

# 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

10 March 2015

Paul Williams

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Dear Sir / Madam

A meeting of the **AUDIT COMMITTEE** will be held in the **CLWYD COMMITTEE ROOM, COUNTY HALL, MOLD CH7 6NA** on **WEDNESDAY, 18TH MARCH, 2015** at **10.00 AM** to consider the following items.

Yours faithfully

Democracy & Governance Manager

## **A G E N D A**

- 1 **APOLOGIES**
- 2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**
- 3 **MINUTES** (Pages 3 - 10)  
To confirm as a correct record the minutes of the meeting held on 28 January 2015 (copy enclosed).
- 4 **INTERNAL AUDIT PROGRESS REPORT** (Pages 11 - 38)  
Report of Internal Audit Manager enclosed.
- 5 **ANNUAL IMPROVEMENT REPORT AND THE CORPORATE ASSESSMENT REPORT OF THE AUDITOR GENERAL FOR WALES FOR FLINTSHIRE** (Pages 39 - 50)  
Report of Chief Executive enclosed.

- 6 **INTERNAL AUDIT STRATEGIC PLAN** (Pages 51 - 68)  
Report of Internal Audit Manager enclosed.
- 7 **WALES AUDIT OFFICE (WAO) AUDIT PLAN 2015** (Pages 69 - 102)  
Report of Chief Executive and Corporate Finance Manager enclosed.
- 8 **AUDIT COMMITTEE SELF ASSESSMENT AGAINST CIPFA GUIDANCE**  
(Pages 103 - 114)  
Report of Internal Audit Manager enclosed.
- 9 **2014/15 TREASURY MANAGEMENT UPDATE** (Pages 115 - 122)  
Report of Corporate Finance Manager enclosed.
- 10 **PUBLIC SECTOR INTERNAL AUDIT STANDARDS** (Pages 123 - 170)  
Report of Internal Audit Manager enclosed.
- 11 **ACTION TRACKING** (Pages 171 - 176)  
Report of Internal Audit Manager enclosed.
- 12 **FORWARD WORK PROGRAMME** (Pages 177 - 180)  
Report of Internal Audit Manager enclosed.

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

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

## **AUDIT COMMITTEE** **28 JANUARY 2015**

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 28 January 2015

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

Councillors: Glyn Banks, Haydn Bateman and Alison Halford

**APOLOGIES:** Mr. Paul Williams and Councillors Alan Diskin, Ian Roberts and Arnold Woolley

**IN ATTENDANCE:**

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

Mr. John Herniman of Wales Audit Office

Finance Manager - Technical Accountancy (for minute numbers 49-52)

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

There were no declarations of interest.

**48. MINUTES**

The minutes of the meeting of the Committee held on 10 December 2014 were submitted.

Matters Arising

Minute 43: Corporate Governance - the Democracy & Governance Manager advised that the updated Code of Corporate Governance was being submitted for approval to the Constitution Committee meeting later in the day.

**RESOLVED:**

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

**49. AUDIT OF FINANCIAL STATEMENTS 2013/14 - ISSUES RAISED**

The Finance Manager - Technical Accountancy introduced the Council's response and action plan to the Wales Audit Office (WAO) report 'Audit of Financial Statements 2013/14' which had been presented to the Committee and full Council in September 2014. The actions being taken in response to the issues raised by WAO would be resolved for the 2014/15 accounts.

Detailed explanation was given on phased work being undertaken to address historical issues on the identification of non-current assets on the register for the 2014/15 accounts. Work on assets classified as Council dwellings

and infrastructure would commence in 2015/16 pending the revaluation of housing stock and the introduction of a different valuation method for infrastructure assets required by the Code of Practice in that financial year. Actions to address the issue of accounting for transactions in the appropriate financial year would be helped by more checking by the Finance department and communicating more widely with budget holders, and the move away from traditional methods to electronic use of information exchange would assist.

In response to a query from Councillor Alison Halford on the appropriate accounting treatment of deposits such as Section 106 monies, the Finance Manager clarified that the issue was around where these transactions were held on the balance sheet. She explained that such a deposit would be linked to planning conditions and would be held on the balance sheet for release over a period of time. There were over 100 such transactions during the period, each to be reviewed during 2014/15 to ensure that all were accounted for correctly.

Mr. John Herniman of WAO said that some deposits could be released to revenue and may not need to be on the balance sheet. He referred to the classification of data on infrastructure which would be resolved through requirements in 2015/16 and that issues previously raised on the identification of assets of vehicles, plant and equipment would need to be resolved for this year's accounts.

The Finance Manager commented on the development of a protocol to set out arrangements for reserves, following a review of all reserves held, in line with the recommendation from WAO.

The Chief Executive said that the completion of the review would help in drawing on reserves to support the budget and future years' budget planning. He referred to the work on reviewing reserves which had been explained in a letter to the Welsh Government, to be shared with Overview & Scrutiny Members, and that the use of reserves would have a higher profile within the Medium Term Financial Plan.

In confirming that there was no issue with the level of reserves, Mr. Herniman referred to pressure on all Councils on the careful use of reserves, given that they could only be used once and the need to ensure transparency.

The Chief Executive said that the outcome of the review would reaffirm that the Council's reserves were generally allocated for specific purposes without large unallocated sums.

**RESOLVED:**

That the report and action plan be noted.

**50. ANNUAL AUDIT LETTER**

Mr. John Herniman introduced the Annual Audit Letter from the Council's Appointed Auditor, Wales Audit Office (WAO) which summarised the key findings from the (unqualified) audit opinion on the financial statements for 2013/14, in line with statutory requirements.

Mr. Herniman welcomed the good response from the Council to issues arising from the report, and in particular the achievement in significantly reducing the budget gap. He referred to improvements made to the budget-setting process and delivery of savings, with a continuation of this pressure in future years.

Following a query from Councillor Glyn Banks on the recognition of liability for pension contributions on Equal Pay liabilities, the Finance Manager - Technical Accountancy explained that this had been a long-standing issue over the past few years on which the Council and WAO had reached agreement on their differing views. Mr. Herniman explained that whilst some Councils had agreed with the legal advice obtained by WAO, some had not. A view had been taken by the Appointed Auditor not to take further action but to accept that those Councils had acted in accordance with their own legal advice.

**RESOLVED:**

That the Annual Audit Letter to Members of the Council be noted.

**51. TREASURY MANAGEMENT STRATEGY 2015/16 AND TREASURY MANAGEMENT UPDATE 2014/15**

The Finance Manager - Technical Accountancy introduced the draft Treasury Management Strategy 2015/16 for review prior to recommendation to Cabinet, and provided an update on matters relating to the Council's 2014/15 Treasury Management Strategy up to the end of December 2014.

In line with the usual practice to assist in the approval of the Strategy for 2015/16, all Council Members had been invited to attend a Treasury Management training session giving the opportunity to receive detailed information on the changes to the Strategy and to raise any queries with the Council's Treasury Management advisors, Arlingclose Ltd.

In presenting the draft Strategy for 2015/16, the Finance Manager drew particular attention to sections on local context and treasury management implications from exiting the Housing Revenue Account (HRA) Subsidy system. In addition, there were alterations to the table on investments criteria and limits due to legislative changes reforming procedures were a financial institution to get into financial difficulties, known as 'bail-in', as discussed at the previous meeting and training session. The Borrowing Strategy would change from the previous year. Borrowing would be required in 2015/16, however more certainty would be required from spending plans as the year goes on to determine the exact amounts and to ensure the Council borrows in the most cost-effective way.

During an update on treasury management activity in 2014/15, the Finance Manager anticipated a move to smaller investment amounts spread across an increasing number of counterparties.

Councillor Haydn Bateman thanked officers for the report and for the recent training session. In response to a query, the Finance Manager provided

clarity on the impact of 'bail-in' legislation which had been reflected in the training presentation slides.

When asked by Councillor Glyn Banks about borrowing limits, it was explained that the graph shown in the report was based on predictions and was therefore subject to change through monitoring during the year. Whilst there was a statutory need for the Council to set itself a maximum borrowing limit in line with its plans, 2015/16 limits were higher than 2014/15 as confirmation was awaited on the settlement payment from the HRA subsidy reform.

In response to a question on the timing of borrowing, the Finance Manager said that the approach in 2015/16 would be to wait until the investment balance dropped and there was a need to borrow. However, borrowing would need to be done at the appropriate time, when interest rates were low, and when it was certain it was needed and capital plans confirmed. The forecast from Arlingclose Ltd predicted a rise in interest rates in August 2015 and it would not be recommended to borrow at the present time as this would mean borrowing for investment purposes at higher borrowing interest cost than return generated on the investments.

Following queries from Councillor Bateman on the investment balance, the Finance Manager explained about work on reserves which informed cashflow forecasting to give an indication of when to invest. She went on to talk about the timing of long-term investments based on the predictions for interest rate movement with the priority for security first, then liquidity and finally yield.

**RESOLVED:**

- (a) That the draft Treasury Management Strategy 2015/16 be recommended to Cabinet on 17 February 2015; and
- (b) That the Treasury Management 2014/15 quarterly update be noted.

**52. COUNCIL BANKING ARRANGEMENTS**

The Corporate Finance Manager introduced an update on the award of the contract to provide the Council's banking arrangements, following the expiry of the previous contract with Nat West in May 2014. Due to delays in the tendering exercise carried out by Eastern Shires Purchasing Organisation (ESPO), it had been agreed that services with Nat West would continue on a monthly rolling basis until the new contract could be put in place.

The Finance Manager - Technical Accountancy gave an overview of the tendering process conducted through the ESPO framework, as detailed in the report, which had resulted in two banks opting out of the process. Following thorough evaluation, the contract had been awarded to Nat West with the inclusion of key elements, offering the Council a more efficient and modern bank service at reduced costs.

Councillor Glyn Banks thanked the officers for the report and successful conclusion, and in particular the agreement to a partnership arrangement with the Post Office network.

**RESOLVED:**

That the report be noted.

**53. ANTI-FRAUD AND CORRUPTION STRATEGY AND FRAUD RESPONSE PLAN**

The Internal Audit Manager presented the updated Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan, both of which were to be submitted for approval to a future meeting of the Constitution Committee and publicised to Members and officers through a new e-learning facility.

