.05 Loans at Variable Rates

The extent of variable rate borrowing the Council can potentially undertake is influenced by the level of Reserves and Balances. The interest rate on the Council's £10m variable rate loans averaged 0.567%.

The Council has determined that exposure to variable rates is warranted. It also assists with the affordability and budgetary perspective in the short-to-medium term. Any upward movement in interest rates and interest paid on variable rate debt would be offset by a corresponding increase in interest earned on the Council's variable rate investments. The interest rate risk associated with the Council's strategic exposure of £10m is regularly reviewed with our treasury advisor against clear reference points, this being a narrowing in the gap between short and longer term interest rates by 0.5%. If appropriate, the exposure to variable interest rates will be reduced by switching into fixed rate loans.

4.06 Internal Borrowing

Given the significant cuts to local government funding putting pressure on Council finances, the strategy will be to minimise debt interest payments without compromising the longer-term stability of the portfolio.

The differential between the cost of new longer-term debt and the return generated on the Council's temporary investment returns was significant at around 3.4%.

The use of internal resources in lieu of borrowing has therefore continued to be the most cost effective means of funding capital expenditure, with £4.9m utilised for this purpose. This has lowered overall treasury risk by reducing both external debt and temporary investments.

The Council acknowledges that this position is not sustainable over the medium

term and borrowing options and the timing of such borrowing continue to be assessed, with current expectations that the Council will need to borrow for capital purposes from 2015/16 onwards.

4.07 Lender's Option Borrower's Option Loans (LOBOs)

The Authority holds £18.95m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The option to change the terms on £18.95m of the Council's LOBOs was not exercised by the lender. The Authority acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

4.08 Debt Rescheduling

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

The Corporate Finance Manager, in conjunction with the Council's treasury advisors will continue to review any potential opportunities for restructuring the Council's debt in order to take advantage of potential savings as interest rates change and to enhance the balance of the long term portfolio (amend the maturity profile and/or the balance of volatility).

4.09 Welsh Housing Revenue Account (HRA) Subsidy Reform

The Housing (Wales) Act 2014 became law in Wales on 17th September 2014 and provides for the abolition of the Housing Revenue Account Subsidy (HRAS) system in Wales and the introduction of 'Self Financing' for the Housing Revenue Account. This is a negative subsidy system which requires stock owning authorities to make annual payments of rental income to Welsh Government and then onto the UK Treasury; Flintshire's payment is circa £6m per annum.

The Authority will be required to buy itself out of the current arrangement by making a 'settlement payment' to the Welsh Government; Flintshire's payment is estimated to be in the region of £80m, which will need to be borrowed from the PWLB. In return the Authority will be able to keep all future rental revenues generated from the housing stock. The Authority anticipates that the HRA will benefit from approximately £1m additional revenue budget each year (when interest on and repayment of the additional borrowing is taken into consideration). This will provide additional resource for investment in tenants' homes and will support achievement of the Welsh Housing Quality Standard (WHQS).

Self Financing will introduce a borrowing cap that will be set by Welsh Government for how much the Authority can borrow for the HRA in the future. The borrowing thresholds set will allow a council house building programme to commence in the future.

The exact timescales are being confirmed; though it is expected that exit from the HRAS will take place on 31st March 2015 with actual payments being transacted on 2nd April 2015. The settlement payment will not be determined by the Welsh Government until 31st March 2015.

5.00 INTERIM INVESTMENT AND PERFORMANCE REPORT

5.01 The Welsh Government's Investment Guidance gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

5.02 The maximum investments the Authority had on deposit at any one time totalled £83.3m. The average investment balance for the period was £71.1m and the average rate of return was 0.54%, generating investment income of £170k. The investment income received for the reporting period exceeded the budgeted figure of £124k by £46k.

5.03 Investments have been made with UK banks and building societies up to periods of 12 months, as well as utilising investment opportunities afforded by money market funds, instant access accounts, Debt Management Office and other Local Authorities.

5.04 The average debt balance held was £172.1m and the average rate paid was 5.42%, generating interest payable of £3.553m in line with budget forecasts.

	Investments		Borrowing	
	Interest received £'000	Interest rate %	Interest paid £'000	Interest rate %
Actual	170	0.54	3,553	5.42
Budget	124	0.50	3,556	5.42
Difference	+46	-	-3	-

5.05 *Credit Risk (security)*

Counterparty credit quality was assessed and monitored with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price. The minimum counterparty credit rating outlined in the 2014/15 Treasury Management Strategy was A-/A3/A- across rating agencies

Fitch, S&P and Moody's.

Counterparty Update (provided by Arlingclose Ltd)

The European Parliament approved the EU Bank Recovery and Resolution Directive (BRRD) on April 15, 2014. Taking the view that potential extraordinary government support available to banks' senior unsecured bondholders will likely diminish within its two-year rating horizon for investment-grade entities, in April Standard & Poor's revised the Outlook of Barclays, Deutsche Bank, Credit Suisse and ING Bank from Stable to Negative (note, this is not the same as a rating review negative).

In May, Moody's also changed the outlook from stable to negative for 82 European banks and from positive to stable for two European banks. The institutions affected on the Authority's lending list are Nationwide Building Society, Pohjola Bank, Svenska Handelsbanken, Landesbank Hessen-Thuringen, Bank Nederlandse Gemeenten and Nordea Bank.

In August Moody's changed its outlook for the UK banking system from stable to negative, citing the reduction of government support for systemic banks as the reason. Although the agency believes that the stand-alone financial strength of UK institutions is improving they believed that this is more than offset by the potential bail-in risk now faced by investors. Similarly, in August S&P revised the outlooks for major Canadian banks to negative following the government's announcement of a potential bail-in policy framework.

There was strong likelihood that the UK, alongside Germany and Austria, would accelerate the adoption of the BRRD and that the implementation of bail-in resolutions would be fast-tracked in these countries to 1st January 2015, a full year ahead of other EU nations.

Banks in the UK and EU face banks face stress tests this autumn, which may result in some institutions having to additionally bolster their capital buffers. The extent to which this might be required and the form they will have to take casts uncertainty over capital requirements in the system.

5.06 *Liquidity*

In keeping with the WAG's Government's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and call accounts.

5.07 *Yield*

The Council sought to optimise returns commensurate with its objectives of

security and liquidity. The Council's investment yield is outlined in 5.02.

7.00 COMPLIANCE

7.01 The Council can confirm that it has complied with its Prudential Indicators for the period April to September 2014. These were approved on 18th February 2014 as part of the Council's 2014/15 Treasury Management Strategy.

7.02 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the period April – September 2014. None of the Prudential Indicators have been breached and a prudent approach has been taking in relation to investment activity with priority being given to security and liquidity over yield.

8.00 OTHER ITEMS

8.01 Other treasury management related activity that took place during April – September 2014 includes:

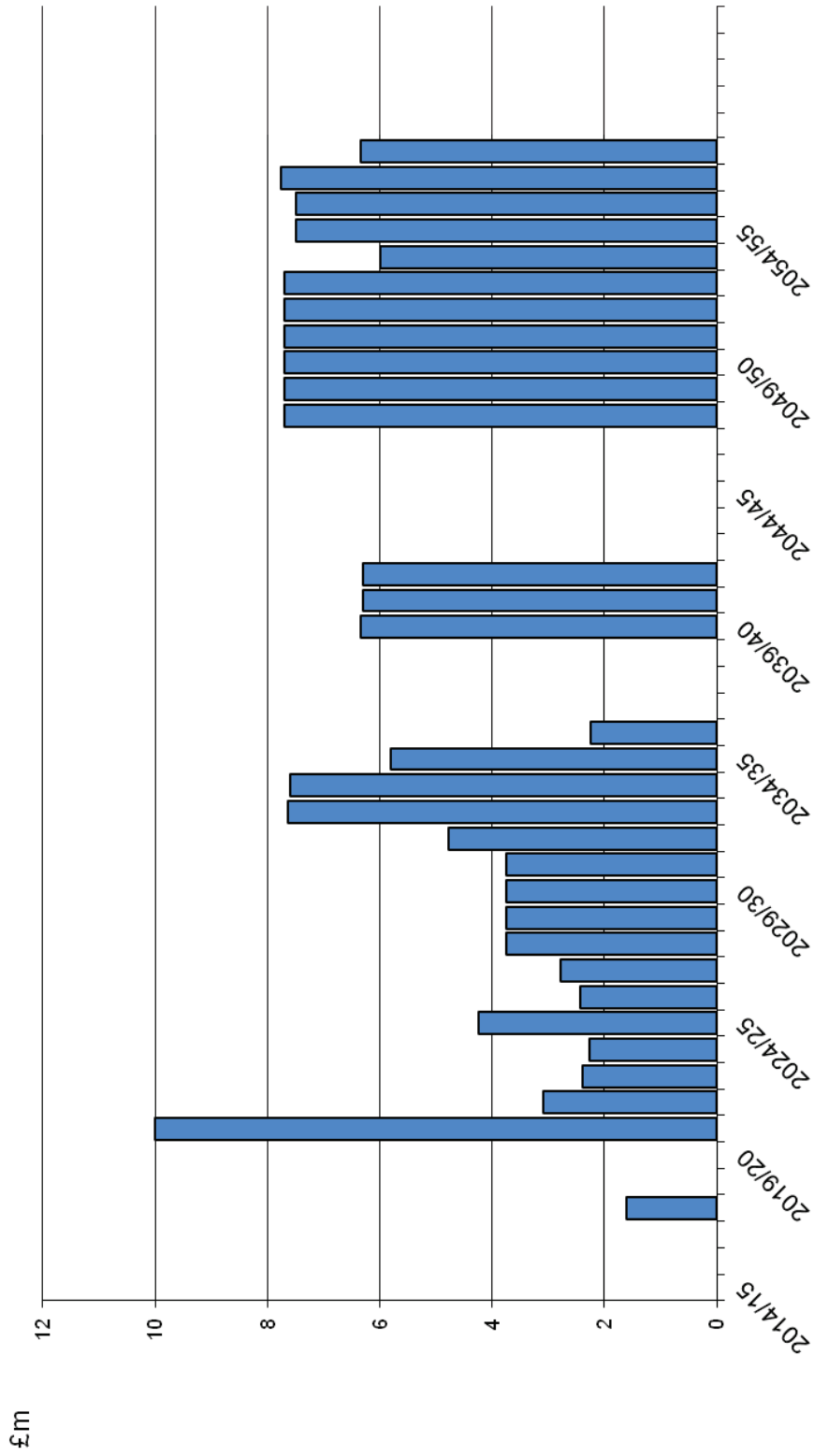
- The Corporate Finance Manager received a monthly update on treasury activities.
- The Treasury Management Annual Report 2013/14 was reported to Audit Committee in July. Cabinet and Council reviewed and approved the report in September.
- Quarterly Treasury Management updates were reported to the Audit Committee.
- The Council continues to be an active member of the CIPFA Treasury Management Forum and the TM Network Advisory Group.

9.00 CONCLUSION

9.01 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first half of 2014/15.