In response to a question from Councillor Haydn Bateman, the Internal Audit Manager advised that the update included provision for annual reporting to the Committee on performance against the Strategy.

Councillor Alison Halford spoke about the impact of naming those found to be engaging in fraudulent activity acting as a deterrent to others. When asked for progress on the waste investigation, the Internal Audit Manager referred to the update given by the Chief Executive at the previous meeting and reiterated the commitment to share a report with the Committee once the disciplinary processes had been completed. Councillor Halford expressed her disappointment at the length of time taken and that this particular case had not yet reached a resolution.

The Chief Executive confirmed that there was no further update to share as the final case was still proceeding. In respect of Councillor Halford's initial comments, he spoke about the difficulties in naming those involved in any disciplinary action. Any case involving the Police which proceeded to court was reported in the press and individuals named. Following comments from Councillor Halford about the need to ensure that justice was not undermined, Councillor Glyn Banks said he felt that the correct procedure was being used and that the naming of individuals was not necessary as this was beyond the remit of the Committee. Councillor Halford stated that the Committee had a responsibility to ensure that the system was working correctly and repeated her concerns around the length of time for the ongoing disciplinary case.

The Democracy & Governance Manager said that a response could not be given as those present were not equipped with all the facts surrounding the delay for which there may be a good reason, hence it would be wrong to assume there may be a fault in the process. Councillor Halford also asked for confirmation of whether the individuals under the disciplinary process were in receipt of full pay whilst suspended, which would be at a cost to the Council. The Democracy & Governance Manager noted that this detail was requested.

As a general point on the report, the Chief Executive advised the Committee that early notification was always given to the Internal Audit Manager on cases of suspected fraud or malpractice to determine the level of involvement, if any, by the Internal Audit team.

The Internal Audit Manager reminded Members that there was a difference between instances of fraud and disciplinary cases, however one could lead to the other.

**RESOLVED:**

- (a) That the updated Corporate Anti-Fraud & Corruption Strategy be agreed;
- (b) That the updated Fraud Response Plan be agreed; and
- (c) That explanation on the reasons for the length of time taken to complete the disciplinary process on the waste investigation be emailed to the Committee, including confirmation of whether the individuals were in receipt of full pay whilst suspended.

**54. EXTERNAL REGULATORS AND INSPECTIONS REPORTS**

The Democracy & Governance Manager presented the Committee with the second annual report detailing reports by external auditors, other regulators and inspectors, pursuant to guidance under Section 85 of the Local Government (Wales) Measure. As previously agreed, the report included detail on other committees in receipt of such reports and arrangements had been put in place to ensure that the records were monitored by the Policy & Performance Team. In giving an overview of the content of the report, the Democracy & Governance Manager said he hoped that this provided assurance of the proper mechanism and monitoring that was in place.

The Chief Executive reminded Members of the protocol in operation at Flintshire for regulatory reports to be received by the Committee, Cabinet and Overview & Scrutiny, together with the practice for a written response as good practice and to demonstrate transparency.

Mr. John Herniman of Wales Audit Office spoke positively about the report and the approach being taken by the Council on this matter.

Councillor Alison Halford expressed her appreciation to the Democracy & Governance Manager and to the Policy & Performance Team.

**RESOLVED:**

That the process for dealing with reports by external auditors, other regulators and inspectors during 2014 be noted.

**55. ACTION TRACKING**

The Internal Audit Manager presented an update report on actions carried out to date from points raised at previous meeting of the Committee. All actions due for completion had been finalised.

**RESOLVED:**

That the report be accepted.



**56. FORWARD WORK PROGRAMME**

The Internal Audit Manager presented the report to consider the Forward Work Programme for the next year. He advised that self-assessment questionnaires were due to be sent out and urged Members and officers to return these promptly, in preparation for discussion on this item at the next meeting.

Councillor Alison Halford commented on the Community Asset Transfer initiative and the need for clarity on the costs of assets to assist in decision-making of Town and Community Councils.

In acknowledging the point made, the Chief Executive explained that whilst costs could be determined for assets that were wholly-owned by the Council, there was limited information on other assets which could involve more complex issues. Discussions were currently taking place on such examples to explore options for limiting the risk of liability to Town and Community Councils who may be interested in assuming ownership/management of assets. This was a learning process and therefore not timely as a current agenda item, however a clearer picture of progress on the initiative was more likely by the summer.

**RESOLVED:**

That the Forward Work Programme be noted.

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

There was one member of the press in attendance.

(The meeting started at 10.00 am and ended at 11.07 am)

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**Chairman**

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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:** **WEDNESDAY, 18 MARCH 2015**

**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 28<sup>th</sup> February 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 shows the results of the 2014/15 Control and Risk Self-Assessment undertaken in schools.

2.06 Appendix E 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.

2.07 Performance Indicators for the department and for the responses to reports are given in Appendix F.

2.08 An overview of current Investigations is given in Appendix G.

### **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 included some lower priority audits that could be deferred or deleted during the year if necessary as a result of the recruitment, depending on resources and demand.

Appendix A shows the updated plan for 2014/15. All of the lower priority audits were considered as part of the planning process for 2015/16. Some have been deferred and a few have been deleted as being no longer necessary. All the changes are detailed in Appendix B. Two follow up audits were added to the scheduled work.

3.02 The implementation of the integrated audit software is continuing. All current audit work now uses the software, with reports being generated from April. Recommendation tracking through the system will start after that. The plan for 2015/16 has already been input to it, which will aid scheduling. Management information will build up over time as the system is used more and more.

#### **3.03 Final Reports**

All reports finalised since the last committee meeting are shown in Appendix C. Details for the Recruitment and Induction, Mobile Phones and Devices, and Overpayment of Invoices reports are also given.

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

#### **3.05 School CRSA Results**

Every year schools are required to undertake a Control and Risk Self Assessment (CRSA). A questionnaire is prepared by internal audit and sent to the schools, who complete it and return it. Schools are required to enter comments where applicable. The responses are analysed and the results are then used to target particular areas or topics for audit review. These reviews take place over a number of schools. This system enables audit to increase the level of assurance we can provide to the Chief Officer about the standards in schools, whilst at the same time minimising audit time in the schools by eliminating the need for traditional school audit visits.

3.06 The CRSA results for 2015/16 are shown in Appendix D. From those results school audits are being completed in five primary schools and

two secondary schools on governance, purchasing, income, school fund, assets, insurance, data security and pupil statistics. An overall report will be prepared showing common areas of weakness, as well as individual reports for the schools involved.

### **3.07 Recommendation Tracking**

Appendix E shows the responses that have been received when tracking recommendations. There are relatively few as not many recommendations had implementation dates in this quarter. A response has not yet been received for Income from Fees and Charges. 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 E. The original implementation dates and the new implementation dates are shown, and there is a column to show the view of Internal Audit.

### **3.08 Performance Indicators**

Appendix F shows the range of performance indicators for the department following the changes to the way the department discusses audit findings and issues reports. These are generally good. Although there is one red for depts. Returning draft reports, the overall time to issue final reports is well within the target time.

### **3.09 Investigations**

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

## **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 School CRSA Results  
E Recommendation Tracking  
F Performance Indicators  
G Investigations

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

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## Appendix A

### Operational Plan 2014/15

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
	<b>CORPORATE</b>				
Risk	Risk Management	10	10	1	WIP
Risk	Performance Indicators	5	10	8	DRAFT
Risk	Implementation of Operating Model	10	0		
Risk	North West Regional Waste Partnership	10	10		WIP
Risk	Use of Consultants	10	5	11	WIP
Risk	Corporate Governance	10	10	1	WIP
Risk	Partnerships	10	5	1	WIP
Addition	Value for Money – Business Plans		20	21	FINAL
		65	70	43	
	<b>GOVERNANCE</b>				
Risk	Data Protection	10	10	11	FINAL
Risk	Document Sealing	5	5	1	WIP
System	Members Allowances	5	5	5	FINAL
System	Freedom of Information/EIR	5	5		15/16
Advisory	Electoral Register	10	0		15/16
Risk	IT Helpdesk	10	10		4
Risk	Backup & Service Continuity	10	10	11	WIP
Risk	Use of Personal Email Addresses	10	10		4
Risk	Mobile Phones & Devices/Usage	15	15	23	FINAL
Follow Up	EDRMS	10	0		16/17
Risk	Procurement – New Arrangement	5	5		DELETED
Risk	Contract Procedural Rules	15	15		15/16
System	P2P System	10	10	13	WIP
Advisory	Select List, E Sourcing project	5	5		WIP

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
Risk	Etarmis	20	20	29	FINAL
Risk	Records Management	15	15	22	FINAL
2013/14	Server Licensing		9	8	WIP
2013/14	Moodle		8	11	FINAL
		160	157	134	
	<b>PEOPLE AND RESOURCES</b>				
Systems	Main Accounting	30	30	24	WIP
Follow Up	Capital Programme	10	10		15/16
Follow Up	Corporate Grants	10	10	15	FINAL
Follow Up	Fees and Charges	10	10		4
System	Pensions Administration & Contributions	15	15	2	WIP
System	Pensions Investment Management & Accounting	15	15	1	WIP
Risk	Implementation of Single Status	20	20	39	FINAL
Risk / System	SS Governance Framework: Additional Payments & ECU	20	20	1	WIP
Risk	SS Governance Framework: Workforce Data	10	15	3	15/16
Risk	Schools HR/Safeguarding	15	15	27	DRAFT
System	SS Governance Framework: SS Payments	20	20	1	WIP
Risk	Voluntary Redundancy & Early Voluntary Retirement	20	10	17	FINAL / DRAFT
Risk	Staff Recruitment & Induction	15	15	17	FINAL
System	Payroll	20	20	3	WIP
2013/14	Attendance Management		7	25	WIP
Addition	Budget monitoring - underspends		10		4
Addition	Investigation Protocol		5		WIP
Addition	Equal Pay Calculations		2	2	FINAL
Addition	Equal Pay Payments		3	4	DRAFT
		230	252	181	



Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
	<b>EDUCATION AND YOUTH</b>				
Risk	Risk Management in Schools	10	5	2	WIP
System	Grants – Various WG Requirement	10	10	10	2/3/4
System	School Funding Formula	20	20	2	WIP
Risk	Control & Risk Self Assessment	15	15	12	COMPLETE
Risk	Risk Based Thematic Reviews	45	45	31	WIP
Risk	School Closures/Opening	10	10	15	FINAL
2013/14	Grants – Post 16		6	7	FINAL
2013/14	School Funds		20	23	FINAL
Follow Up	Youth and Community			2	WIP
		110	131	104	
	<b>SOCIAL SERVICES</b>				
Risk	Mental Health Team	10	10	11	FINAL
Risk	Community Equipment Service	10	10	1	WIP
Risk	Commissioning Team	20	15	3	WIP
Risk	Movement from Children's Team to Care Leavers Team	15	15		DELETED
System	Llys Jasmine	20	20	6	FINAL
Risk	Financial Assessment & Charging Team (FACT)	15	15	12	WIP
Addition	FACT payments		5	6	FINAL
Risk	Community Living	10	0		
		100	85	39	
	<b>COMMUNITY &amp; ENTERPRISE</b>				
System	Housing Benefits	20	20	2	WIP
Risk	Supporting People	20	20	19	FINAL
Risk	Appraisal & Absence Management	20	20	27	FINAL
System	Council Tax & NNDR	20	20	21	FINAL

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
Risk	Rent Arrears	15	15	15	FINAL
Risk	Communities First	15	15	17	DRAFT
2013/14	Corporate Complaints		5	7	FINAL
2013/14	Private Sector Housing		11	26	FINAL
		110	126	134	
	<b>PLANNING &amp; ENVIRONMENT</b>				
System	Building Control	20	0		16/17
System	Pest Control	15	15	21	FINAL
Risk	21 <sup>st</sup> Century Schools	5	5		15/16
Addition	S 106 Agreements		5		15/16
Addition	Planning Appeals Follow Up			7	WIP
		40	25	28	
	<b>STREETSCENE AND TRANSPORTATION</b>				
Risk	Waste Management – Recyclable Materials	20	20	1	WIP
Advisory	Migration of Stores into Alltami	5	5	3	FINAL
2013/14	Waste Management		5	15	FINAL
		25	30	19	
	<b>ORGANISATIONAL CHANGE</b>				
Risk	Facilities Services	30	15	14	FINAL
Risk	Repairs & Maintenance Procurement	15	5	6	FINAL
Risk	Asset Management – Tech Forge	20	20	6	WIP
		65	40	26	
	<b>INVESTIGATIONS, PROVISIONS AND DEVELOPMENT</b>				
Provision for Investigations & Pro-active Fraud		200	200	142	ONGOING
Provision for ad hoc requests from Directorates		90	50		
Follow up Reviews		50	30		WIP

Type	Audit	Plan Days	Revised Plan Days	Actual Days used	Proposed quarter / Status
IDEA		20	20		
Audit Development – New Software		55	55	50	
Consultancy		50	30	19	
Regional Collaboration		10	5	8	
		475	390	219	
	Grand Total	1380	1301	921	

## 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**

**Education and Youth**

Youth and Community Follow Up  
Follow up of previous limited assurance audit

**Planning and Environment**

Planning Appeals Follow Up  
Follow up of previous limited assurance audit

**Audits deleted /deferred from the plan**

**Governance**

Freedom of Information / EIR  
TBC audit, to be completed in 2015/16

Procurement – new arrangement  
TBC audit, no longer required

Contract Procedure Rules  
TBC audit, to be completed in 2015/16

**People and Resources**

SS Governance Framework: Workforce Data  
New software 'Human Concepts', to be completed in 2015/16

**Social Services**

Movement from Children's Team to Care Leavers Team  
TBC audit, no longer required

**Planning and Environment**

21<sup>st</sup> Century Schools  
TBC audit, to be completed in 2015/16, project management.

S106 Agreements.

Addition to the plan at the request of management. To be completed in 2015/16

**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-

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 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)

Delays in introduction, moved to 2016/17.

#### **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.

#### **Social Services**

Community Living

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

#### **Planning and Environment**

Building Control

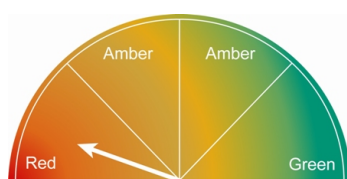
Not a priority this year, moved to 2016/17 plan.

## Appendix C

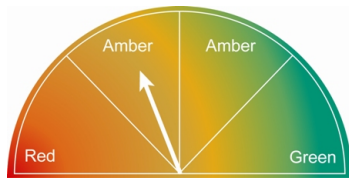
The following reports have been finalised since the last Audit Committee. Action plans are in place to address the weaknesses identified. For reviews which received red assurance a summary of the findings and the Action Plan is attached.

Project Reference	Project Description	Level of Assurance	Recommendations		
			High	Med	Low
FD0200U1	Corporate Grants	Amber -	1	4	1
FD0270U1	Council Tax & NDR	Green	0	0	1
HR0350U1	Staff Recruitment & Induction	Red	2	5	1
IT0400U1	Mobile Phones & Devices Usage	Red	2	5	2
IT0501T1	Moodle	Amber-	0	3	1
LL0021U1	School Uniform Grants	N/A	0	0	0
CS2000U1	Mental Health Team	Green	0	1	2
CS2100U1	Supporting People	Amber +	0	1	8
CS2200U1	Appraisal & Absence Management	Amber +	0	4	3
CS2300U1	Llys Jasmine	Green	0	2	5
EN0510T1	Waste Management	Amber +	0	3	0
OA9106U1	Overpayments of provider invoices	n/a	2	4	0

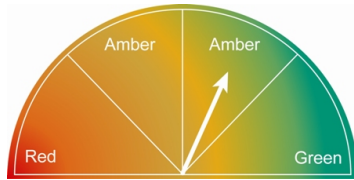
### Levels of Assurance – standard reports.



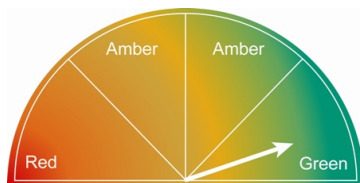
Taking account of the issues identified, the organisation cannot take assurance that the controls upon which they rely to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.



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

### HR0350U1 – Staff Recruitment & Induction

We have made 2 high level recommendations and 5 medium level recommendations, based on the following:

- The Recruitment Policy has not been updated since 2009
- Some contracts for new starters did not include a probationary period
- Incomplete or illegible data regarding pre-employment checks
- Incomplete corporate or team inductions for new starters
- Contract Procedure Rules and key HR Policies not being available for new starters

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1.1	<p>The Recruitment Policy should be reviewed and updated. Corporate and Team Induction should be included in the Recruitment policy to ensure that managers are given specific procedures to follow when a new staff member begins their employment. Once the new policy has been agreed and approved by Members it should be circulated to all relevant staff.</p> <p>The links within the Recruitment Policy should be fixed or all documents pertaining to recruitment added to the recruitment page of the infonet.</p>	Medium	Yes	<p>The Recruitment Policy is in the process of being updated. Once the updated Recruitment and Induction Policy is released, managers will be signposted to the new section detailing their responsibilities in the Induction process.</p> <p>Instead of links within the policy, associated documents will be added to the Recruitment page on the infonet and signposted within</p>	31/03/2015	HR Policy and Reward Advisor



Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
				the policy.		
1.2	HR staff should ensure that all new contracts have the correct probationary period clause. The probationary process should be added to iTrent, this would enable emails to prompt managers to complete periodic probationary reviews with new staff.	Medium	Yes	HR staff will explore the issues around probationary periods and methods of improving manager responsibility for completing key date reviews.  The standard contract template will be locked to ensure that the clause for probationary period is not removed.	31/03/2015	Team Leader HR
4.1	HR staff should ensure that all ID and Driving documentation is legible once added to the system. The document reference number should be recorded on the new starter checklist.  All HR staff should ensure all data added to the Civica system is complete, using the new starter checklist to ensure all relevant documents have been saved.	Medium	Yes	HR staff will investigate the method of id data collection to improve the clarity of the copies.  Staff training needs will be identified to ensure that all relevant documents are added to the Civica system.	31/01/2015	Team Leader HR
5.1	The Corporate Induction training should include information on Anti-fraud and Corruption, Financial and Contract Procedures and safe use of computer equipment in the context of Information Security.	High	Yes	The key financial, anti-fraud and computer safety procedures will be included in the updated Corporate Induction training.	01/04/2015	Group Training Officer

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
5.2	<p>HR staff should ensure that all managers are aware of their responsibility in completing an Induction with new staff. The Induction process should be added to iTrent to allow the workflow system to send prompts to managers. This could also be used to assess the adherence to staff induction.</p> <p>An Induction Checklist specifically for relief/agency workers should be developed to ensure that all those working in the Council are aware of the standards to which they are expected to work.</p> <p>A requirement for all new starters to read the key HR and Financial policies and procedures within a month of starting at the Council, should be included in all contracts of employment. To ensure that this has been done, a module on the newly released Flintshire Academi could be developed for new staff to complete.</p>	High	Yes	<p>Once the updated Recruitment and Induction Policy is released, managers will be signposted to the new section detailing their responsibilities in the Induction process. Induction will be added to iTrent enabling prompts to managers to complete a staff induction.</p> <p>An Induction checklist specifically aimed at relief/agency workers will be developed. It will be added to the infonet and managers signposted.</p>	31/01/2015	Team Leader HR
5.3	<p>Attendance at a Corporate Induction event or the completing of a web based training module should be part of the recruitment procedure. There should be a time frame set for the completion of induction from starting date.</p> <p>The method of delivering the Corporate Induction should be reviewed. Better use of technology could ensure more staff are properly inducted into the</p>	Medium	Yes	<p>The necessity to take part in some form of Induction will be included in the new Recruitment Policy</p> <p>New methods of delivering training are currently being developed.</p>	<p>31/03/2015</p> <p>01/04/2015</p>	<p>HR Policy and Reward Advisor</p> <p>Group Training</p>