9.02 As indicated in this report none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Debt Maturity Profile



FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO

30th SEPTEMBER 2014

APPENDIX 2

Counterparty Name	Amount Invested £m	Start Date	Maturity Date	Interest Rate	Investment Interest £	Type of Investment	Period to Maturity
BANK OF SCOTLAND	4.0	04/04/14	02/04/15	0.95%	37,792	UK Bank	3 months+
BANK OF SCOTLAND	3.0	05/06/14	05/06/15	0.95%	28,500	UK Bank	3 months+
BANK OF SCOTLAND	7.0						
BARCLAYS	1.6	01/08/14	17/10/14	0.46%	1,553	UK Bank	1 month or less
BARCLAYS	2.1	03/09/14	28/10/14	0.41%	1,297	UK Bank	1 month or less
BARCLAYS	3.7						
BIRMINGHAM CITY COUNCIL	1.0	28/08/14	27/02/15	0.50%	2,507	Local Auth	3 months +
BIRMINGHAM CITY COUNCIL	1.0						
BNP PARIBAS	7.0	02/04/14	31/10/14	0.46%	18,702	MMF	1 month or less
BNP PARIBAS	7.0						
CUMBERLAND BUILDING SOCIETY	1.0	07/08/14	07/11/14	0.44%	1,109	UK BS	1 - 3 months
CUMBERLAND BUILDING SOCIETY	1.0						
FURNESS BUILDING SOCIETY	1.0	09/09/14	09/03/15	0.65%	3,223	UK BS	3 months +
FURNESS BUILDING SOCIETY	1.0						
GLASGOW CITY COUNCIL	2.0	02/12/13	01/12/14	0.60%	11,967	Local Auth	1 - 3 months
GLASGOW CITY COUNCIL	2.0	08/11/13	09/11/15	0.95%	38,052	Local Auth	12 months+
GLASGOW CITY COUNCIL	4.0						
HANDELSBANKEN	2.6	03/07/13	31/10/14	0.45%	15,547	Overseas	1 month or less
HANDELSBANKEN	2.6						
IGNIS STERLING LIQUIDITY FUND	6.4	01/04/14	31/10/14	0.48%	17,927	MMF	1 month or less
IGNIS STERLING LIQUIDITY FUND	6.4						
INSIGHT LIQUIDITY FUNDS LLP	2.5	01/04/14	31/10/14	0.41%	5,982	MMF	1 month or less
INSIGHT LIQUIDITY FUNDS LLP	2.5						
LANCASHIRE COUNTY COUNCIL	2.0	05/02/14	05/12/14	0.60%	9,962	Local Auth	1 - 3 months
LANCASHIRE COUNTY COUNCIL	2.0						
MARKET HARBOROUGH BUILDING SOCIETY	1.0	04/09/14	27/02/15	0.60%	2,893	UK BS	3 months +
MARKET HARBOROUGH BUILDING SOCIETY	1.0						
MORGAN STANLEY	4.4	01/04/14	31/10/14	0.41%	10,527	MMF	1 month or less
MORGAN STANLEY	4.4						
NATIONAL COUNTIES BUILDING SOCIETY	1.0	19/08/14	21/11/14	0.50%	1,288	UK BS	1 - 3 months
NATIONAL COUNTIES BUILDING SOCIETY	1.0						
NATIONWIDE BUILDING SOCIETY	1.4	16/06/14	17/04/15	0.81%	9,476	UK BS	3 months+
NATIONWIDE BUILDING SOCIETY	1.1	05/08/14	22/10/14	0.48%	1,128	UK BS	1 month or less
NATIONWIDE BUILDING SOCIETY	1.5	03/09/14	28/10/14	0.44%	995	UK BS	1 month or less
NATIONWIDE BUILDING SOCIETY	4.0						
OVERSEA-CHINESE BANKING CORPORATION	1.5	16/06/14	16/12/14	0.55%	4,136	Overseas	1 - 3 months
OVERSEA-CHINESE BANKING CORPORATION	1.0	03/09/14	18/12/14	0.53%	1,539	Overseas	1 - 3 months
OVERSEA-CHINESE BANKING CORPORATION	1.8	01/07/14	17/10/14	0.42%	2,237	Overseas	1 month or less
OVERSEA-CHINESE BANKING CORPORATION	4.3						
TOTAL	52.9			0.56%	228,339		

FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY

30th SEPTEMBER 2014

APPENDIX 2

Type of Investment	Total Amount Invested £m	% of Total Portfolio	Period to Investment Maturity			
			1 month or less £m	1 - 3 months £m	3 months + £m	12 months + £m
Debt Management Office (DMO)	0.0	0%				
UK Bank	10.7	20%	3.7		7.0	
UK Building Society (UK BS)	8.0	15%	2.6	2.0	3.4	
Overseas	6.9	13%	4.4	2.5		
Local Authorities	7.0	13%		4.0	1.0	2.0
Money Market Funds (MMF)	20.3	39%	20.3			
Total (£)	52.9		31.0	8.5	11.4	2.0
Total (%)		100%	59%	16%	22%	3%

30th SEPTEMBER 2014

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

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

PWLB Variable Rate Maturity Loans				
* 05/05/10	10,000,000	0.57	56,700	05/05/20
	10,000,000	0.57	56,700	

Totals				
Fixed Rate	162,112,527		9,251,423	
Variable Rate	10,000,000		56,700	
Grand Total	172,112,527	5.41	9,308,123	

* New loan due to debt restructuring

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY 10 DECEMBER 2014**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **RISK MANAGEMENT UPDATE**

1.00 PURPOSE OF REPORT

- 1.01 To provide an overview of the key risks to the achievement of the Improvement Priorities set by the Council.
- 1.02 To advise members of the work in hand to further improve the Council's approach to risk management as part of streamlining business planning arrangements.

2.00 BACKGROUND

- 2.01 Audit Committee received a report in January 2014 which outlined the changes in risk management approaches following the adoption of the Council's Improvement Plan.
- 2.02 The Council adopted the Improvement Plan for 2013/14 in June 2013. The adoption of the plan and its priorities provided the Council with the opportunity to realign the strategic risks to these priorities and sub priorities.
- 2.03 The then new approach to improvement planning gave the opportunity to align and streamline business planning processes, in particular the bringing together of two previously separate key plans the Improvement Plan and the Strategic Assessment of Risks and Challenges (SARC).
- 2.04 The January report also referred to the method by which strategic risk was being captured and understood i.e. as industry good practice.

3.00 CONSIDERATIONS

3.01 Improvement Plan Strategic Risks

Overview & Scrutiny committees have received quarterly progress reports against the Improvement Plan for 2013/14. These have included a template for each risk capturing:

- the nature of each risk
- the gross, net and target RAG status for each risk

- current actions already in place to mitigate the risk
- further activity to mitigate the risk
- risk trend

Members suggested at the January meeting that a target date be added to the target RAG risk status; this has now been incorporated within the quarterly monitoring reports of the Improvement Plan 2014/15.

Members will note that trend arrows are shown which indicate if a risk is increasing (↑) or decreasing (↓) or staying broadly the same / stable (↔).

- 3.03 A summary of all of the risks monitored as part of the 2014/15 Improvement Plan is attached at Appendix 1. An analysis of the current 'net' status of the 79 risks is shown below:

Net risk status	Q1 (Jun '14)	Q2 (Sep '14)
Red	7	4
Amber	42	44
Green	30	31

The four red risks are as follows:

Priority: Skills and Learning

Sub- Priority: Modernised and High Performing Education

Risk: *Programme delivery capacity for the 21st Century Schools Programme*

Whilst the coordinator post has been filled the three project manager posts have yet to be recruited to.

Priority: Modern and Efficient Council

Sub-Priority: Financial Strategy

Risks:

1. *Ensuring that capital and revenue resources are sufficient to operate effectively.*
2. *Uncertainty in the level of Welsh Government Funding which represents 80% of the funding of council services.*
3. *Gaining agreement to the financial strategy.*

For all three risks the net and target risk levels are assessed as high. The provisional settlement from Welsh Government for 15/16 is a 3.4% reduction equating to a £16m budget gap. The final settlement is due in December, but unlikely to change significantly. For this reason the risks remain high. Initial budget proposals will be presented to Cabinet in December followed by Scrutiny consideration

3.04 In addition the following table provides an analysis of how our risk trends have changed between June and September.

Trend positions	Q1 (Jun '14)	Q2 (Sep '14)
Increasing	10	10
Decreasing	28	32
Stable	41	37

The ten risks which are increasing are as follows:

Improvement Plan Priority	Sub Priority	Risk	Commentary
Living Well	Independent Living	How we encourage greater independence	Outstanding action to provide young people and families in transition with information that supports a single pathway through transition.
	Integrated Community Social and Health Services	Ensuring effective working with BCUHB	Escalation process in place involving the Strategic Partnership Group
Economy and Enterprise	Business Sector Growth in Deeside	Ensure the DEZ has proportionate financial support from Welsh Government (WG)	Welsh Government flood mitigation works to be started Winter 2014 and spine road development to be completed pending WG finance, Utilities, energy and broadband infrastructure to be delivered.
Skills and Learning	Modernised and high performing education	Programme delivery capacity for the 21 st Century Schools Programme	Whilst the coordinator post has been filled the three project manager posts have yet to be recruited to.
Safe Communities	Traffic and Road Management	Being able to obtain timely decisions of statutory approval from Welsh Government	Review unsuccessful bids to inform quality of future bid submissions
Environment	Transport Infrastructure and Services	Ensuring County's infrastructure is adequate to support economic growth Securing funding for highways infrastructure to remain safe and capable of supporting economic growth	Loss of WG Prudential Borrowing Indicators funding will have an impact on road condition (Amber) Robust management and targeting of funding through Highways Asset Management Plan, active travel and general transport improvements

		Reductions in Welsh Government's grants for subsidising services	Explore alternative funding sources, e.g. Cadwyn Clwyd. RDP Funding will be available from June 2015 as part of a competitive bidding process with match funding required from FCC. Non-conventional transports such as Community Transport, Taxibus services, Demand Responsive Transport will be considered and developed as part of the bidding process and business planning process
Modern and Efficient Council	Procurement Strategy	Ensure internal adoption of revised procurement practice and process	On-going monitoring of compliance with CPR's. Compliance checks to be undertaken by Corporate Procurement Unit and Internal Audit
	Financial Strategy	Gaining agreement to the Financial Strategy	Initial budget proposals will be presented to Cabinet in December followed by Scrutiny consideration.

Details of all risks are provided in the mid-year Improvement Plan monitoring reports presented to the Overview and Scrutiny Committees.

3.05 Findings from the recent annual Internal Audit assessment on risk management has concluded that for strategic risks implementation of the new approach is consistent and well adhered to. Further work to fully embed this approach is required for operational risks, project and partnership risks. Initial feedback from the Corporate Assessment study undertaken by the Wales Audit Office also shared similar messages.

In response to this the following principles and commitments are being worked through by the Chief Officer Team and will be reported to a future Audit Committee as a refreshed approach:

- Consistency of approach for risk identification and management;
- Protocol for risk escalation from operational to business, and from business to corporate level;
- Consistent application at programme and project management level;
- Introduction of a quarterly risk threat and risk emergence report including consolidation of a risk register;
- More consistent addressing of risk management as part of decision-making within reports for Cabinet and committees.

4.00 RECOMMENDATIONS

4.01 Audit Committee note the summary of strategic risks related to the Improvement priorities of the Council.

4.02 Audit Committee endorse the intent to refresh the Council's approach to risk management as part of streamlining and integrating the business planning arrangements.

5.00 FINANCIAL IMPLICATIONS

5.01 None directly arising from this report; although some specific risks may have financial implications.

6.00 ANTI POVERTY IMPACT

6.01 None directly arising from this report; although some specific risks may have poverty implications.

7.00 ENVIRONMENTAL IMPACT

7.01 None directly arising from this report; although some specific risks may have environmental implications.

8.00 EQUALITIES IMPACT

8.01 None directly arising from this report; although some specific risks may have equalities implications.

9.00 PERSONNEL IMPLICATIONS

9.01 None directly arising from this report; although some specific risks may have personnel implications.

10.00 CONSULTATION REQUIRED

10.01 Overview and Scrutiny Committees will be considering the risks and their mitigations as part of the quarterly monitoring of the Improvement Plan.