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	Council.					Officer
5.4	<p>Contract Procedure Rules should be made available on the infonet. Managers should ensure that all new staff are made aware of the financial policies as well as the HR policies.</p> <p>HR should compile a list of key HR and Financial policies and procedures for managers to produce in hard copy in areas where staff do not have computer access. They should set up reminders to update the hard copies when documents are re-issued.</p>	Medium	Y	Accept the recommendation and will ensure the current CPR is available on the infonet.	31/01/2015	Strategic Procurement Manager
			Yes	A list of key policies will be compiled and sent to managers.	31/03/2015	HR Policy and Reward Advisor

## IT0400U1– Mobile Phones & Devices Usage

We have made 2 high level recommendations and 5 medium level recommendations, based on the following:

- There is a need to ensure that value for money is being achieved in the provision and usage of mobile devices.
- The corporate policy needs to be reviewed and users made aware of it.
- Procedures need to be produced on the disposal or return of mobile phones.
- There needs to be a defined procedure for the approval of the provision of mobile phones.
- The inventory of phones is not up to date.
- The use of the phones for personal calls is not monitored.
- Call usage is not reviewed.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
VFM	<b>An overall review of the provision of mobile devices should be undertaken with a view to reducing costs. A stocktake of all devices should be undertaken and devices should be identified as no longer required.</b>	High	Y	A review of all Mobile Phones will be undertaken by the Mobile Phone representatives within their Portfolios with consultation with service managers	28/02/2015	Network and IT Support Services Manager
1.1	<b>A full review of the policy on the issue and use of Mobile Phones should be undertaken and all key elements to a policy should be included. The arrangements for reviewing the policy on a defined basis should be adhered to.</b>  <b>Arrangements should also be made to ensure that all corporate mobile phone</b>	High	Y	To be raised with policy owner Human Resources and review completion date to be agreed.  Signposting of mobile phone users to the revised policy should take place once review has been completed via Workforce News item, updating	13/03/2015	Network and IT Support Services Manager

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	users are made aware of the corporate policy on the issue and use of mobile phones.			Infonet and Service Delivery message through Lotus Notes		
1.2	The procedures for the disposal of mobile phones should be documented and adhered to on a defined basis by the Admin Support Team. All evidence of this process should be retained including authorisation, the updating of the inventory and the receipt of income.	Medium	Y	As the Council only provides very basic mobile phones the resale value is very low. Mobile phones to be disposed of when there is sufficient quantity but at least every 6 months. Process to be documented and disposals authorised and documented	31/03/2015	IT Communications Manager
2.1	A detailed procedure should be introduced including appropriate authorisation and documentation for the ordering process.  Evidence of such processes will also need to be retained.	Medium	Y	See 3.2	31/03/2015	IT Communications Manager
3.1	An initial review should be undertaken to identify the reasons for the variances between the Vodafone bill and the inventory records and corrective action should be undertaken where necessary.	Medium	Y	Review to be undertaken to identify the reasons for the variances between the Vodafone bill and the inventory records.	13/03/2015	IT Communications Manager
3.4	Pending the outcome of the review of the policy, procedures for recovering costs from personal calls made should be followed.	Medium	Y	Implementation dependant on review date of mobile phone policy. Procedures for recovery of costs from personal use to be implemented 2 months after review completion.	TBC	IT Communications Manager

3.5	<b>The Portfolio representatives will need to ensure that the usage of devices is reviewed on a regular, defined basis.</b>	Medium	Y	Portfolio representatives to review usage on a monthly basis	31/03/2015 - ongoing	Portfolio representatives
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## Overpayments of Provider Invoices

We have made 2 high level recommendations and 4 medium level recommendations, based on the following:

- Duplicate payments made to three suppliers
- The need to comply with procedures for managing payment schedules
- The need for suitable contract agreements to be in place
- The need for appropriate budget monitoring
- Certifying officers to ensure payments are supported by appropriate documentation.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
5.1	The Service will need to contact the suppliers and arrange for the full recovery of the overpayments with a total value of £109,795.68.	High	Y	Agreement to be brokered with the suppliers for full recovery of overpayments.	Recovery agreement in place by 01/03/2015	Senior Manager: Commissioning, Performance and Resources  Acting Team Manager: Financial Assessment and Charging Team
5.3	The Financial Assessment and Charging Team (FACT) will need to ensure that the new procedures are adhered to.	Medium	Y	New Procedures communicated to Team. Compliance monitored in supervision over 6 month period to ensure procedures are embedded.	01/02/15 for 6 months	Business Manager  Acting Team Manager: Financial Assessment and Charging Team

5.3	Arrangements should also be made to have a suitable contract agreement in place to cover the level of service provision including an arrangement of payment for all placements made.	Medium	Y	<ul style="list-style-type: none"> <li>i) Review of all payments made to Providers to identify any areas where a contract is not in place</li> <li>ii) Contracts to be developed where not in place.</li> </ul>	<ul style="list-style-type: none"> <li>i) 31/03/15</li> <li>ii) 30/06/15</li> </ul>	<ul style="list-style-type: none"> <li>Business Manager</li> <li>Commissioning Manager</li> </ul>
5.4	The service will need to ensure that the budgets are appropriately monitored and reconciled on a regular basis.	Medium	Y	Lead arrangements for Finance Officers to be reviewed with oversight arrangements to be put in place in partnership with operational services and financial assessment.	31/01/15	<ul style="list-style-type: none"> <li>Business Manager</li> <li>Accountant</li> </ul>
5.4	The certifying officers will need to ensure that payments are not approved without appropriate documentation.	Medium	Y	<ul style="list-style-type: none"> <li>i) Payment to be made through P2P</li> <li>ii) Certifying Officers reminded of their responsibility to ensure payments are correct before authorising.</li> </ul>	06/02/15	<ul style="list-style-type: none"> <li>i) Business Manager</li> <li>ii) Senior Manager: Commissioning, Performance and Resources</li> </ul>



School Control and Risk Self-Assessment Results, 2014/15.

Appendix D

Area	TOTAL PRIMARY SCHOOLS						TOTAL HIGH SCHOOLS					
	Yes	Partly	No	N/A	Blank	Total	Yes	Partly	No	N/A	Blank	Total
Governance	90.62	5.23	3.38	0.15	0.62	100.00	93.34	5.00	0.83	0.00	0.83	100.00
Financial Planning	93.85	2.69	2.31	0.38	0.77	100.00	89.59	8.33	2.08	0.00	0.00	100.00
Budget Monitoring	96.41	3.08	0.51	0.00	0.00	100.00	94.44	5.56	0.00	0.00	0.00	100.00
Purchasing	91.39	1.92	2.38	2.23	2.08	100.00	92.08	1.25	2.92	1.25	2.50	100.00
Financial Controls	88.27	6.54	3.85	0.38	0.96	100.00	89.58	7.29	3.13	0.00	0.00	100.00
Income	87.43	4.36	3.08	3.21	1.92	100.00	92.36	4.17	2.78	0.00	0.69	100.00
Petty Cash	48.89	0.34	7.52	43.08	0.17	100.00	88.89	0.00	2.78	8.33	0.00	100.00
School Fund	91.68	3.17	4.07	0.27	0.81	100.00	94.61	3.43	1.96	0.00	0.00	100.00
Assets	62.41	14.95	17.36	0.88	4.40	100.00	69.04	16.67	13.10	1.19	0.00	100.00
Insurance	63.07	3.08	17.95	0.00	15.90	100.00	69.44	0.00	27.78	0.00	2.78	100.00
Data Security	76.09	5.92	11.95	0.36	5.68	100.00	75.64	4.49	16.67	0.64	2.56	100.00
Free Meal Entitlement	98.46	0.00	1.54	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00
CCTV	34.36	1.54	3.59	56.92	3.59	100.00	100.00	0.00	0.00	0.00	0.00	100.00
Acceptable Use of IT	94.36	1.54	0.51	2.56	1.03	100.00	97.22	0.00	2.78	0.00	0.00	100.00
Health and Safety	97.16	0.24	1.18	1.18	0.24	100.00	96.80	0.64	1.92	0.00	0.64	100.00
Sickness Absence Monitoring	91.54	6.15	2.31	0.00	0.00	100.00	91.66	4.17	4.17	0.00	0.00	100.00
Disclosure and Barring Service	98.97	1.03	0.00	0.00	0.00	100.00	94.44	2.78	0.00	0.00	2.78	100.00
Pupil Statistics	67.17	2.74	8.38	11.11	10.60	100.00	95.37	0.93	0.00	1.85	1.85	100.00
Total	81.79	3.58	5.10	6.82	2.71	100.00	90.25	3.60	4.61	0.74	0.81	100.00

## Recommendation Implementation

## Status of Recommendations that reached their Implementation Dates in November and December 2014, and January 2015










Title	Reference	Date Issued	Response Received	Recommendations		
				Due	Implemented	Not Implemented
<b>CORPORATE</b>						
			Total	0	0	0
<b>GOVERNANCE</b>						
Procurement	CD0070S1	Oct 2013		3	0	3
			Total	3	0	3
<b>PEOPLE &amp; RESOURCES</b>						
Payroll	HR0151T1	Jul 2014	Yes	1	1	0
Holiday Entitlements	HR0220N1	Sep 2010	Yes	3	3	0
			Total	4	4	0
<b>EDUCATION &amp; YOUTH</b>						
Cross Cutting Schools Review	LL1100T1	Nov 2014	Yes	2	2	0
			Total	2	2	0
<b>SOCIAL SERVICES</b>						
			Total	0	0	0
<b>COMMUNITY AND ENTERPRISE</b>						
			Total	0	0	0
<b>PLANNING &amp; ENVIRONMENT</b>						
Income From Fees & Charges	EN0001T1	Feb 2014		3	0	3
			Total	3	0	3
<b>STREETSCENE &amp; TRANSPORTATION</b>						
			Total	0	0	0
<b>ORGANISATIONAL CHANGE</b>						
			Total	0	0	0
			Total	12	6	6