11.00 CONSULTATION UNDERTAKEN

11.01 Improvement Priority leads and Chief Officers have considered the risks in relation to the improvement Plan.

12.00 APPENDICES

12.01 Appendix 1: Summary of Improvement Plan risks 2013/14

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985

BACKGROUND DOCUMENTS –

- i) Improvement Plan 2014/15
- ii) Monitoring reports of Improvement Plan as presented to Overview and Scrutiny Committees – December 2014

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IMPROVEMENT PLAN 2014/15 RISKS SUMMARY - SEPTEMBER 2014									
Priority	Sub Priority	Risks (summarised)	Year end 2013/14		Q1 Jun 2014	Q2 Sep 2014	Target Score		
Housing	Extra Care Housing	Switching revenue resources from more traditional to new housing and care service models	A	↔	A	↓	A	↔	A Jun '14
		Demand and aspirations for alternative housing models for independent living			A	↓	A	↔	A Jun '14
		Specialist demand e.g.dementia and physical and learning disabilities	A	↔	R	↓	A	↓	A Sept '14
	Modern, Efficient and Adapted Homes	Maximising joint resources with partners	G	↔	G	↓	G	↔	G Dec '14
		Availability of private finance	G	↓	A	↓	A	↔	G May '15
		Developers building affordable housing	A	↓	A	↓	A	↔	G May '15
		Unclear about change implications proposed through planning bill.			G	↓	G	↔	G TBC
	Achieve the Welsh Housing Quality Standard	Ensuring Contractors perform effectively & costs contained within budget	G	↔	G	↔	G	↔	G Mar '15
		Agree approach to dismantle HRA subsidy system.			A	↔	A	↔	G Apr '15
		Identification of plans and resources to meet the WHQS by 2020	G	↔	G	↔	G	↔	G Mar '15
Living Well	Independent Living	Ensuring we have enough capital funding for disabled facilities grants	A	↔	A	↔	G	↓	G Jun '14
		Keeping up with specialist demand e.g.dementia	A	↑	A	↔	A	↔	A Apr '14
		How we encourage greater independence	G	↓	A	↓	A	↑	A Jun '14
		Service user / family resistance to new technologies eg telecare			A	↔	G	↓	G Jun '14
		Managing demand and expectations with limited resources			A	↔	A	↓	G 2017
	Integrated Community Social and Health Services	Ensuring effective joint working with BCUHB	A	↔	A	↔	A	↑	G 2016
		Ensuring new model doesn't result in increased costs	A	↓	A	↔	A	↔	A Jun '14
		Spending Intermediate Care Fund on sustainable services after funding ends.			G	↔	G	↔	G Jun '14
Economy and Enterprise	Business Sector Growth in Deeside	Ensure the DEZ can be continued with pace.			A	↓	A	↓	G Dec '14
		Ensure the DEZ has proportionate financial support from WG.			A	↓	A	↑	G 2015
		Work with local employers and learning providers to meet skills based needs	A	↔	A	↓	A	↓	G Apr '16
	Town and Rural Regeneration	Maximising funding opportunities through external programmes	R	↑	R	↔	A	↓	G Jun '15
		Ensuring sufficient project management capacity to successfully complete programmes	A	↑	R	↔	A	↓	A Jun '15
	Social Enterprise	How we maintain capacity and investment to support development of social enterprises	G	↔	G	↓	A	↔	G Jan '15
		Building skills in the community for development of social enterprises	A	↔	A	↓	G	↓	G Nov '14
Local Social enterprises need to compete effectively	A	↓	A	↔	A	↔	G Jan '15		
Skills and Learning	Modernised and High Performing Education	Ensure schools receive the support they need to provide school improvement services	A	↑	A	↔	A	↔	G Jul '16
		Ensuring schools work together to share and develop best practice	A	↔	A	↔	A	↔	G Jul '16
		Changing demographics and impact on supply of school places			A	↔	A	↔	A Sep '13
		Limited funding to address backlog of known repair and maintenance works			A	↔	A	↔	A Mar '14
		Programme delivery capacity for the 21st Century Schools Programme			A	↔	R	↑	A 2018
		Ensuring employer places match current and future aspirations and needs	G	↔	G	↔	G	↔	G Dec '14
	Apprenticeships and Training	Ensuring capacity to support paid work placements and other programmes	G	↔	G	↔	G	↔	G Apr '14
		Strengthen links between schools, colleges and employers	G	↔	G	↔	G	↔	G Apr '14

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IMPROVEMENT PLAN 2014/15 RISKS SUMMARY - SEPTEMBER 2014						
Priority	Sub Priority	Risks (summarised)	Year end 2013/14	Q1 Jun 2014	Q2 Sep 2014	Target Score
		Ensuring education providers participate fully	G ↔	G ↔	G ↔	G Apr '14
		Work with local employers and learning providers to meet skills based needs		G ↔	G ↔	G Mar '15
Safe Communities	Community Safety	How we can improve public's perception of safety in the community	A ↑	A ↔	A ↔	G Apr '15
		Ensuring new Community Safety Partnership arrangements work effectively	A ↓	A ↔	A ↓	G Apr '15
		How we can fund the provision of CCTV with local partners	A ↔	A ↔	A ↓	G 2015/16
	Traffic and Road Management	Gaining public and local support for road safety schemes	A ↑	A ↔	G ↓	G Sep '14
		Being able to obtain timely decisions of statutory approval for schemes from WG.		A ↔	A ↑	A Jun '14
Poverty	Welfare Reform	Meeting growing costs of homelessness prevention	A ↔	A ↓	A ↓	A Dec '13
		Advice and support services sufficient to meet demand	A ↔	A ↓	A ↓	A Dec '13
		Eviction levels rising if tenants are unable to pay their rent		A ↓	A ↓	A Jun '14
		Local economy may suffer as residents have less income to spend	A ↔	A ↔	A ↔	A Apr '14
		Resources to meet Universal Credit roll-out requirements		G ↔	G ↔	G Jun '14
	Fuel Poverty	Residents may not take up the energy efficiency measures as we hope	G ↔	G ↓	G ↔	G Apr '14
		Available funding might fall short of public demand	G ↔	G ↓	G ↔	G Apr '14
Environment	Transport Infrastructure and Services	Ensuring county's infrastructure is adequate to support economic growth	G ↓	G ↔	A ↑	A Sep '14
		Securing funding for highways infrastructure to remain safe and capable of supporting economic growth	G ↓	G ↔	A ↑	A Sep '14
		Ensuring sustainable transport options remain attractive to users	G ↓	G ↓	G ↓	G 2015/16
		Transition of TAITH to new model for regional transport		A ↔	A ↔	A Jun '14
		Reductions in WG grants for subsidising services.		G ↔	A ↑	A Jun '14
	Carbon Control and Reduction	Ensuring recycling/energy efficiency programmes are supported	G ↓	G ↓	G ↔	G 2018/19
		Securing sufficient funding for renewable energy schemes	A ↑	A ↑	G ↓	G Sep '14
		Securing sufficient funding to maintain recycling service.		R ↑	A ↓	G 2018/19
		Securing sufficient funding for further street lighting improvement programmes.		G ↑	G ↓	G Apr '15
		Buildings used effectively to match our priorities	G ↓	G ↓	G ↓	G Apr '15
Modern and Efficient Council	Organisational Change	Gaining workforce/union agreement and acceptance of the transition to new operating model	A ↔	G ↔	G ↔	G Mar '15
		Transitional risks of the operating model.		G ↔	G ↔	G Mar '15
	People Change and Development	Keep up workforce motivation and morale	A ↔	A ↔	A ↔	G Apr '15
		Ensuring organisational capability to make changes and sustain new operating model	A ↔	A ↔	A ↔	G Apr '15
		Control terms of employment post implementation to prevent new equal pay claims		A ↔	A ↔	G Apr '15
	Procurement Strategy	Ensure internal adoption of revised procurement practice and process	G ↔	G ↔	A ↑	G Apr '15
		Keep up pace of collaboration to maximise procurement efficiencies	G ↓	A ↑	A ↔	G Apr '15
		Applying community benefit clauses within contracts	A ↓	A ↓	A ↓	G Apr '15
	Assets	Gaining public acceptance	G ↓	G ↓	G ↔	G Jun '14
		How we can invest and ensure we have capacity to implement the strategy	G ↓	G ↓	G ↔	G Apr '14

IMPROVEMENT PLAN 2014/15 RISKS SUMMARY - SEPTEMBER 2014						
Priority	Sub Priority	Risks (summarised)	Year end 2013/14	Q1 Jun 2014	Q2 Sep 2014	Target Score
	Access to Council Services	Gain workforce agreement and acceptance of agile working practices	G ↓	G ↓	G ↔	G Jun '14
		How we can ensure investment to further improve access to our services	G ↔	G ↓	G ↓	G Sep '13
		Adjust processes and practices to support Flintshire Connects and the increased use of self-service	A ↔	A ↓	G ↓	G Sep '14
		Ensuring a positive public response to the changing ways services can be accessed	G ↔	G ↓	G ↓	G Dec '13
		Ensuring our customers can access our digital services	G ↔	G ↓	G ↓	G Sep '13
	Financial Strategy	Ensuring capital and revenue resources are sufficient to operate effectively.		R ↑	R ↔	R Jun '14
		Uncertainty of Welsh Government Funding (80% of the funding of council services).		R ↑	R ↔	R Jun '14
		Gaining Agreement to the financial strategy.		A ↔	R ↑	R Oct '14
		Delivery of the 2014/15 efficiency savings in full.		A ↔	A ↓	A Jun '14
		Gaining agreement to further efficiency measures from 2015/16 onwards.		A ↔	A ↓	A Jun '14
		Gaining agreement to a new corporate approach for fees and charges.		R ↔	A ↓	A Oct '14
	Key		Risk not identified in 2013/14			

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 10 DECEMBER 2014**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **ANNUAL PERFORMANCE REPORT 2013-14 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 2013-14 Annual Performance Report.

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 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.
- 2.03 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 This is the second certificate that the Council has received during 2014/15; to certify the Auditor General's views on the Council's compliance with discharging its duty to publish an assessment of performance.

The first certificate (received in July) was a positive discharge of the Council's duties in respect of improvement planning.

3.02 The certificate states the Auditor General's opinion on whether the Council has discharged its statutory duties in respect of its duty to publish an assessment of performance.

3.03 The certificate is attached at Appendix 1.

3.04 The conclusion of the audit is:

"As a result of my audit, I believe that the Council has discharged its duties under section 15(2), (3), (8) and (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.

3.05 The certificate will be received by both Cabinet and the Corporate Resources Overview and Scrutiny meetings during the month.

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 2013-14 Annual Performance Report.

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 audit of Flintshire County Council's assessment of 2013-14 performance.
(November 2014)

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

None

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Certificate of Compliance

Audit of Flintshire County Council's assessment of 2013-14 performance

Certificate

I certify that I have audited Flintshire County Council's (the Council) assessment of its performance in 2013-14 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 sections 15(2), (3), (8) and (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 annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Council to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Council has regard to guidance issued by Welsh Ministers in publishing its assessment.

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

Scope of the 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. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Council's assessment of performance, therefore, comprised a review of the Council's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Council had regard to statutory guidance in preparing and publishing it.

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.

Recommendations under the Local Government (Wales) Measure 2009

There are no recommendations arising from the audit of Flintshire County Council's assessment of 2013-14 performance



HUW VAUGHAN THOMAS

AUDITOR GENERAL FOR WALES

CC: Leighton Andrews, Minister for Public Services

Huw Lloyd Jones, Manager

Paul Goodlad, Performance Audit Lead

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY 10 DECEMBER 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 3rd November 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 to previous Audit Committees the commencement of work on the 2014/15 operational plan was affected by the need to recruit a new member to the team. Chief Officers were also consulted after the restructure and an updated plan presented to the September committee. There have been no major issues since then. The plan still includes some lower priority audits that may be deferred or deleted during the year if necessary, depending on resources and demand.

Appendix A shows the updated plan for 2014/15, whilst Appendix B lists the changes from the original plan. At the request of Chief Officers work has been scheduled for Equal Pay and for Commuted Sums received from developers. There has only been one deferral since the September meeting, Capital Strategy being deferred to 2015/16. As also noted in Appendix D this is because of a delay in producing the Strategy after the Chief Officer restructure.

3.02 The purchase of the integrated audit software has been completed, the software has been installed and training has taken place on 8th and 9th December. The system will be implemented from the beginning of January 2015. Current processes will continue initially, but there will be opportunities for efficiencies as our usage develops. There is also the facility for improved reporting using a range of standard reports.

3.03 **Final Reports**

All reports finalised since the last committee meeting are shown in Appendix C. Details for the Accounts Payable and Cross Cutting School Reviews 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. All responses were received. 16 of the recommendations due at this time were not completed, however 11 of these related to the Capital Programme, where the new Strategy has not yet 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 range of performance indicators for the department following the changes to the way the department discusses audit findings and issues reports. There has been an increase in the overall number of days to issue final reports, but it remains within the target time.

The Wales Chief Auditors Group compiles benchmarking data. Fifteen Authorities took part for the year 2013/14. The annual results for Flintshire, compared to the Welsh average, are also shown in Appendix E. The majority of these show Flintshire performing above the Welsh average.

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. *Any comment?*

3.08 **Whistleblowing Policy**

In order to circulate the new policy as widely as possible it was highlighted to all employees in October, with the following message being inserted into every payslip.

“Are you concerned about possible wrongdoing at work? Contact us in confidence using the whistleblowing policy. See Infonet for details or call 01352 702248.

No referrals have been received as a result.

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
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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		4
Risk	Performance Indicators	5	10	1	WIP
Risk	Implementation of Operating Model	10	0		
Risk	North West Regional Waste Partnership	10	10		4
Risk	Use of Consultants	10	5	1	WIP
Risk	Corporate Governance	10	10		4
Risk	Partnerships	10	5		3
Addition	Value for Money – Business Plans		20	21	FINAL
		65	70	23	
	GOVERNANCE				
Risk	Data Protection	10	10	11	FINAL
Risk	Document Sealing	5	5		TBC
System	Members Allowances	5	5	5	FINAL
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	8	WIP
Risk	Use of Personal Email Addresses	10	10		4
Risk	Mobile Phones & Devices/Usage	15	15	16	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	13	3
Advisory	Select List, E Sourcing project	5	5		3

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
Risk	Etarmis	20	20	27	FINAL
Risk	Records Management	15	15	22	FINAL
2013/14	Server Licensing		9	6	WIP
2013/14	Moodle		8	11	DRAFT
		160	157	119	
	PEOPLE AND RESOURCES				
Systems	Main Accounting	30	30		4
Follow Up	Capital Programme	10	10		DEFER
Follow Up	Corporate Grants	10	10	10	DRAFT
Follow Up	Fees and Charges	10	10		4
System	Pensions Administration & Contributions	15	15		4
System	Pensions Investment Management & Accounting	15	15		4
Risk	Implementation of Single Status	20	20	37	FINAL
Risk / System	SS Governance Framework: Additional Payments & ECU	20	20		3/4
Risk	SS Governance Framework: Workforce Data	10	15	1	WIP
Risk	Schools HR/Safeguarding	15	15	17	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	6	WIP
System	Payroll	20	20		3
2013/14	Attendance Management		7	21	WIP
Addition	Budget monitoring - underspends		10		4
Addition	Investigation Protocol		5		4
Addition	Equal Pay Calculations		2	2	FINAL
Addition	Equal Pay Payments		3		3
		230	252	98	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
	EDUCATION AND YOUTH				
Risk	Risk Management in Schools	10	5	2	WIP
System	Grants – Various WG Requirement	10	10	4	2/3/4
System	School Funding Formula	20	20	1	WIP
Risk	Control & Risk Self Assessment	15	15	7	WIP
Risk	Risk Based Thematic Reviews	45	45		3
Risk	School Closures/Opening	10	10	13	FINAL
2013/14	Grants – Post 16		6	7	FINAL
2013/14	School Funds		20	23	FINAL
		110	131	55	
	SOCIAL SERVICES				
Risk	Mental Health Team	10	10	3	WIP
Risk	Community Equipment Service	10	10		4
Risk	Commissioning Team	20	15		4
Risk	Movement from Children's Team to Care Leavers Team	15	15		TBC
System	Llys Jasmine	20	20	1	WIP
Risk	Financial Assessment & Charging Team	15	15	11	WIP
Risk	Community Living	10	0		
		100	85	15	
	COMMUNITY & ENTERPRISE				
System	Housing Benefits	20	20		4
Risk	Supporting People	20	20	6	WIP
Risk	Appraisal & Absence Management	20	20	21	WIP
System	Council Tax & NNDR	20	20	3	WIP
Risk	Rent Arrears	15	15	15	FINAL

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
Risk	Communities First	15	15	5	WIP
2013/14	Corporate Complaints		5	7	FINAL
2013/14	Private Sector Housing		11	26	FINAL
		110	126	83	
	PLANNING & ENVIRONMENT				
System	Building Control	20	0		
System	Pest Control	15	15	21	FINAL
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	Migration of Stores into Alltami	5	5	3	FINAL
2013/14	Waste Management		5	5	DRAFT
		25	30	9	
	ORGANISATIONAL CHANGE				
Risk	Facilities Services	30	15	14	FINAL
Risk	Repairs & Maintenance Procurement	15	5	4	FINAL
Risk	Asset Management – Tech Forge	20	20	2	WIP
		65	40	20	
	INVESTIGATIONS, PROVISIONS AND DEVELOPMENT				
Provision for Investigations & Pro-active Fraud		200	200	104	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	21	
Consultancy		50	30	14	

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
	Regional Collaboration	10	5	6	
		475	390	145	
	Grand Total	1380	1301	590	

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 – SINCE THE LAST MEETING

Audits added to the audit plan

People and Resources

Equal Pay Calculations

Review of the formula for calculating the settlement figures

Equal Pay Payments.

Review of the accuracy of Equal Pay payments.

Community and Enterprise

Commuted Sums

Review of policy, procedures and controls around the use of commuted sums.

Audits deleted /deferred from the plan

People and Resources

Capital Programme Follow up – deferred to 2015/16.

Now the responsibility of Chief Officer (Organisational Change). Strategy to be developed by the end of the financial year.

CHANGES TO THE AUDIT PLAN – PREVIOUSLY REPORTED

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-

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

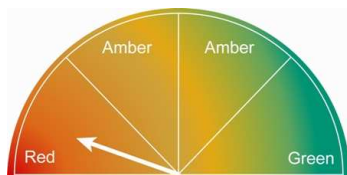
Not a priority this year, moved to 2015/16 plan.

Appendix C

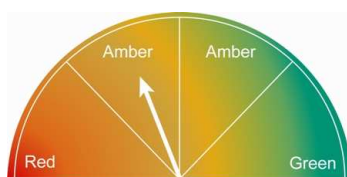
The following reports have been finalised since the last Audit Committee. Action plans are in place to address the weaknesses identified. For reviews which received red assurance a summary of the findings and the Action Plan is attached.

Project Reference	Project Description	Level of Assurance	Recommendations		
			High	Med	Low
FD0082T1	Accounts Payable & P2P	Amber -	1	4	6
FD0083T1	Accounts Receivable Follow Up	Little	0	2	3
FD0085T1	Corporate Debt	Green	0	1	0
LD0160U1	Members Allowances	Green	0	0	0
LD0220U1	Data Protection	Amber +	0	4	4
HR0250T2	Implementation of Single Status – Payroll Processing	N/A	-	-	-
HR0301T1	I Trent Expenses	Amber+	0	1	2
HR0900U1	Equal Pay Calculation Review	Green	0	0	0
IT0501T1	Moodle	Amber -	0	3	1
IT0900T1	Business Planning	N/A	-	-	-
LL0120U1	School Funds Follow Up	Adequate	0	3	1
LL0150U1	Facilities Services Cleaning Contracts	Amber -	0	5	5
LL1100T1	Cross-Cutting Schools Review	Red	1	3	12
LL2100U1	Records Management	Amber -	0	7	0
LL2300T1	Post 16 Funding	Amber -	0	2	2
CS0200T1	PARIS	Amber -	0	1	0
CS2000U1	Housing Rent Arrears	Amber +	0	3	1
EN0080U1	Pest Control	Amber -	0	5	5
EN0530U1	Repairs and Maintenance Procurement	Amber +	0	3	3

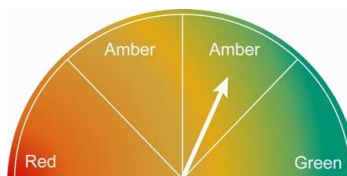
Levels of Assurance – standard reports.



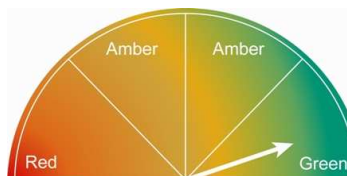
Taking account of the issues identified, the organisation cannot take assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.



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. 75%+ of recommendations have been implemented. All high recommendations have been implemented.

Adequate. 51-75% of recommendations have been implemented. All high recommendations have been implemented.

Little. 30-50% of recommendations have been implemented. Any outstanding high recommendations are in the process of being implemented.

Poor. <30% of recommendations have been implemented. Unsatisfactory progress has been made on the implementation of high 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

Accounts Payable & P2P – FD0082T1

We have made 1 high level recommendation and 4 medium level recommendations, based on the following:

- Setting up, training and authorisation of new users on P2P and AP
- Setting up and validation of new suppliers / amending supplier details
- The use of software to identify potential duplicate invoices
- The analysis of the use of retrospective ordering on P2P for goods/services received.
- Action to be taken to reduce retrospective ordering on P2P

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
AP 1	The Masterpiece team should ensure new users set up for data entry on the AP system are held as 'inactive accounts' until confirmation has been received from the AP & AR team that the new user has received appropriate AP training.	Medium	Yes	There is an agreement in place with the Masterpiece team that all new AP data entry users will be set up as 'inactive accounts' on Masterpiece until the Masterpiece team have received confirmation from the AP & AR team that appropriate AP training has been provided, however this seems to have slipped. The AP & AR Team Manager will now speak to the Masterpiece team to reiterate the importance of setting up new data entry user accounts in this way.	30 th September 2014	AP & AR Team Manager Accountant, Corporate Accounting & Systems
AP 2	The new vendor spreadsheet should be updated each time a new vendor is set up on Masterpiece.	High	Yes	A continuing lack of resources within the AP & AR team has resulted in administrative tasks	31 st October 2014	AP & AR Team Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	The new vendor spreadsheet should be fully completed to show the validity checks carried out prior to the vendor being added to the system.			<p>being given less priority than other tasks. Whilst validity checks are always carried out on new vendors it is accepted that the new vendor spreadsheet may not always be updated.</p> <p>Due to the administrative burden of updating the new vendor spreadsheet, the possibility of making changes to the New Supplier Request Database is now being considered, and will be discussed with IT, with the aim of using the database to record evidence of the validity checks carried out on new vendors, thus negating the requirement to complete the new vendor spreadsheet.</p> <p>Once the New Supplier Request Database has been updated to allow the validity checks on new vendors to be recorded, the new vendor spreadsheet will be completed for non-P2P vendors only (with the number of non-P2P vendors reducing as P2P continues to be rolled out).</p>		
AP 4	It should be ensured that the Fiscal Technologies software, scheduled for installation in July 2014, is fully utilised prior to payment runs, to provide assurance that all duplicate invoices, payments and vendors are identified prior	Medium	Yes	The Fiscal Technologies software was installed in July 2014 as scheduled, and is now being fully utilised, with all reports stored electronically.	31 st August 2014	AP & AR Team Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p>to payments being made.</p> <p>Robust records should be maintained to show the duplicates identified by the Fiscal Technologies software, which should clearly show how each of the duplicates has been investigated and resolved.</p> <p>Suspicious items identified on the review of the duplicate payments report should be referred to Internal Audit.</p>			All potential duplicates are investigated by officers within the AP & AR team.		
P2P 1	<p><i>A bespoke report should be developed within P2P to enable statistics to be produced around use of retrospective ordering by user / department within specified date parameters.</i></p> <p><i>The report should also show the number of retrospective orders and the total value of retrospective orders by user / service areas within the period.</i></p>	Medium	Yes	<i>Agreed, this should be relatively straightforward. This will tie in with the work currently ongoing around electronic invoicing and No PO, No Pay.</i>	30 th November 2014	Project Manager (Procurement Transformation)
P2P 2	<p><i>Once robust data is available around retrospective ordering (as recommended at paragraph P2P 1) resources should be targeted to address those areas in which it is considered the number / value of retrospective orders is not appropriate.</i></p> <p><i>The level of resources targeted to addressing the use of retrospective orders should be proportionate, taking</i></p>	Medium	Yes	<p><i>The P2P project is no longer in place, and as such there are currently no resources which can be allocated to finding workable solutions to address the main areas of retrospective invoicing.</i></p> <p><i>Resources have been made available for the e-invoicing project, some of which could be diverted to looking at</i></p>	1 st April 2015	Project Manager (Procurement Transformation)

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<i>into account the proposed introduction of the No Purchase Order, No Pay scheme in early 2015.</i>			<i>retrospective invoicing, but this would be very small scale. Ultimately the implementation of No PO, No Pay will go some way towards addressing this issue.</i>		

Cross Cutting Schools Review – LL1100T1

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

- Personal and sensitive data is not held secure and is in non-compliance with the Data Protection Act thereby exposing the Authority to potential sanctions
- The governors and staff may not have evidence that there is effective control over the internal financial systems

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
3.2	No data should be held on unencrypted devices. All schools should be provided with encrypted devices or other encrypted media used immediately.	High	Y	Controls issues highlighted in the review to be posted on moodle and all schools sent an email link to the post.	October 2014	Senior Information and Performance Officer
3.14	The School Financial Management Regulations should be reviewed in full by the Lifelong Learning Directorate and disseminated to all schools. All schools should then ensure that local procedures are documented to supplement the Regulations accordingly.	Medium	Y	The scheme for financing schools is about to go to schools for consultation, subsequently a set of financial regulations will be drawn up for schools (financial management procedures).	September 2015	Finance Manager