### 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: 31.03.14 x 2 & 31.10.14	Gareth Owens	Agreed. The new date is tied up with renewing our Approved Contractor list when the new system is in place.	Managed by the Strategic Procurement Manager.	Yes
	New Dates: No Response				
Income From Fees & Charges – EN0001T1	Original Dates: 31.12.14 x 3	Helen Stapleton	Significant work has been undertaken on income as part of the budget strategy for 2015/16 which resulted in an additional £2.3m being generated and contributing to the budget gap. This work has ensured a more consistent approach to fee setting for 2015/16 although a formal corporate fees and charges policy is planned to be implemented in 2015/16 in advance of the 2016/17 budget.	The COT team, with Finance, have undertaken significant work on understanding all existing fee and charging arrangements as part of the 15/16 budget work and for the MTFP. The development of a policy will enable other options for charging to be considered.	Yes.
	New Dates: No Response				

## Appendix F

### Internal Audit Performance Indicators

Performance Measure	Q2	Q3	Target	RAG Rating
<b>Internal Audit Departmental Targets</b>				
Audits completed within planned time	100%	88%	80%	 ↓
Average number of days from end of fieldwork to end of debrief meeting	6.3	3.33	20	 ↑
Average number of days from debrief meeting to the issue of draft report	2.2	1.33	2	 ↑
Days for departments to return draft reports	15.9	5.20	3	 ↑
Average number of days from response to issue of final report	0.6	1.93	2	 ↓
<b>Total days from end of fieldwork to issue of final report</b>	<b>25</b>	<b>11.79</b>	<b>27</b>	 ↑
Client questionnaires responses as satisfied	100%	100%	95%	 →
Productive audit days	73%	78%	75%	 ↑
<b>Other Targets</b>				
Return of client satisfaction questionnaires	100%	71%	70%	 ↓

Key  Target not achieved  Within 10% of target  Target Achieved

↑ Improving trend      → No change      ↓ Worsening trend

## Investigations

Ref	Date Referred	Investigation Details
<b>1. The following investigations have been reported to previous committees and are still being investigated</b>		
1.1	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.
1.2	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. No further action is to be taken until the outcome of the police investigation is known.
1.3	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 currently 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.
1.4	29.07.2014	Information has been received concerning alleged financial irregularities at a school, the investigation has been concluded and management are taking action to deal with the issues raised.
<b>2. The following investigations have been completed</b>		
2.1	03.12.2014	A referral was received concerning the sale of equipment, it was alleged that staff had made personal gains from the sale. The referral has been investigated and was unfounded.

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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:** **WEDNESDAY, 18 MARCH 2015**

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

**SUBJECT:** **ANNUAL IMPROVEMENT REPORT AND THE CORPORATE ASSESSMENT REPORT OF THE AUDITOR GENERAL FOR WALES FOR FLINTSHIRE**

### **1.00 PURPOSE OF REPORT**

1.01 To present the Annual Improvement Report of the Auditor General which for 2015 incorporates the first Corporate Assessment and to endorse the executive response of the Cabinet and senior officers as a comprehensive response of assurance.

### **2.00 BACKGROUND**

2.01 The Auditor General under the Local Government (Wales) Measure 2009 (Measure) undertakes publishes an annual improvement report for all Welsh Councils, fire and rescue services and national parks.

2.02 This is the fifth such Annual Improvement Report for Flintshire. It includes the Appointed Auditor's Annual Audit Letter as previously reported to Audit Committee in December 2014.

2.03 In 2013/14 the Wales Audit Office (WAO) began a new four year cycle of Corporate Assessments of improvement authorities in Wales. An in-depth Corporate Assessment reports on the Council's track record of performance and outcomes as well as the key arrangements necessary to underpin improvements in services and functions. Flintshire's first Corporate Assessment was conducted in late 2014 and the report on its outcomes is included in the Annual Improvement Report.

### **3.00 CONSIDERATIONS**

3.01 The Annual Improvement Report is publicised by the Wales Audit Office (WAO) on behalf of the Auditor General for Wales. It brings together, with the input of other inspectorates such as Estyn and the Care and Social Services Inspectorate for Wales (CSSIW), a summary of the regulatory work of the past year. This year the outcomes of the Corporate Assessment are included in the Annual Improvement Report.

- 3.02 The full report is available on the Wales Audit Office website from 11 March. The summary of the report is attached as Appendix 1. The full report will be circulated to members of the Committee separately, once available.
- 3.03 The cyclical Corporate Assessments apply to all local authorities (and other bodies identified in the Measure) on a four yearly cycle. The first phase of assessments were conducted last year; Conwy CBC was the first Council in North Wales to undertake the assessment.
- 3.04 This second phase of assessments includes the following authorities:
- Flintshire County Council;
  - Isle of Anglesey Council;
  - Merthyr Tydfil County Borough Council;
  - Monmouthshire County Council;
  - Neath Port Talbot County Borough Council;
  - City and County of Swansea.
- 3.05 The content and format of the Corporate Assessment followed a familiar pattern of inspections/audits from WAO:
- Desktop analysis
  - Fieldwork (including interviews of key Members and officers)
  - 'Outline Conclusions' (draft findings) meeting
  - Receipt of draft report for comment
  - Receipt of final report prior to publication
- 3.06 The first week of fieldwork was undertaken between 15<sup>th</sup> and 19<sup>th</sup> September; with certain follow-up later in September/October. Draft feedback was provided to officers and the Council leadership in November and a draft report received before Christmas. Discussions have been ongoing with WAO throughout the process to ensure that as much value can be gained by both organisations from the Assessment.
- 3.07 The content of the Corporate Assessment is based on:-
- Information governance
  - Governance accountability
  - Asset management
  - Performance management
  - Risk management
  - Vision and strategic direction
  - Collaboration and partnerships
  - Improvement planning
  - Efficiency
  - Procurement
  - Public performance reporting



- HR
- Performance and outcomes

3.08 The report builds on the work of the past work of the Wales Audit Office and other regulatory bodies.

3.09 The summary of the full report is attached as Appendix 1. Overall the Auditor General has concluded that:

*“The Council’s track record suggests that it is likely to respond positively to the internal and external challenges it faces and make arrangements to secure continuous improvement for 2015-16.”*

The judgement reflects the conclusions of the corporate assessment, that:

*“The Council has made significant progress in a number of difficult areas during the last year; although it needs to strengthen aspects of its arrangements, the Council is reasonably well placed to continue to deliver its priorities in the face of further financial challenges”*

*“Despite some strengths and areas of progress, aspects of the Council’s arrangements are not fully supporting decision-making and the delivery of the Council’s agreed priorities”*

*“The Council has taken significant strides forward in its use of resources and now needs to co-ordinate the elements more systematically in the face of future financial challenges”*

*“The Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly.”*

3.10 The Auditor General has not made any statutory recommendations with which the Council must comply. Instead seven advisory proposals for improvement have been made. These are set out below:

**P1** The Council should develop and implement a consistent approach to business planning that promotes the ownership by staff of key objectives and targets.

**P2** The Council should improve the quality of its reports to committees and Cabinet to ensure that:

- where necessary, reports enable councillors to refer easily to relevant policies and previous decisions and discussions;
- key messages and recommendations are clear and succinct; and
- reports to scrutiny committees include recommendations or options that committees might endorse.

**P3** The Council should ensure that, in implementing its revised strategies for People, ICT and Asset Management:

- their financial implications feed into the medium-term financial plan; and
- the links between the strategies are fully considered so that specialist staff are available when required.

**P4** Group Leaders should strongly encourage members to take advantage of the Member Development Scheme.

**P5** The Council should take the opportunity of its review of scrutiny structures to ensure that Overview and Scrutiny Committees can add real value to Council decision-making by aligning agendas more explicitly to Council priorities and risks.

**P6** The Council should:

- adopt a consistent approach to managing risk, ensuring that all staff involved use a similar approach to record impact, likelihood and mitigating actions; and
- apply this approach to its future savings plans.

**P7** The Council should ensure a consistent approach to workforce planning and use the results to inform future reductions in staff.

- 3.11 The Council, as is practice, makes a formal public response to any findings within the report. The Council's response to the Annual Improvement Report (AIR) is included at Appendix 2.

#### **4.00 RECOMMENDATIONS**

- 4.01 To accept the Annual Improvement Plan and endorse the response as a comprehensive response of assurance.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 This report refers to the financial resourcing and planning arrangements of the Council.

#### **6.00 ANTI POVERTY IMPACT**

- 6.01 This report comments upon how the Council has supported people impacted upon by Welfare Reform.

#### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 There are no specific references to the environment within this report.

## **8.00 EQUALITIES IMPACT**

8.01 This report comments upon how the Council has supported people impacted upon by Welfare Reform.

## **9.00 PERSONNEL IMPLICATIONS**

9.01 The People Strategy and workforce planning and arrangements are referred to in the report.

## **10.00 CONSULTATION REQUIRED**

10.01 This report will be considered by Corporate Resources Overview and Scrutiny Committee and the Audit Committee.

## **11.00 CONSULTATION UNDERTAKEN**

11.01 Senior officers have had input into this report. The Annual Audit Letter was presented to the council's Audit Committee in December 2014.

## **12.00 APPENDICES**

12.01 Appendix 1: Summary Report: WAO Annual Improvement Report incorporating the Corporate Assessment Report 2015.  
Appendix 2: WAO Annual Improvement Report - Executive response

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

None

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# Annual improvement Report incorporating the Corporate Assessment Report 2015

## Summary report

1. Each year, the Auditor General must report on how well Welsh councils, fire and rescue authorities, and national parks are planning for improvement in delivering their services. This report sets out the findings of the work undertaken on behalf of the Auditor General by the staff of the Wales Audit Office in Flintshire County Council (the Council) and also draws on the work of the relevant Welsh inspectorates. The report summarises the assessments undertaken since the Auditor General published his last annual improvement report in June 2014 and includes the findings of the Auditor General's Corporate Assessment, undertaken in September 2014. Taking all these findings into account, the report records the Auditor General's conclusion on whether he believes that the Council will make arrangements to secure continuous improvement for 2015-16.