3.15	<p><i>Secondary School Petty Cash floats should be reviewed and significantly reduced.</i></p> <p><i>Furthermore, formal guidance should be documented within the Lifelong Learning Directorate and issued to all schools to harmonise the approaches used by each school and define what types of expenditure may be funded through Petty Cash.</i></p>	Medium	Y	<p><i>The procedures for the operation of the petty cash will be included in the financial regulations in 3.14 and as such a review of the levels of petty cash will be carried to following the issue of the guidance.</i></p>	October 2015	Finance Manager
3.16	All schools should maintain appropriate inventory records without exception.	Medium	Y	Controls issues highlighted in the review to be posted on moodle and all schools sent an email link to the post.	October 2014	Senior Information and Performance Officer

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						
			Total	0	0	0
GOVERNANCE						
Procurement	CD0070S1	October 2013	Yes	1	0	1
ICT Unit Security of Mobile Devices	LL1065P1	May 2011	Yes	1	1	0
			Total	2	1	1
PEOPLE & RESOURCES						
Main Accounting	FD0080P1	December 2011	Yes	1	0	1
Payroll	HR0151T1	July 2014	Yes	2	1	1
			Total	3	1	2
EDUCATION & YOUTH						
E-Teach	LL0190N1	August 2010	Yes	1	0	1
School Budgetary Control	LL1010P1	November 2011	Yes	1	1	0
			Total	2	1	1
SOCIAL SERVICES						
			Total	0	0	0
COMMUNITY AND ENTERPRISE						
			Total	0	0	0
PLANNING & ENVIRONMENT						
Section 106 Agreements	EN0020P1	February 2011	Yes	5	4	1
			Total	5	4	1
STREETSCENE & TRANSPORTATION						
			Total	0	0	0
ORGANISATIONAL CHANGE						
Capital Programme	FD0090P1	January 2012	Yes	12	1	11
			Total	12	1	11
			Total	24	8	16

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: April 14	Gareth Owens	The future use of the Approved List needs to be reviewed, due to ongoing concerns regarding how up to date the information on each contractor is e.g. re-vetting of health and safety details. Framework Agreement needs to replace the Approved Lists going forward. Therefore until a strategic decision is made on the continued use the Approved List system, then we cannot proceed with a public advertisement for new suppliers.	New supplier applications for inclusion on the Approved List are still being received on a weekly basis, hence there is no barrier for suppliers to express an interest in working with the Authority.	Yes
	New Dates: No Response				
Main Accounting – FD0080P1	Original Dates: March 2012	Helen Stapleton	The delay in developing this protocol has occurred as a result of other competing priorities. The Finance Team have recently reviewed all reserves in some depth which has provided a sound foundation for developing the new protocol. This work is on track to be completed by the revised date of March 2015.	Risks are minimal. Following the review, the Finance Team, together with the Chief Officers, have greater clarity on the reserves being held and are collectively comfortable that these are appropriate. The reserves protocol will support the ongoing management of the reserves held.	Yes
	New Date: March 2015				
Capital Programme – FD0090P1	Original Dates: Oct 2012	Neal Cockerton	The Chief Officer restructure has meant it was necessary to delay the work on the Capital Strategy. Plans are now in place for the Capital Strategy to be developed and approved before the end of the financial year.	The capital programme for 2014/15 was set in February 2014. The capital programme is monitored on an ongoing basis.	Yes
	New Dates: March 2015				










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
Payroll – HR0151T1	Original Date: Sep 2014	Helen Stappleton	The recommendation has not been fully implemented due to lack of resource available and the unavailability of contacts within schools during the summer break	The full and thorough implementation of the recommendation will take longer than anticipated. In the meantime, Employment Service Assistants are reminded to check that all payments are properly authorised prior to processing.	Yes
	New Date: Nov 2014				
E-Teach	Original Dates: March 2011	Helen Stappleton	The delay has occurred as a result of a number of key projects, for example, the HR Service Review, Single Status, etc. However, significant progress has been made over recent months on the engagement of New Directions as a supplier of choice, which has been recommended to Schools. The future of ETeach is subject to further review with Headteachers / Schools	As Schools are increasingly using New Directions more (opposed to a range of different agencies) as well as E-Teach, there is greater corporate visibility in relation to teaching supply usage and a better control of costs.	Yes
	New Dates: March 2015				
Section 106 Agreements – EN0020P1	Original Date: Sep 2011	Andrew Farrow	Accounts of the receipt and spending of s106 monies will be reported to Town and Community	Full survey of all Town and Community Councils will be completed by March 2015.	Yes.

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
	New Date: March 2015		Councils on completion and regularly reported to Planning Strategy Group.	Results made available to Councils as they are completed and / or on request.	

Internal Audit Performance Indicators

Performance Measure	Q1	Q2	Target	RAG Rating
Internal Audit Departmental Targets				
Audits completed within planned time	70%	100%	80%	 ↑
Average number of days from end of fieldwork to debrief meeting	5.75	6.3	20	 ↓
Average number of days from debrief meeting to the issue of draft report	5.0	2.2	2	 ↑
Days for departments to return draft reports	7.5	15.9	3	 ↓
Average number of days from response to issue of final report	1.5	0.6	2	 ↑
Total days from end of fieldwork to issue of final report	19.75	25	27	 ↓
Client questionnaires responses as satisfied	100%	100%	95%	 →
Productive audit days	75%	73%	75%	 ↓
Other Targets				
Return of client satisfaction questionnaires	43%	100%	70%	 ↑

Key  Target not achieved  Within 10% of target  Target Achieved

↑ Improving trend → No change ↓ Worsening trend

Wales Chief Auditors Group Benchmarking, 2013/14

NB Wales Average figures are from the 15 Authorities who took part in the benchmarking exercise.

	Flintshire	Wales Average
% of planned audits completed, 2013/14	88%	80%
% of audits completed within planned time	75%	71%
Average number of days from audit closing meeting to issue of draft report	15.0	11.2
Average number of days from response to draft report to issue of final report	1.8	3.4
% of clients responses at least satisfied	100%	96%
% of client questionnaires returned	65%	54%

Investigations

Ref	Date Referred	Investigation Details
1. The following new referrals have been received		
1.1	05.11.2014	Internal audit have been informed of the alleged theft of money from a Community Network House which has affected three service users. The Police have been informed.
1.2	12.09.2014	An investigation has been undertaken into suspected fraudulent activity regarding Concessionary Travel by one bus operator. The case has been referred to North Wales Police, who are investigating. The contract with this bus operator has been suspended and alternative arrangements have been put in place to ensure a continued service to the public
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.
2.2	29.07.2014	Information has been received concerning alleged financial irregularities at a school, the investigation is ongoing.

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 10 DECEMBER 2014**

REPORT BY: **CHIEF OFFICER (GOVERNANCE)**

SUBJECT: **CORPORATE GOVERNANCE**

1.00 PURPOSE OF REPORT

- 1.01 To agree the annual update of the Code of Corporate Governance.
- 1.02 To agree the process for preparing the Annual Governance Statement (AGS) for 2014/15.

2.00 BACKGROUND

- 2.01 The Corporate Governance Officer Working Group has two main roles relating to the annual update of the Code of Corporate Governance and the preparation of the AGS. For both roles it prepares the draft documentation for consideration by the Chief Executive, Monitoring Officer and Section 151 Officer prior to consideration by Audit Committee. The current membership of this officer working group is shown in Appendix 1.
- 2.02 The Council's Code of Corporate Governance forms part of the Constitution and applies to all aspects of the Council's business. Members and employees of the Council must in carrying out its business conduct themselves in accordance with the high standards expected by the citizens of Flintshire. The code recognises the emphasis placed upon corporate governance by the Welsh Government and is based upon and reflects the various principles in the Chartered Institute of Public Finance & Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) document entitled "Delivering Good Governance in Local Government: Framework".
- 2.03 The Code states that the Chief Executive and Monitoring Officer are responsible for ensuring that it is kept up-to-date by way of annual reviews commencing in October each year. This updating review was initially carried out by the Corporate Governance Officer Working Group followed by consultation with the Chief Executive, Monitoring Officer and Section 151 Officer. Attached as Appendix 2 is the Code with the proposed updating changes tracked.

- 2.04 For each financial year the Council is required to produce an AGS as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance and it also meets the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2010. CIPFA and SOLACE have jointly produced a detailed guidance note on the preparation and contents of an AGS.
- 2.05 From the financial year 2011/12 the preparation of the AGS has been coordinated by the Corporate Governance Officer Working Group reporting to the Chief Executive, Monitoring Officer and Head of Finance on its work.

3.00 CONSIDERATIONS

- 3.01 Members may recollect that last year there were many updating changes made to the code and this may have contributed to there being fewer needed this year. The main updating changes this year are:-
- Updates to reflect the new Chief Officer structure.
 - To include in 1.13 reference to the in-depth corporate assessment undertaken by the Wales Audit Office.
 - In 2.9 to update on the completion of the single status agreement.
 - In 3.9 to update on the strategic partnership governance framework.
 - To update on improvement and service planning.
 - To include reference to the new e-magazine 'Your Council' and the public consultation on the budget process.
- 3.02 In relation to the AGS the process of preparing this for the financial year 2014/15 is about to commence. Since the coordination of the AGS has been undertaken by the Corporate Governance officer working group the Wales Audit Office (WAO) have not required any significant alterations to it when auditing it as part of the Council's statement of accounts. The WAO did however suggest last year that consideration be given to more Member involvement in the preparation of the AGS. In response to this last year the process was amended to include a report to Audit Committee at the start of the process to endorse the process for preparation of the AGS. Also to introduce questionnaires for the Chairs of Overview & Scrutiny Committees in addition to the questionnaires completed by senior officers. Also that when a draft AGS is available for that to be considered at an informal meeting of the Audit Committee prior to consideration at a formal committee meeting. These changes are proposed to continue this year.
- 3.03 Attached as Appendix 3 is the process for the preparation of this year's AGS which the committee is being asked to endorse. At the Audit Committee meeting on the 25 June 2014 during consideration of a report on budget setting and budgetary control arrangements

Ms Amanda Hughes of the WAO mentioned that in preparation for next year's AGS the Audit Committee may wish to have assurances on procurement, value for money and budgetary control. This was discussed as an informal meeting between Audit Committee members and Overview & Scrutiny Chairs and Vice Chairs on the 9 September 2014 when Members were asked to consider any changes to the process of obtaining input from Overview & Scrutiny Chairs in the preparation of the AGS. It was agreed that the questionnaire for this year would require more details from Overview & Scrutiny Chairs and ask more specific questions. Attached as Appendix 4 is the proposed questionnaire for Overview & Scrutiny Chairs showing the proposed additions to last year's questionnaire that reflects the decision made at the informal meeting.

4.00 RECOMMENDATIONS

- 4.01 For the Audit Committee to agree or amend as appropriate the updated Code of Corporate Governance shown in Appendix 2.
- 4.02 For the Audit Committee to endorse the process for preparation of the AGS as shown in Appendix 3.
- 4.03 For the Audit Committee to agree or amend as appropriate the questionnaire to be sent to Overview & Scrutiny Chairs shown in Appendix 4.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None as a result of this report.

6.00 ANTI POVERTY IMPACT

- 6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

- 8.01 None as a result of this report.

9.00 PERSONNEL IMPLICATIONS

- 9.01 The workload arising from this report can be accommodated within the existing staffing resources.

10.00 CONSULTATION REQUIRED

- 10.01 With the Corporate Governance Working Group, Chief Executive,

Monitoring Officer and Section 151 Officer.

11.00 CONSULTATION UNDERTAKEN

11.01 With the Corporate Governance Working Group, Chief Executive, Monitoring Officer and Section 151 Officer.

12.00 APPENDICES

12.01 Appendix 1 – Membership of the Corporate Governance Working Group

Appendix 2 – Tracked changes to the Code of Corporate Governance

Appendix 3 – Process for Preparation of the AGS

Appendix 4 – Questionnaire for Overview & Scrutiny Chairs

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

Existing Code of Corporate Governance
Report to Audit Committee 18 December 2013

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

Corporate Governance Working Group Membership

Peter Evans (Chair)	Democracy & Governance Manager
Vicki Robarts	Performance Team Leader
Karen Armstrong	Policy & Performance Manager
Jonathan Davies	Strategy Accountant
David Webster	Internal Audit Manager

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CODE OF CORPORATE GOVERNANCE

Introduction

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.

Flintshire County Council recognises the need for sound corporate governance arrangements and over the years Members and senior Officers have put in place policies, systems and procedures designed to achieve this and the stewardship of the resources at their disposal. In adopting a Code, the Council has drawn together all those elements of corporate governance which were already in place.

This code recognises the emphasis placed upon corporate governance by the Welsh Government and also takes into account relevant legislation and the contents of guidance documents which have been issued as follows: -

- Delivering Good *Governance* in Local Government: Framework – CIPFA/SOLACE
- Delivering Good Governance in Local Government – Guidance Notes for Welsh Authorities – CIPFA/SOLACE
- The Annual Governance Statement – A Rough Guide for Practitioners issued by the CIPFA Finance Advisory Network

The Council's Corporate Governance arrangements are reviewed annually by way of a self-assessment. The self-assessment is undertaken by senior officers of the Council and used to inform the Annual Governance Statement reported each year to the Council's Audit Committee and Council.

The Code forms part of the Constitution and applies to all aspects of the Council's business. Members and staff of the Council must, in carrying out its business, conduct themselves in accordance with the high standards expected by the citizens of Flintshire and to the aspirations set out below.

The Code is based upon and reflects the various requirements that underpin the six core principles contained in the document entitled “Delivering Good Governance in Local Government: Framework”. Those six core principles are: -

- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.
- Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing capacity and capability of Members and Officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

Many of the requirements that underpin the six core principles are inter-related and the various sections of the Code need to be read together to obtain a full understanding of the arrangements in place. The Code specially identifies the actions to be taken for each of the six core interlocking principles governing our business.

The Cabinet in consultation with the Constitution Committee were responsible for approving this Code and the Chief Executive and Monitoring Officer are responsible for ensuring that it is kept up to date by way of annual reviews commencing in October each year.

1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

1.1 The County Council is committed through the carrying out of its general and specific duties and responsibilities and its ability to exert wider influence, to: -

- Work for and with its communities.
- Exercise leadership in its communities, where this is appropriate.
- Undertake an “ambassadorial” role to promote the well-being of Flintshire where appropriate.
- Engaging and working in partnership with other organisations and authorities for the benefit of its communities.

1.2 The Council will maintain effective arrangements: -

- For explicit accountability to stakeholders for the Authority’s performance and its effectiveness in the delivery of services and the sustainable use of resources.

- To demonstrate integrity and openness in the Authority's dealings with partnerships established with other public agencies and the private/voluntary sectors.
- To demonstrate inclusivity by communicating and engaging with all sections of the community to encourage active participation.
- The impact of the county vision as set by the Local Service Board (LSB) is monitored and reviewed by the LSB and the Council's Cabinet as each partner body translates the vision into its working and governance arrangements.
- Ensure that the partnership arrangements below the Single Integrated Plan are supported by a common vision.
- Ensure appropriate governance arrangements are in place when developing alternative delivery models for services.

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1.3 An audited and signed Statement of Accounts is published on an annual basis to reflect a true and fair view of the Authority's financial position, as judged by the Council's external auditor (currently Wales Audit Office). Contained within the Statement of Accounts is a statement of responsibilities which includes: -

- Compliance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain.
- The Authority manages its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Suitable accounting policies have been selected and consistently applied.
- Ensuring judgements and estimates which have been made were reasonable and prudent.
- Reasonable steps have been taken to prevent and detect fraud and other irregularities.

1.4 An Annual Governance Statement is presented to Audit Committee and Council for approval every year. Once approved the Statement is signed by the Leader of the Council and the Chief Executive. The statement explains how the Authority has complied with the Code of Corporate Governance, and met the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2010.

1.5 The Council Planning Framework has been developed to incorporate both the Council's accountability arrangements through i) annual and periodic reporting of performance and risk and challenges in relation to the Council's administration and improvement priorities and ii) internal structural arrangements to support improvement and change through strategies and plans such as the HR People Plan, ICT Strategy and Medium Term Financial Strategy. Both these elements of the Council Planning Framework are encapsulated within our plans and strategies which include both the 'what and how' of planning to provide our services and the quarterly reporting of progress against these plans through the Improvement Plan monitoring and Chief Officer reports. The contents of the Council Plan (Governance)

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Framework have been agreed by Cabinet.

1.6 The Medium Term Financial Strategy (MTFS) was formally adopted by the Council in June 2011; the strategy has been translated into Welsh and has been published on the Council's website along with the Council priorities and improvement plan. The MTFS is a critical part of the Council's overall Governance Framework. It sets out the financial resource strategy by which the Council will deliver its vision as strategic objectives over the medium term. Its purpose is to enable the Council to plan ahead by identifying when new investment is required, where activity will increase or decrease and which new policies or targets (external or internal) will be set by the organisation. Integral to the MTFS is the Medium Term Financial Plan (MTFP) which: -

- i) Forecasts for a defined period available resources, financial pressures (which arise from conscious choice, or uncontrollable demand) and opportunities for efficiencies/savings for both revenue services and capital programme.
- ii) Provides an analysis of the 'gap' between estimated future funding and expenditure.
- iii) Identifies specific actions required to balance budgets and manage resources within the overall framework of the Medium Term Financial Strategy.

The MTFP is an ever evolving forecast of the Council's financial position. The latest published MTFP is at 30th September 2013. The Council plans to develop a fuller and more priority based MTFS in 2014.

1.7 The County Council's financial and operational reporting processes are independently examined by: -

- The Wales Audit Office whose annual audit letter is presented to the Audit Committee and their audit certificate is included in the annual Statement of Accounts.
- The Council's independent Internal Audit who report regularly to the Audit Committee including an annual report.
- Other external review agencies such as ESTYN and the Care and Social Services Inspectorate Wales (CSSIW).

1.8 The Council's Overview and Scrutiny Committees have a significant input into the review and development of service delivery issues and policy development. This role includes the examination of performance outturn and budget monitoring which assist in assessing success and failure. These are some of the checks and balances which have been put in place. External regulations add to the process through the publication of reports on service and performance.

1.9 Other ways in which the Council measures and monitors the quality of its services includes: -

- The use of quality assurance models.
- Internal and external audit and inspections.
- Customer Satisfaction Surveys.
- The CIPFA Benchmarking Club.
- Reports on performance, risk and achievement of Improvement Objectives (priorities) to Overview & Scrutiny Committees and the Cabinet.

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1.10 The Council strives to ensure continuous improvement in the delivery of its services through performance measurement and management, establishing service quality standards, creating clear lines of accountability and undertaking customer satisfaction surveys. The Council has a procedure for dealing with Compliments, Comments and Complaints which enables complaints to be recorded on a central database and monitored corporately and within each directorate.

1.11 A central register of contracts and lists of defaults is being developed to assist in contract monitoring and review. In some areas the Council has put in place arrangements and backup capacity to respond to service or market failure.

1.12 A number of methods are employed to demonstrate value for money: -

- The annual Improvement Plan provides detailed information of the Council's plans and their desired impacts. The annual Performance Report provides a general performance and progress profile as to how the Council is improving the level of efficiency and effectiveness of its services in line with it's Improvement Plan.
- An annual budget setting process is in place and all directorates have monthly meetings to review their budgets.
- The Terms of Reference of the Council's Overview & Scrutiny Committees enables them to review, scrutinise, question and make recommendations in relation to their areas of activity including policy, finance, performance, risk and governance.
- A series of fundamental business plan reviews, are being undertaken, as part of the Council's organisational change programme.

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1.13 The Wales Audit Office review the Council's performance and value for money arrangements through their Improvement Assessment work and report their findings in various letters and their Annual Improvement Report. WAO have recently completed their in-depth Corporate Assessment of the Council. Corporate Assessments are undertaken approximately every four years. Formal feedback is awaited.

1.14 Various impacts such as equality, financial, personnel, environmental and anti-poverty of the Council's policies, plans and strategies are identified on all

committee reports. In addition, Equality Impact Assessments are undertaken and published in relation to policy and business decisions as well as setting the budget.

1.15 The Council has adopted the principle that in the conduct of public business and the administration of justice in Wales it will treat the Welsh and English languages on a basis of equality. The Council's Welsh Language Scheme sets out how the Council will give effect to that principle when providing services to the public in Wales, and in the conduct of its internal business. The Council has made a public commitment to monitor and review the implementation of its Welsh Language Scheme and to report annually to the Council's Cabinet and to the Welsh Language Commissioner on its performance.

2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles

2.1 The Council recognises the need to have effective political and management structures and processes to govern decision-making and the exercise of authority within the organisation. It has therefore established a number of arrangements to secure this.

2.2 The Council's Constitution includes the names and a description of the portfolios held by the Leader and other Members of the Cabinet. Their respective roles have been agreed and documented. Role descriptions have also been agreed for all chairs and vice-chairs of Overview and Scrutiny Committees, regulatory committees and Members of Overview and Scrutiny Committees are similarly documented.

2.3 Job descriptions are in place for all Senior Officers of the Council and the senior management structure is kept under review to ensure its continued appropriateness.

2.4 The Constitution includes a Delegation Scheme which identifies those decisions reserved to the County Council, those local choice issues which are decided by the County Council and those by the Cabinet at the Council's discretion. Local choice issues are reviewed at the Council's Annual Meeting. The Delegation Scheme identifies those general and specific delegated powers given to Chief Officers and Senior Officers and is subject to frequent review.

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2.5 The Council has appointed a Chief Executive as Head of the Paid Service and with responsibility for all aspects of operational management. The Corporate Finance Manager is responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts and for maintaining an effectual system of internal financial control fulfilling the Council's requirements under Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988. The Chief Officer, Governance has been designated at the statutory Monitoring Officer

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and is accountable for the statutory requirements of that role under Section 5 and 5(a) of the Local Government and Housing Act 1989. The three Statutory Officers consult each other as required by their statutory roles and meet regularly to consider the work of the Cabinet.

2.6 The Council has put in place a number of mechanisms to ensure effective communication between Members and Officers in their respective roles. A Protocol on Member/Officer Relations provides guidance for Members and Officers covering the more common situations that tend to arise. The Protocol encourages the establishment of sound and effective working relations for engendering mutual respect and the observance of the highest standards of behaviour and courtesy towards each other. It gives advice to Officers on the information that Members are entitled to expect, for the purposes of undertaking their various roles. It includes a section relating to communications and emphasises the need to maintain confidentiality where such an expectation exists. It also recognises the need of Members to be apprised of local issues affecting their Ward including public meetings and consultation exercises.

2.7 Briefing sessions are provided to Chairs and Vice-chairs of Committees in advance of committee meetings and wider briefings are organised from time to time with Group Leaders, members of the Cabinet and Ward Members in relation to specific issues.

2.8 The levels of Member allowances are set annually by the Independent Remuneration Panel for Wales. Their specific application to the Council is considered at the annual meeting and then detailed in the Schedule of Member Remuneration which forms part of the Constitution.

2.9 The terms and conditions and the remuneration of Officers are negotiated nationally. However a job evaluation exercise covering former manual and former administrative, professional, technical and clerical staff has recently been completed and a single status agreement has been approved. This project was central to the development of an equality proofed pay structure.

2.10 The Chief Executive leads the management of the Council through its Chief Officer Team which through the review of the Council Improvement Plan and supporting plans and strategies, is responsible for communicating the Council's shared values with the community and the Council's partners. It communicates these through: -

- Partnership working
- Reports to the Council and its committees and the Cabinet
- The e-magazine 'Your Council'.
- Meetings with the Flintshire Joint Trades Union Council
- Meetings of the Joint Consultative Committees
- Flintshire Focus
- Change Exchange and Team Brief

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- Staff appraisal process
 - Senior Management Team and other team meetings
- 2.11 Following the Annual Meeting of the Council, Members from all political groups are nominated to undertake roles on various outside bodies. Guidance has been provided to assist Members in carrying out those roles and responsibilities and separate guidance for those nominated as company directors. Whenever a new partnership is created, care is taken to ensure that its legal status is clear, that it has appropriate terms of reference and that representatives are aware of the extent to which they can bind the Council. The Cabinet has set and agreed a protocol for the governance of partnership working including the full involvement of appropriate Overview & Scrutiny Committees and the Audit Committee.

3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

3.1 The County Council recognises that the openness, integrity and accountability of individuals within a local authority form the cornerstone of effective corporate governance. Also the Council's reputation depends on the standards of behaviour of everyone in it, whether Members, employees or agents contracted to it.