2. This conclusion should not be seen as a definitive statement of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.

3. We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@wao.gov.uk](mailto:info@wao.gov.uk) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

4. The Auditor General has concluded that **the Council's track record suggests that it is likely to respond positively to the internal and significant external challenges it faces and make arrangements to secure continuous improvement for 2015-16.** This judgement reflects the conclusions of his corporate assessment, that **the Council has made significant progress in a number of difficult areas during the last year; although it needs to strengthen aspects of its arrangements, the Council is reasonably well placed to continue to deliver its priorities in the face of further financial challenges.**

5. The audit team found that, **despite some strengths and areas of progress, aspects of the Council's arrangements are not fully supporting decision making and the delivery of the Council's agreed priorities.** We reached this conclusion because:

- a the Council has established a wide-ranging set of clearly-stated priorities that have a broad base of support within the Council and among partners;
- b the Council's corporate planning and reporting of performance have improved year-on-year but plans at service level are of inconsistent quality; and
- c sound governance structures are mostly in place but some aspects are not working as effectively as they might.

6. We also found that **the Council has taken significant strides forward in its use of resources and now needs to co-ordinate the elements more systematically in the face of future financial challenges.** We found that:

- a improvements in financial planning have the potential to support the Council in maintaining its recent track record of financial savings in the face of increasing austerity, but difficult decisions lie ahead;
- b the successful completion of the Council's Single Status agreement and Equal Pay Review has been highly demanding and other Human Resources priorities have therefore made slower progress than intended;
- c the Council has a clear vision for its land and buildings, but the links between asset management and the planning of revenue expenditure are not explicit enough; and
- d despite delivering significant improvements in a number of areas, the ICT function has struggled to prioritise its work in the face of increasing demand.

7. Finally, we found that, during 2013-14, **the Council made good progress against the improvement priorities we looked at but its performance against the national indicators declined slightly.**

8. We concluded that:

- a Flintshire schools continue to provide good value for money and the Council is seeking further efficiency within the education system;
- b there has been good progress in adult social services but the performance of children's services has been less consistent in the face of increasing demand;
- c overall performance against the national indicators declined slightly, but with some strong performance across several service areas;
- d the Council is making good progress in implementing initiatives to help mitigate the impact of cuts to welfare benefits and to reduce fuel poverty;

e the Council's performance in preventing homelessness has improved but there has been little progress in the length of time people spend in temporary accommodation; and

f the Council continues to make progress in improving the Welsh language capability of its staff but it recognises that progress is not consistent across the whole Council.

### **Recommendations and proposals for improvement**

9. Given the wide range of services provided and the challenges facing the Council, it would be unusual if we did not find things that can be improved. The Auditor General is able to:

a make proposals for improvement – if proposals are made to the Council, we would expect it to do something about them and we will follow up what happens;

b make formal recommendations for improvement – if a formal recommendation is made the Council must prepare a response to that recommendation within 30 working days;

c conduct a special inspection and publish a report and make recommendations; and

d recommend to Ministers of the Welsh Government that they intervene in some way.

10. We have made no statutory recommendations during previous work this year and we make none in this report. The following proposals for improvement stem from our corporate assessment work in September 2014.

### **Proposals for Improvement**

**P1** The Council should develop and implement a consistent approach to business planning that promotes the ownership by staff of key objectives and targets.

**P2** The Council should improve the quality of its reports to committees and Cabinet to ensure that:

- where necessary, reports enable councillors to refer easily to relevant policies and previous decisions and discussions;
- key messages and recommendations are clear and succinct; and
- reports to scrutiny committees include recommendations or options that committees might endorse.

**P3** The Council should ensure that, in implementing its revised strategies for People, ICT and Asset Management:

- their financial implications feed into the medium-term financial plan; and
- the links between the strategies are fully considered so that specialist staff are available when required.

**P4** Group Leaders should strongly encourage members to take advantage of the Member Development Scheme.

**P5** The Council should take the opportunity of its review of scrutiny structures to ensure that Overview and Scrutiny Committees can add real value to Council decision-making by aligning agendas more explicitly to Council priorities and risks.

**P6** The Council should:

- adopt a consistent approach to managing risk, ensuring that all staff involved use a similar approach to record impact, likelihood and mitigating actions; and
- apply this approach to its future savings plans.

**P7** The Council should ensure a consistent approach to workforce planning and use the results to inform future reductions in staff.



# Wales Audit Office Annual Improvement Report

March 2015

## Executive Response

The Wales Audit Office's Annual Improvement Report and Corporate Assessment is, overall, a fair and positive summary of the position of the Council. The report is a welcome endorsement of a full year of improved improvement reporting following the introduction of this year's Improvement Plan.

There are no new statutory recommendations. The proposals for improvement are already well advanced in our commitment and activity for response. Listed below are the seven proposals for improvement along with our response.

Proposal for Improvement (P1-7)	Response
<p><b>P1</b> The Council should develop and implement a (more) consistent approach to <b>business planning</b> that promotes the ownership by staff of key objectives and targets.</p>	<p>A review of strategic and operational business planning is underway. The review covers review and republication of the suite of key corporate documents – Improvement Plan, Governance Plan, Medium Term Financial Plan and a new Corporate Resourcing plan; a review of the comprehensive of the set of portfolio strategic plans which drive policy and priorities (e.g. the Housing Business Plan; a review of the format, consistency and quality of operational business plan reports. This review will have staged outcomes with the first working deadline being June for the suite of revised key corporate documents.</p>
<p><b>P2</b> The Council should improve the <b>quality of its reports</b> to committees and Cabinet to ensure that:</p> <ul style="list-style-type: none"> <li>• where necessary, reports enable councillors to refer easily to relevant policies and previous decisions and discussions</li> <li>• key messages and recommendations are clear and succinct; and</li> <li>• reports to scrutiny committees include recommendations or options that committees might endorse.</li> </ul>	<p>A review of report format, style and quality of presentation is under way. A pilot of an improved format will be recommended. The improved format will include use of executive summaries and fuller exploration of risk in assessing options for decisions. Fuller use of hyperlinks will be made to avoid publishing extensive appendices where this can be avoided</p> <p>Updated report writing guidelines are being produced. Refresher report writing training will be offered. Quality assurance systems for report approval are being improved.</p>
<p><b>P3</b> The Council should ensure that, in implementing its revised <b>strategies</b> for People, ICT and Asset Management:</p> <ul style="list-style-type: none"> <li>• their financial implications feed into the medium-term financial plan;</li> </ul>	<p>As P1 above noting:-</p> <ul style="list-style-type: none"> <li>• a single corporate resourcing plan across the is being developed for June as part of the suite of key corporate documents. This plan will prioritise the allocation of corporate resources for change projects</li> </ul>

<p>and</p> <ul style="list-style-type: none"> <li>the links between the strategies are fully considered so that specialist staff are available when required.</li> </ul>	<ul style="list-style-type: none"> <li>a comprehensive approach to programme management for officer portfolios where significant change needs to be led, co-ordinated and managed with a set of 8 programme management boards</li> <li>a comprehensive and more usable Medium, Term Financial Plan in a new graphic format for June</li> </ul>
<p><b>P4</b> Group Leaders should strongly encourage members to take advantage of the <b>Member Development Scheme</b>.</p>	<p>A review of the member development programme is underway with the aim of having a broader offer for members in partnership with the Welsh Local Government Association. Group Leaders are being requested to promote take-up of training opportunities amongst their respective groups.</p>
<p><b>P5</b> The Council should take the opportunity of its review of scrutiny structures to ensure that <b>Overview and Scrutiny committees</b> can add real value to Council decision-making by aligning agendas more explicitly to Council priorities and risks.</p>	<p>A Task and Finish Group has been set up by the Constitution Committee to review the number and terms of reference of Overview and Scrutiny Committees. The Group will report to the Annual General Meeting of the Council.</p> <p>Forward work programmes are to include major and higher risk annual budget proposals which require monitoring and assessment of impact, major service reviews included in the budget, and periodic review of the achievement of improvement priorities. Report formats are being reviewed as P2 above to make reports more purposeful.</p>
<p><b>P6</b> The Council should:</p> <ul style="list-style-type: none"> <li>adopt a consistent approach to managing <b>risk</b>, ensuring that all staff involved use a similar approach to record impact, likelihood and mitigating actions; and</li> <li>apply this approach to its future savings plans</li> </ul>	<p>Following an earlier internal review of risk management led by Internal Audit a number of actions are in train for the organisation to be more consistent and effective in the identification and reporting of risk at strategic, operational, project and partnership levels. P1 and P3 above will contribute.</p>
<p><b>P7</b> The Council should ensure a consistent approach to <b>workforce planning</b> and use the results to inform future reductions in staff</p>	<p>The new appraisal model as presented to the Corporate Resources Overview and Scrutiny Committee is being implemented to support talent recognition, retention and progression. Intelligence from this renewed appraisal programme will inform the training and development programme.</p> <p>Workforce planning risks are being assessed in each Chief Officer portfolio area as part of the revised People Strategy.</p>

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:** **AUDIT COMMITTEE**  
**DATE:** **WEDNESDAY, 18 MARCH 2015**  
**REPORT BY:** **INTERNAL AUDIT MANAGER**  
**SUBJECT:** **INTERNAL AUDIT STRATEGIC PLAN**

### **1.00 PURPOSE OF REPORT**

1.01 To present the proposed Internal Audit plan for the three year period 2015/16 to 2017/18, for Members consideration.

### **2.00 BACKGROUND**

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

2.02 The Council's Improvement Plan gives strategic risks, which are aligned to the Council's objectives. The Internal Audit plan which is attached is largely based on these objectives and risks, along with operational risks identified from papers submitted to Cabinet and Scrutiny committees.

2.03 The final plan was produced after consultation with Portfolio management teams, the Chief Executive and Chief Officers Team. WAO have also been contacted. It includes risk based and systems audits as well as advisory work arising from our involvement in development projects and value for money reviews.

2.04 The plan for 2015/16 has been formulated for the current level of resource. It includes contingencies for investigations and requests. However, it will need to remain flexible to react to changes as they occur during the year.

### **3.00 CONSIDERATIONS**

3.01 Does the three year strategic plan for Internal Audit as set out in Appendix A reflect the areas that the Audit Committee believe should be covered?

3.02 Does the first year of the plan reflect the areas that should be prioritised?

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

**4.00 RECOMMENDATIONS**

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

4.02 The Committee is recommended to approve the report.

**5.00 FINANCIAL IMPLICATIONS**

5.01 None as a result of this report.

**6.00 ANTI POVERTY IMPACT**

6.01 None as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None as a result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

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

**10.00 CONSULTATION REQUIRED**

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

**11.00 CONSULTATION UNDERTAKEN**

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

**12.00 APPENDICES**

12.01 Appendix 1 – Strategic Plan for Internal Audit 2015/16 to 2017/18.

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

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# Strategic Plan for Internal Audit

2015/16 – 2017/18

For presentation at the Audit Committee meeting of 26<sup>th</sup> March, 2014

## Contents

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## 1 Introduction

### 1.1 Overall Approach

This strategic plan sets out the approach we have taken to develop the internal audit plan for 2015 / 2018.

### 1.2 The Purpose and Function of Internal Audit

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

*(Public Sector Internal Auditor Standards)*

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

In line with these requirements, we perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, in particular to how those elements help Flintshire County Council achieve its objectives. The work is designed to enable the Internal Audit Manager to arrive at his year-end opinion on the adequacy and effectiveness of governance, risk management and the control environment. The annual Report provides evidence to support the Annual Governance Statement.

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

## 2 Developing the Internal Audit Strategic Plan

- 2.1 To developing the Strategic Plan for 2015/18 and the detailed plan for 2015/16 the starting point is an understanding of the Council's objectives and risks. We have used a risk based approach and considered the following.

- The Improvement Plan, including the strategic objectives of the organisation and the risks associated with those objectives;
- Reports by management to Cabinet and Scrutiny Committees on the management of operational risks;
- Areas of concern or requests for coverage from management and the Audit Committee;
- Areas where it is necessary to provide ongoing assurance with regards to key financial systems.

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

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

As well as assignments designed to provide assurance or advisory input around specific risks, the strategic plan includes an audit management allocation, used at Audit Manager and Principal Auditor level for quality control, internal and external liaison and for preparation for and attendance at Audit Committee.

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

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

### **3 Audits covered within the plan**

Outline scopes for each review are given in the attached table. The following types of audit work will be completed.

#### **3.1 System based work**

Predominantly of key financial systems to give assurance that they are operating effectively. Key control reviews will be carried out of all core financial systems with continuing close liaison with our external auditors to maximise audit efficiency.

#### **3.2 Risk based work**

This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls around those risks.

#### **3.3 Follow up audits**

Specific follow up audits have been planned where there have been a number of recommendations made in previous reviews. There is also a contingency of 30 days to allocate to further follow up reviews as they become necessary.

#### **3.4 Advisory work**

Audit time to take part in specific projects or developments, as already requested/agreed with management. Again, there is a contingency of 40 days to cover requests or developments as they arise throughout the year.



### 3.5 Value for money

Value for money is considered as part of each audit review. In addition, there are a few specific reviews in the plan where that is the focus of the audit.

### 3.6 Schools

We will continue to use Control and Risk Self Assessment for all schools. This is designed to increase the level of assurance we can provide about the standards in schools, whilst at the same time minimising audit time in the schools by eliminating the need for traditional school audit visits.

We will continue to complete school based reviews on risks identified from the self assessment. A sample of schools will be visited to assess the identified risks.

### 3.7 Grant claims

As in previous years, time has been assigned to carry out reviews of grant claims.

### 3.8 Counter Fraud work

We will continue to conduct investigations in fraud and irregularity during the year. In addition we will continue to participate in the National Fraud Initiative. This matches data across organisations and systems to help identify potentially fraudulent or erroneous claims and transactions. The amount of time allocated, 200 days, is based on experience in previous years, but there is no guarantee that it is accurate. If further resource is needed it may impact on the plan. Conversely, if this amount is not required then it will be allocated to other specific audit tasks.

## 4 Resources

4.1 The audit plan will be delivered by the in-house team and the plan has been based on the current complement of the audit team. It may be necessary to use external resource to deliver some of the more technical ICT audits. Apart from that, no reliance will be placed on other sources of assurance.

4.2 The resources required to deliver the proposed plans are summarised in the table, which demonstrates that an annual allocation of around 1250 productive working days is required in 2015/16. This level of resource is capable of delivering the level of assurance required by the Council and is broadly in line with others across Wales.

4.3 Within the plan audits have been identified which are lower risk. These may be deferred or deleted during the year if necessary without affecting the overall objective of the plan – to complete sufficient work in order to be able to give the annual audit opinion on the adequacy and effectiveness of controls, corporate governance and risk management.

4.4 The plan will be kept under review during the year and updated according to emerging risks. Any changes will be reported to the Committee.

4.5 Projects planned for the second and third years of the plan are indicative and may change. Therefore the number of days for those projects has not been completed at this time. The days can be allocated in later planning cycles according to the current priorities.

4.6 The analysis shows the breakdown between the category of work undertaken within the portfolios.

## **5 Considerations Required of the Audit Committee**

- Does the three year Strategic Plan for Internal Audit (as set out in the table) reflect the areas that the Audit Committee believe should be covered?
- Does the first year of the plan reflect the areas that should be prioritised?
- Is the level of audit resource accepted by the Committee and agreed as appropriate, given the level of assurance required?

## 6 Strategic Plan for Internal Audit 2015/16 – 2017/18

Audit	Audit Classification	Auditable Area	IA Risk Rating	2014/15 Days	2016/17	2017/18
<b>CHIEF EXECUTIVE</b>						
Delivery of the Business Plans	Advisory / VFM	Jointly provide advice on a risk assessment / financial management model to enable tracking of the implementation plan and review of high value projects to ensure delivery of savings.		40	X	X
Risk Management	Risk Based	To provide assurance to officers and members that the Authority has effective arrangements for risk management and business continuity management and that risks identified by the Authority are being effectively managed. This review will also examine the progress made by the Authority in implementing the recommendations set out in the previous internal audit and WAO Corporate Assessment.		10	X	X
Penwyd Theatre Cymru	Follow Up	Review the implementation of the new Business Plan and assess the outcomes of the commercial targets.		10		
North West Regional Waste Partnership	Risk Based	To provide assurance to the Joint Committee and FCC on governance, risk management and the effectiveness of controls under the second Inter Authority Agreement.		10		
Performance Indicators	Risk Based	To provide assurance that the reporting of performance is accurate.			X	
Corporate Governance	Risk Based	Continuing participation in the Corporate Governance Working Group and further work to provide assurance on overall corporate governance arrangements within the Council.		5	X	X
<b>Total Planned Days – Chief Executive</b>				<b>75</b>		

## COMMUNITY & ENTERPRISE

NEW Homes	Risk Based	External Company – Governance arrangements, internal controls etc.		10		
Homelessness	Risk Based	Review to ensure new legislation is being complied with.		15		
Housing Benefit	System Based	Key control review		15	X	X
Council Tax and NNDR	System Based	Key control review		20	X	X

Audit	Audit Classification	Auditable Area	IA Risk Rating	2014/15 Days	2016/17	2017/18
Corporate Debt Management	Risk Based	The review would examine the Council's approach to Debt Management to ensure income generation is maximised.		15		
Repairs appointment service and mobile working including Housing Maintenance	Risk Based	To review the effectiveness of the service. Mobile working – review the operation of the new hand-held system.			X	
Affordable Housing to include Commuted Sums	Risk Based	Review procedures for affordable housing schemes including eligibility, compliance with section 106 agreements and charges placed on properties.			X	
Vibrant and Viable Places (Deeside)	Risk Based	The review will consider whether the £6m funding received for the period 1 April 2014-17 is subject to appropriate governance, financial and project management arrangements.			X	
Flintshire Connects	Advisory	Undertake a review of all Flintshire Connects following completion of the project to ensure compliance with policies and procedures.			X	
Markets	Risk Based	The review will consider the efficiency and effectiveness of the management arrangements and income generation for this service.			X	
Implement EDRM	Risk Based	Ensure that EDRM has been introduced effectively and efficiently with appropriate data controls.			X	
WHQS	Risk Based	Review project management arrangements.			X	
Council House Building Programme	Risk Based	Review project management arrangements.			X	
<b>Total Planned Days – Community &amp; Enterprise</b>				<b>75</b>		

## EDUCATION & YOUTH

Control and Risk Self-Assessment	Risk Based	This is the annual self-assessment of the schools control framework (to include governor training).		15	X	X
Risk based thematic reviews across all schools including central controls	Risk Based	To analyse the results of the control and risk self-assessment and focus Internal Audit resources on reviewing areas identified as high risk.		45	X	X
21 <sup>st</sup> Century Schools	Risk Based	Project management arrangements. Also include project bank accounts.		15		
Grants – Various WG requirement	System Based	To review grants where this is a requirement of the Welsh Government. Reviews to ensure the conditions of the grant have been complied with.		15	X	X

Audit	Audit Classification	Auditable Area	IA Risk Rating	2014/15 Days	2016/17	2017/ 18
Free school meals - Funding arrangements	System Based	Review accounting treatment of school meals funding.		15		
Pupil Statistics	Risk Based	Review central processes in place to monitor and review pupil statistics.			X	
Music Service	System Based	Following the introduction of a new operating model an assessment will be carried out of the internal controls in place.			X	
School closures	Risk Based	Contribute to review of controls over closure and opening of schools in preparation for any future changes, to include transfer of assets, asset disposal, induction procedures etc.		5	X	X
Youth Justice Service	System Based	Review the service arrangements of the team including funding arrangements following the new service model change within Education.			X	
<b>Total Planned Days – Education &amp; Youth</b>				<b>110</b>		