3.2 Members and Senior Officers are therefore expected to maintain shared values and exercise leadership by conducting themselves as role models within the County Council to follow. As a result: -

- The Council has a Code of Conduct governing the behaviour of all Members and co-opted Members of the County Council. This Code requires all Members to declare personal (and prejudicial where appropriate) interests in any matters which come before them for consideration. Where the interest is prejudicial Members must withdraw from the room where the discussion is taking place unless they have received a dispensation from the Standards Committee. Interests must be declared in all meetings including informal meetings with Officers and in correspondence.
- A Local Resolution Procedure has been adopted to resolve the less serious internal complaints of a Member not complying with the Code.
- The Code applies to Members in their dealings with other organisations to which they have been nominated except where that organisation has its own separate code when that code will apply.
- A supplementary Code has been adopted to deal specifically with planning matters.
- The majority of members on the Council's Standards Committee are independent co-opted members, one of whom is the Chairman of the Committee, with the responsibility for monitoring the operation of the Members' Code and providing training and guidelines on it to all Members.

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- Officers are subject to a Code of Conduct which includes a wide range of standards of behaviour required of them. These standards include requirements to perform their duties diligently, to respect the dignity and rights of the public, customers and other employees at all times; and to serve the public courteously, efficiently and impartially. There are other requirements relating to the use of Council resources, gifts and hospitalities, outside commitments, conflicts of interest, confidentiality, political neutrality, relationships with Members and general conduct.
- 3.3 The Leader and Cabinet have set up a number of advisory boards to assist the Cabinet in the development of policy and the development of services.
- 3.4 The County Council has in place a timetable of meetings which seeks to ensure that the roles described above can be exercised effectively. The full County Council is scheduled to meet every 10 weeks, special meetings also take place when they are required, Cabinet meets every four weeks and each of the six Overview and Scrutiny Committees meet regularly several times a year. Details of Overview & Scrutiny work is contained in an annual report reported to Council each year and available on the Council's website.
- 3.5 The County Council has adopted an Anti-Fraud and Corruption Policy which is reviewed and updated periodically. Its key elements are: -
- To promote a culture of honesty and opposition to fraud and corruption within the Council.
 - To provide arrangements whereby concerns can be raised with senior Officers on a confidential basis.
 - To ensure arrangements are in place for the prevention of fraud and corruption within the Council, including internal control mechanisms and effective recruitment procedures.
 - To set up basic principles to apply where instances of fraud are detected, including the involvement of the Police and the taking of disciplinary measures.
 - To remind staff to be alert to possible causes of fraud and corruption.
- 3.6 Processes are also in place to ensure the continued operation of arrangements for ensuring that Members and employees are not influenced by prejudice, bias and conflicts of interest. In particular: -
- Members receive advice on a regular basis from the Standards Committee on the application of the Members' Code of Conduct.
 - A Code of Planning Practice has been adopted.
 - A Protocol has been agreed and published giving guidance to Members on dealings with Developers and Contractors.
 - A Members' Register of Interests is maintained.
 - There is a formal opportunity for Members at the beginning of all meetings to declare interests.

- Officers are required to register any interests, gifts and hospitality on registers kept by their Chief Officer. Members of the Chief Officer Team should inform the Monitoring Officer of any interests, gifts and hospitality they receive which will be kept on a central register.

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3.7 The requirements and terms of the various codes and policies are drawn to the attention of those who need to know about them in a variety of forms: -

- Through formal Member training, in the case of the Members' Code of Conduct.
- Through publicity of the Officers Code of Conduct, Whistle Blowing Policy and Anti-Fraud and Corruption Policy on the County Council's intranet site.
- Through the County Council's staff induction programme.

3.8 In addition to the Codes of Conduct and Protocols referred to above, the Council seeks to maintain high standards in the conduct of its business and avoid prejudice, bias and conflicts of interest through: -

- The adoption and publication of an Equal Opportunities and Diversity Policy and the provision of training.
- The adoption of a Strategic Equality Plan and annual reporting.
- Through the adoption and monitoring of the Council's Welsh Language Scheme and Policy.

3.9. The Local Service Board has developed a Strategic Partnership Governance Framework that considers: -

- Procedures for forming or joining any Strategic Partnership
- Strategic Partnerships Agreements
- Performance Management
- Risk Management
- Resource Management
- Information Sharing and Communication
- Annual Partnership Review / Self-Assessment

The purpose of this is to provide a consistent approach to Strategic Partnership Governance.

This Framework is used by the LSB and related partnerships including: - -

- Employment, Skills & Jobs Project Board
- Health, Wellbeing and Independence Board
- People are Safe Board
- Youth Justice Executive Management Board

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 Employment, Skills & Jobs Project Board¶
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 People are Safe Board¶
 Youth Justice Executive

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The diagram at Appendix 1 shows the links between the LSB and the Partnership Boards in relation to the Community Strategy, Single Integrated Plan and Council plans and strategies.

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<#>Flintshire Housing Partnership¶
<#>Health, Social Care & Well-being Partnership¶
<#>Regeneration Partnership¶
<#>Youth Justice Service Executive Management Board ¶

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

4.1 The Council has also adopted a Constitution which: -

- Clearly defines those functions which are reserved to the full Council for decision, those decisions which will be taken by the Cabinet or its individual members, and those which are delegated to senior Officers. In this respect, the basic principle on which these rules are established is that the full Council sets the strategic direction through the adoption of policies and the budget, the Cabinet takes major decisions within the overall policy and budget framework and helps to develop new policies and Officers take the day to day decisions within the policy and budget framework.
- Established through the six Overview and Scrutiny Committees a robust overview and scrutiny role. These bodies have between them powers to review and scrutinise decisions relating to any of the Council's activities, including considering policy issues referred to them by the Council or the Cabinet.
- Sets out clearly the role of the Leader and Cabinet and in particular makes it clear that they are responsible for providing effective strategic leadership to the Council and for ensuring that the Council successfully discharges its overall responsibilities for the activities of the organisation as a whole.
- Ensures through Financial Procedure Rules and the Scheme of Delegated Powers that there is effective control over the day to day conduct of the Council's business by requiring Member approval for decisions outside defined parameters.
- Makes clear the role of all Councillors both in their formal decision making/policy development role and as local members and ensures through the Schedule of Member Remuneration that they are properly remunerated for this work.

4.2 The Constitution sets out the responsibilities and procedures for decision making. Decisions which can be taken by the Cabinet, Overview and Scrutiny and other committees and full Council are clarified in Part 3 of the Constitution. The fundamental principles to be applied in all decision making are as follows: -

- Proportionality (i.e. the action must be proportionate to the desired outcome).
- Due consultation and the taking of professional advice from Officers.
- Respect for human rights.
- A presumption in favour of openness.

- Clarity of aims and desired outcomes.
- Consideration of alternative options.
- Recording reasons for the decision, including details of any alternative options considered and rejected.
- In addition the Council's policies and protocols set out the processes that must be followed in decision making e.g. in relation to planning applications processes are detailed in the Flintshire Planning Code of Best Practice.

4.3 The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is divided into 21 articles which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in rules and protocols at the end of the Constitution.

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4.4 The decision making process is clearly explained on the Council's web site.

4.5 The Constitution contains comprehensive Contract and Financial Procedure Rules governing the process to be adopted in conducting the Council's business; these are further supported by more detailed local codes, protocols and notes of guidance.

4.6 The Constitution sets out clear protocols and codes of conduct to ensure that the implications of supporting community political leadership for the whole Council are acknowledged and resolved, including: -

- Members' Code of Conduct
- Standards Procedure
- Whistleblowing Procedure
- Flintshire Planning Code of Best Practice
- Protocols for Overview and Scrutiny Committees including:-
 - Attendance of Members and Officers at Overview and Scrutiny Committee meetings
 - Dealing with minority reports within Overview and Scrutiny
 - Cabinet Members attending meetings of Overview and Scrutiny Committees
 - Members placing items on an agenda of an Overview and Scrutiny Committee
- Local Member/Officer Protocol

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4.7 In addition, the Council's Infonet site has guidance on, for example: -

- Equalities
- Harassment

- Speaking up about wrongdoing (Whistle Blowing)
- Health and Safety at Work
- IT Code of Practice
- Data Protection

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- 4.8 The Council has an Audit Committee consisting of 7 politically balanced Members and a lay member. The Chair and Vice Chair are chosen by the Committee itself from amongst the opposition group(s), non-aligned Councillors, or lay member. It meets on a regular basis and is advised by the Council's Internal Audit Manager, and is normally attended by representatives of the Council's external auditors. All Members receive training and it is a requirement that only trained substitutes are allowed.

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The Committee's terms of reference include those prescribed by the Local Government (Wales) Measure 2011 and were agreed by the Council. They give the committee the following functions: -

- Review the effectiveness of the Authority's systems of corporate governance, internal control and risk management systems, and to make reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements;
- Oversee the reporting of the statutory financial statements process to ensure the balance, transparency and integrity of published financial information, and to review the financial statements prepared by the authority and recommend them to the County Council;
- Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context;
- Review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.

- 4.9 The Audit Committee is further supported in the discharge of its functions by:-

- Having appropriate arrangements in place for delivery of an adequate and effective Internal Audit function and ensuring adequate reporting arrangements to safeguard its independence.
- An up to date risk based Internal Audit Plan.
- Systematic risk assessments in all areas of the Council's activities; both at a strategic level supporting the Council's improvement priorities and at an operational Chief Officer level.
- Clear Terms of Reference.
- External Auditors who annually consider the Council's approach to legality, its response to major legislation and any matter of legality relevant to the

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Audit of financial transactions and the outcome is considered by the Audit Committee.

- Appropriate training for Members of the Audit Committee.

4.10 The Council has identified and evaluated its strategic risks in relation to the priorities within the Improvement Plan. These form the basis of the Council's strategic risk register. Additionally, operational risks are captured and monitored through the supporting plans and strategies, to the Improvement Plan. Partnership and project risks are captured by and reported to the appropriate boards.

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4.11 The Council has developed a resilient approach to Business Continuity including: -

- The development of a Corporate Business Continuity Plan which provides the overall framework within which the Business Continuity Plans operate and identifies the actions to be taken to aid recovery during a major business interruption e.g. loss of IT or accommodation.
- The identification of Mission Critical Services and development of Plans for those services which must be maintained or recovered as a priority should a business interruption occur e.g. severe weather.

Both the above are periodically tested through training and scenarios and lessons applied through these and in year events.

4.12 The Council has a Whistle Blowing Policy which is reviewed and updated periodically. All members of staff have access to the policy which aims to: -

- Encourage staff, contractors and suppliers and partners to feel confident in raising serious concerns and to question and act upon concerns.
- Provide avenues for people to raise those concerns and receive feedback on any action taken.
- Ensure that people receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied.
- Reassure those raising concerns that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have raised any concern in good faith.

4.13 The Council actively recognises the limits of lawful activity placed upon them whilst also striving to utilise powers to the full benefit of their communities through: -

- Legal advice in the preparation of Council, Committee and Cabinet reports.
- The availability of legal advice at meetings of the Council, the Cabinet and various Committees.

- The pro-active work of the Council's Legal Service and its close working relationship with service managers.
- Professional development and training (including multi-agency training for Children's Services staff in particular).
- The Council's policies and protocols set out the processes.

4.14 The Overview & Scrutiny function has developed as a critical friend, providing constructive challenge in order to contribute to continuous service improvement. This role is discharged both through consultation by the Cabinet and Chief Officers and also through the 'calling in' of Cabinet decisions by the 6 functional Overview & Scrutiny Committees. Each of those Committees engages in performance monitoring and management through the consideration of appropriate items such as performance indicator, outturns, risk identification and mitigation. The work programmes of Overview & Scrutiny are updated and published on a regular basis and there is a dedicated team of Officers to support the function.

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4.15 Other Committees will take decisions based upon detailed reports with any late information being referred to in the minutes. Overview and Scrutiny Committees when undertaking work requested by Council or the Cabinet or when undertaking their own investigations, will agree reports containing the evidence which was considered to be material.

4.16 The Cabinet and County Council reports, contain all the information, evidence and comments needed to take decisions. The decisions made by Officers under delegated powers are documented on files or where they are of a significant nature, incorporated in Delegated Action Forms which are reported to the Cabinet for information purposes.

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4.17 The Monitoring Officer and Deputy Monitoring Officer are available to give advice to Members and staff on conflicts of interest that might arise from time to time. Guidance is also available on the Council's Infonet.

4.18 A set of customer care standards are in place which are supported by a complaints procedure, which in turn is supported by a central database system which aims to: -

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- Make it easy for anyone to make a comment, complaint or a compliment.

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- Solve problems as close to where they occur as possible, and pass back compliments to the right people.

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- Prevent problems happening again and also encourage good practice.

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4.19 Monitoring of the arrangements set out above is carried out in a number of ways, particularly: -

- Through the Corporate Complaints Officer in the case of compliments, comments and complaints.

- Through the Standards Committee, in the case of the Members' Code of Conduct.
- Through the Monitoring Officer, in respect of the Whistle Blowing Policy.
- By Internal Audit, in the case of the Anti-Fraud and Corruption Strategy.

4.20 Member Services provide a support service to Members in relation to their ward issues.

4.21 The Council has developed a separate complaints handling system for social services matters with three stages. The final stage involves an appeal to an Independent Panel.

4.22 There are statutory appeal processes involving independent panels for school exclusions and admissions.

5. Developing capacity and capability of Members and Officers to be effective

5.1 Generic one day induction sessions are provided for all new employees in groups. Those induction sessions include modules comprising equalities and diversity awareness, customer care and governance.

5.2 After County Council elections a Member induction programme is devised and delivered. The Council ensures that both Members and Officers have the skills required to undertake their roles and that those skills are developed on a continuing basis to improve performance through: -

- Staff appraisal as part of a performance management system which also identifies training and development needs and how these will be met.
- Induction training for officers.
- The development of leadership and management behavioural competencies.
- Development and training programmes, including those provided by professional organisations for both Members and Officers.
- Management Development Programme for Officers.
- Member induction training.
- A mentoring system for Members.
- An annual Member Development Programme.
- The Council's Member Development Strategy.
- Training on the Members' Code of Conduct.
- Specific training for Members on planning, licensing, audit and risk management.

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5.3 The Council benefits from its membership of the Welsh Local Government Association which provides support and assistance over the whole range of Council functions, partnership working, policy development and liaison with

the Welsh Government. CIPFA/SOLACE, Lawyers in Local Government and other professional associations also assist and support statutory and other service officers in performing their roles.

5.4 A People Strategy and underpinning action plan, which aims to ensure that employees deliver services that meet existing and future demands has been developed to run until 2014. The HR Business Partner, aligned to each portfolio, works in partnership with portfolio Management Teams to develop and implement activities under the People Strategy at local / service level. There is a nominated officer in each service area who is responsible for monitoring specific elements of the plan, for example, the completion of individual employee appraisals.

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5.5 The Council wishes to encourage individuals from all sections of the community to engage with and contribute to and participate in the work of the Authority and seeks to achieve this aim through: -

- The Single Integrated Plan and its extensive and consultation with partners.
- The Improvement Plan produced annually which is consulted on through the Members as representatives of local residents.
- Supporting Communities First programmes to enable people to participate effectively in their own communities.
- The development and implementation of a consultation and engagement framework and guidelines/policy document.
- The adoption of a set of core consultation and engagement principles based on nationally identified best practice.

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5.6 The Council ensures that career structures are in place for all staff and encourages participation and development through: -

- development of a Corporate Performance Management framework
- development of a People Strategy
- periodic restructuring of the Council's senior management
- continuous professional development

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6. Engaging with local people and other stakeholders to ensure robust public accountabilities

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6.1 The Council continues to enhance arrangements to demonstrate the levels of accountability in the provision of services through: -

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- The Single Integrated Plan
- The Council's Improvement Plan
- Supporting Plans and Strategies
- Clear statements of roles and accountabilities in job descriptions of staff

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- Clear statements of the roles of Members in their various offices
- Unambiguous provisions in partnership and service level agreements
- Terms of reference of committees

6.2 The vast majority of reports are considered in public and in the rare cases where this is not the case, the Committee has resolved to exclude the press and public after the Monitoring Officer or Deputy Monitoring Officer have decided there is a proper legal basis for doing so.

6.3 The Council's Overview and Scrutiny Committees produce an annual report on their work which is considered by the Council.

6.4 The Council has established clear channels of communication with all sections of the community and other stakeholders and put in place proper monitoring arrangements to ensure they operate effectively.

- The Council has many ways of communicating with its citizens and stakeholders, including: -
 - Publications and leaflets
 - The e-magazine 'Your Council'
 - Website
 - Social Media
 - Events
 - Established links and regular meetings with local interest groups/forums
 - Invitations to members of the public to submit issues they consider should be considered by Overview and Scrutiny Committees
 - Consultation on the budget process with local stakeholders (residents and businesses) to help shape its budget proposals
- Recognising the value of media as a method of communicating information to the public and using news releases, statements and media briefings to do this.

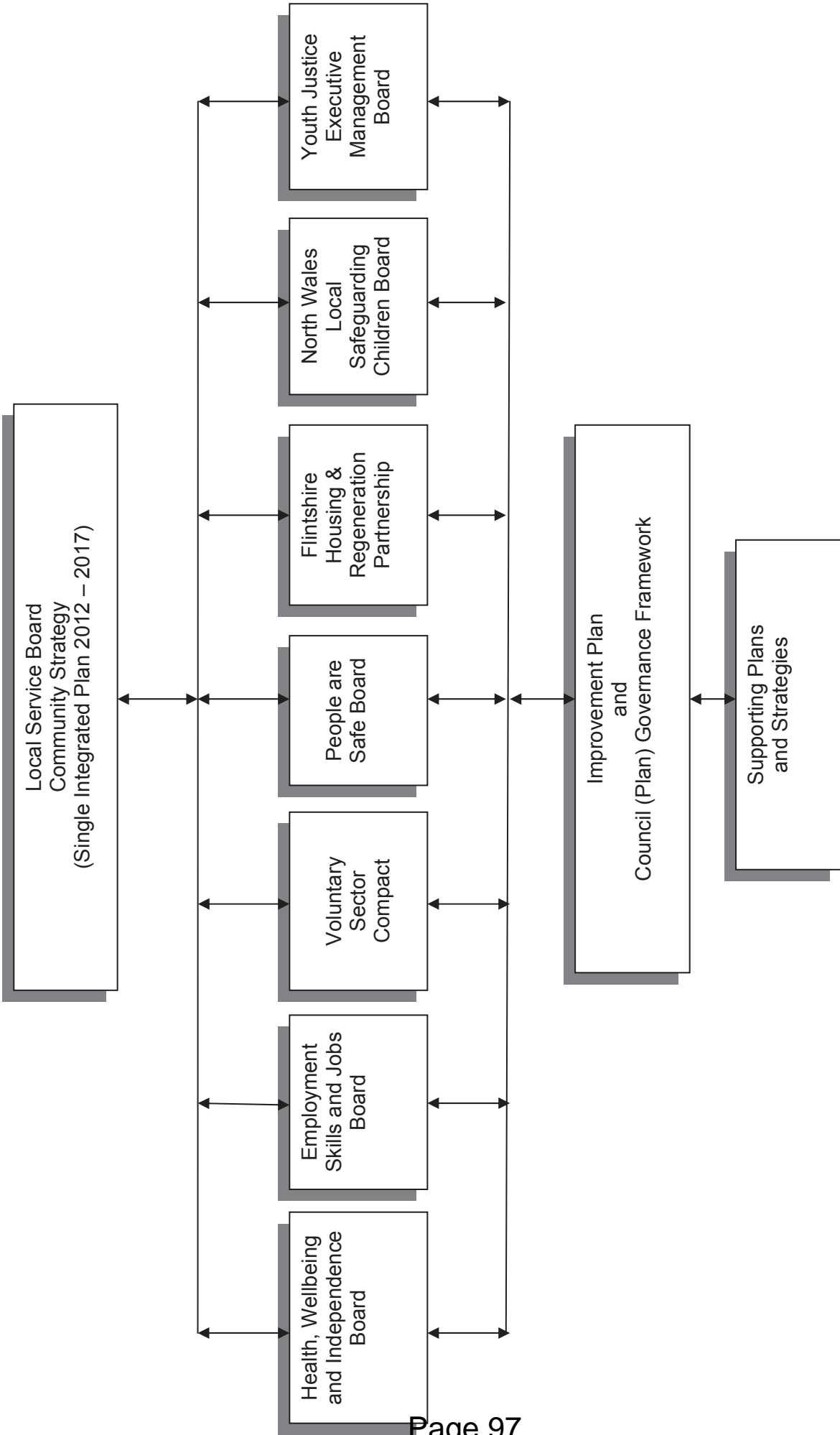
Deleted: <#>Your Community, Your Council – household newsletter¶

Deleted: <#>Presentations by the The Overview and Scrutiny Team has in recent years given presentations about the function and role of ? Overview and Scrutiny to local schools and Town and Community Councils.¶

Inserted: <#>Presentations by the

Inserted: <#>the function and role of ?

Deleted: <#>Consultation on the budget process with local stakeholders (residents and businesses) to help shape its budget proposals.¶



Local Service Board

Process for Preparation of AGS

Date	Steps
10 December 2014	Report to Audit Committee for endorsement of process
Late December 2014	<ul style="list-style-type: none"> • Send out questionnaire to all Chief Officers for self assessment and obtaining information/evidence. • Send out questionnaire to Overview & Scrutiny Chairs
February 2015	<ul style="list-style-type: none"> • Where appropriate internal challenge by the Working Group of the questionnaires returned by Chief Officers. • Gathering of further information/evidence by the Working Group
March/April 2015	Working Group prepare draft AGS in the light of information/evidence provided and results of internal challenge.
May 2015	Draft AGS considered by the Chief Executive, Monitoring Officer and Section 151 Officer.
June 2015	Working Group amend draft AGS as a result of consideration by Chief Executive, Monitoring Officer and Section 151 Officer.
Early July 2015	Informal consideration of AGS by Audit Committee members
16 July 2015	Report to Audit Committee with draft AGS
August 2015	Provide information and assist Wales Audit Office in its consideration of AGS
September 2015	AGS reported to County Council

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ANNUAL GOVERNANCE STATEMENT

QUESTIONNAIRE TO CHAIRS OF OVERVIEW & SCRUTINY COMMITTEES

1. Section 5 of the attached AGS gives the significant governance issues as at April 2014. Where any of those issues relate to the area of responsibility of your Overview & Scrutiny Committee are you aware whether those issues have been satisfactorily managed during 2014/15?

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2. In the financial year commencing 1 April 2014 are there any governance issues or concerns that your Overview & Scrutiny Committee has identified? (This may relate to a lack of proper financial controls or a lack of awareness of provisions in the Council's Constitution, or concerns over the management of individual risks as highlighted in performance reports for example).

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- a) If so, how were they addressed?

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- b) Are any such issues or concerns still outstanding?

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3. In your individual capacity have you identified any governance issues/concerns in the year commencing 1 April 2014?

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a) If so, how were they addressed?

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b) Are any still outstanding?

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4. Is your committee satisfied with the Council's arrangements for:-

- a) Budget Control & Monitoring
- b) Procurement
- c) Obtaining Value for Money
- d) Monitoring and Reporting of Performance (including Risk)

.....

5. Please give details in support of your above view.

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Please return this questionnaire to Peter Evans by the end of January 2015

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 10 DECEMBER 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**

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

AUDIT COMMITTEE ACTION SHEET

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	Included in update to this Committee.

7TH MAY 2014				
Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
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 2014/15.

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	<i>To be sent to all Overview and Scrutiny Committees when the budget process is finalised.</i>
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	The impact of the budget on the MTFP has been shared with all councillors as part of the budget process. The document will be revised in early 2015 and will then be shared with OSC.

26TH JULY 2014

Agenda Item No.	Report	Action Required	Responsible Officer	Action Taken
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, January 2015.

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**
DATE: **WEDNESDAY, 10 DECEMBER 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**

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

AUDIT COMMITTEE
FORWARD WORK PROGRAMME 2014/15

MEETING DATE	AGENDA ITEM	AUTHOR
28 January 2015	<ul style="list-style-type: none"> • Treasury Management Update and Strategy • Annual Report on external inspections • Anti-Fraud Strategy and Fraud Response Plan • Action Tracking • Forward Work Programme • Tendering for banking services 	Liz Thomas Peter Evans David Webster David Webster David Webster Liz Thomas
18 March 2015	<ul style="list-style-type: none"> • Annual Financial Audit Outline (WAO) • Treasury Management Update • Update of FPR's • 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 Gary Ferguson 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) • 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

MEETING DATE	AGENDA ITEM	AUTHOR
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
December 2015	<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 	David Webster David Webster David Webster Karen Armstrong Peter Evans Liz Thomas