**GOVERNANCE**

Chair of the Council's Charity Trust Fund	Risk Based	The review would examine the operation and management of the fund to ensure transparency and accountability is in place.		10		
Network Security	Risk Based	Focus on risks presented by agile working and increased external access to the network. To also include penetration testing arrangements.		* See note		
FOI Requests	Risk Based	In previous year as low risk but recent cabinet report showing a reduction in the number of FOI requests being turned around in the required timescale.		15		
Data Protection	Advisory	Review data protection arrangements.		10		
Migration to Microsoft	Risk Based	Provide assurance on the planned roll out and migration from Lotus Notes to Microsoft Office (project management review).		15		
Disposal of ICT Equipment	Risk Based	Examine the arrangements for the disposal of both hardware and software to ensure compliance with policy and FPRs. The review will also include Education and Data Centre equipment.		10		
IT Project Governance	Risk Based	Review the governance arrangements in place for ICT projects.			X	
PCIDSS	Risk Based	Review compliance with payment card requirements. Cross cutting review.		20		

Cloud computing	Risk Based	If this is in place, review controls over its use.		*	See note		
Anti-virus procedures	Risk Based	Review arrangements to ensure software is up to date, all machines are protected and incident management procedures are in place.		15			
Schools IT – Backup, IT maintenance, policies & procedures etc,	Risk Based	Ensure appropriate arrangements are in place for the management of schools IT provision.				X	
E Sourcing (Proactis)	System Based	Examine the compliance and effectiveness of e-tendering implementation.		15			
Select List Including Financial Vetting of Suppliers	System Based	To review the current status of the select list and its fitness for purpose.		20			
Contract Procedural Rules	Risk Based	Compliance with the updated CPRs.		20			
Electoral Register	Advisory	Carry out a data matching exercise to help ensure the accuracy of the electoral register.		5			
Electronic court bundling	Risk Based	To ensure proper controls are in place for the use of electronic documents.				X	
Legal and IT Regional Collaboration	Risk Based	Review the governance arrangements in place.					
<b>Total Planned Days - Governance</b>				<b>155</b>			

### ORGANISATIONAL CHANGE 1

Alternative Delivery Models	VFM	Community Asset Transfers and any other projects scheduled e.g. Cleaning Services.		20			
Leisure Services	System Based	Operational review to cover income streams, relief staff, insurable risks and events causing loss of income, renewal and maintenance of equipment, and billing.		20			
Japanese Youth Exchange	Regulatory	Audit of the annual final accounts.		5		X	X
<b>Total Planned Days – Organisational Change 1</b>				<b>45</b>			

<b>ORGANISATIONAL CHANGE 2</b>						
Electronic stock taking(catering bus plan)	Advisory	Potential involvement in the controls around the development of new systems.		5		
21 <sup>st</sup> Century Schools	Systems Based	Contract management audit.		15		
CCTV	Risk Based	Contract compliance (CCTV suite) and guidance provided to Council establishments for use of CCTV.		15		
Facilities Services – Cleaning Services	Risk Based	Operational review following restructure.			X	
<b>Total Planned Days – Organisational Change</b>				<b>35</b>		

<b>PEOPLE &amp; RESOURCES</b>						
Payroll	System Based	System Based Audit to include any new legislative requirements.		20	X	X
E-Teach (Supply Staff) – Payroll and Recruitment	VFM	The review would examine how effective and efficient the use of E Teach is and whether it meets the needs of the Council and achieving value for money.		20		
Use of Relief, Agency and Self Employed Workers	Risk Based	The review would examine how the Council manages its relief and agency workers and the appointment of self-employed individuals. The review will consider the demands of the services, evaluate the overall need for these workers and examine the rights they may be entitled to.		20		
Agile Working	Advisory	Review the roll out of the Agile Working Policy, flexible working and annual leave policy to ensure processes and controls are in place to effectively manage compliance with these policies.		20		
Corporate Training and Development	Risk Based	Review how the Council's training needs are being met, including internal/external provision. In particular examine spend on training and whether there are any opportunities for procurement efficiencies.			X	
EVR Follow Up	Risk Based	The review will ensure that there is clear tracking in place to ensure posts are deleted following redundancies preventing the replacement of jobs in the future.			X	
Human Concepts Software	Advisory	Advise / consult on the implementation of Human Concepts Software (workforce data) as part of the project development group.		5		
Main Accounting – Accounts Receivable (AR)	System Based	Annual review to examine the key controls of the AR System.		10	X	X
Main Accounting – Accounts	System Based	Annual review to examine the key controls of the AP and P2P systems.		20	X	X

Payable (AP) / P2P						
Main Accounting – General Ledger (GL)	System Based	Annual review to examine the key control of the General Ledger system.		10	X	X
Treasury Management	System Based	Review to include compliance with the treasury management policy.		15		
Capital Programme	Follow Up	Follow up review to ensure all previous recommendations have been actioned.		5		
Insurance	Risk Based	Review compliance with the insurance strategy and assess the controls in place following the removal of the Lead Officer for Insurance post.		10		
Medium Term Financial Strategy	Risk Based	Review governance and development of the MTF strategy and the linkage with the MTF Plan.		10		
Financial Management and Control	System Based	This audit will cover the budget setting procedures.			X	
Taxation	System Based	Review to ensure compliance with meeting legislative requirements.			X	
Collaborative Planning (CP)	Risk Based	Review the effectiveness of the implementation of the Collaborative Planning (CP) Software (budget monitoring).		5		
Pensions Administration and Contributions	System Based	New administration strategy including service standards with members and employers.		15		X
Pensions Investment Management and Accounting	System Based	To assess the effectiveness of the new funding strategy.			X	
Pension Fund Governance	System Based	Review changes to governance arrangements of the Pension Fund including a move to a committee structure.		10		
<b>Total Planned Days – People &amp; Resources</b>				<b>195</b>		

## PLANNING & ENVIRONMENT

Section 106 Agreements	Risk Based	Examine the receipt, management, use of Section 106 agreement assets in accordance with legislation and FCC policy.		15		
Planning Control	Risk Based	Review examining a sample of planning applications.			X	
Building Control	System Based	Examine compliance with Building Regulations, collection of fees and notification process with Council Tax. The review will also aim to provide assurance that robust processes and measures are in place following the removal of the BSI Accreditation Programme.			X	



Pest Control	Risk Based	The review will aim to provide assurance that robust processes and measures are in place following the removal of the BSI Accreditation Programme.		5		X
Pollution Control	Risk Based	Review of the complaints and compliance process.		15		
<b>Total Planned Days – Planning &amp; Environment</b>				<b>35</b>		

## SOCIAL SERVICES

Client Finances / Receivership, including Community Living	Risk Based	Following the implementation of the new client finance software, examine the processes in place for the payments to clients. This review will also examine the operational procedures in relation to the management of client money within Community Living.		20		
Residential Care Homes	Advisory	An advisory piece of work looking at the current costs of the provision, capacity and risk to the market towards the future requirements of the service. Currently FCC has three care homes.		20		
Direct Payments	System Based	A review to consider the impact Direct Payments has on the Disability services and the CDS Agenda (Citizen Directed Support) across both Adults and Children's services. The review will also consider the accounting arrangements in place.		20		
PARIS – Finance Module	Advisory	Advice & support during the roll out of the Finance Module within PARIS.		5		
Children's Safeguarding	Follow Up	In response to the WAO report, a review of the Children's safeguarding team will be undertaken to determine the progress made on the implementation of recommendations.				X
First Contact and Reablement (assessment & intervention)	Risk Based	Review the Intake and Reablement Team to ensure they are efficient and effective following their service review. This links with the intermediate care individuals receive.				X
Disability Service for both Children, their families and Adults	Risk Based	Review of the Disability Service, its effect on supported living including the use of occupational therapy and home adaptations to ensure they are efficient and effective.				X
AROSFA – Respite Provision	System Based	Undertake an establishment review to ensure the operation is efficient and effective. This review will also consider the funding arrangements in place.				X
Domiciliary Support	Risk Based	Assess whether the domiciliary care brokerage is effective and provides value for money.				X
<b>Total Planned Days – Social Services</b>				<b>65</b>		

<b>STREETSCENE &amp; TRANSPORTATION</b>						
Concessionary Travel	Risk Based	As FCC manage the concessionary travel for North Wales a review of the service will be undertaken to examine operational procedures, compliance with the scheme and determine whether the service is efficient and effective.		20		X
School Transport – Contract Management	Risk Based	This review will examine the recent tender exercises undertaken and the contract management arrangements in place.		10		X
Waste Contract Management	Follow up	A follow up will be undertaken to review the progress made on the implementation of recommendations in relation to waste contract management.		15		
Waste Management	Follow Up	A follow up of the Waste Management Investigation report will be performed to assess progress against the implementation of recommendations. This will be a cross cutting review.		15		
Integrated Transport	Advisory	The Council is due to commence (in consultation with Northgate) a review of it's public, education and social transport arrangements with the aim to have one integrated service. This will be a challenging high risk project. IA presence has been requested as part of the project board.		5	X	
Fleet Management	Risk Based	This review will assess the progress Fleet Management has made in implementing phases 1 and 2 of the service improvements in line with the Fleet Management project plan and to ensure those efficiencies savings identified have been realised.		5		
Fleet – Contract Management	Advisory	Following the outsourcing of phase 3 of the project plan, we will review the contract management arrangements in place for the service.			X	X
Regional Transport	Risk Based	Provision allocated to review the new arrangements for Regional Transport following the closure of Taith.			X	
Resolution of Service requests/complaints within Streetscene	System Based	The review will examine the new processes introduced by the service to address the high number of complaints through to the point of resolution.			X	
Contract Management across Streetscene and Transportation	Risk Based	Due to the high value of contracts in place, a review will be undertaken on key contracts to ensure robust contract management arrangements are in place.			X	X
Civil Parking Enforcement	Risk Based	Review the effectiveness of the merger between civil parking and environmental enforcement and examine the controls in place to safeguard income following the introduction of car parking charges in all town centre car parks.			X	
Winter Maintenance	Risk Based	Following the closure of Halkyn Depot in January 2015, all Winter Maintenance will be undertaken from the single site at Alltami. This review will examine the effectiveness of this service and determine whether the efficiency savings			X	

		identified have been realised.			
Alltami Stores	Risk Based	A review of the single site Alltami stores which will also include street lighting stock will be undertaken and consider the progress made following the previous audit ensuring robust stock management and accounting arrangements are in place.			X
<b>Total Planned Days – Streetscene &amp; Transportation</b>			<b>70</b>		

**INVESTIGATIONS, PROVISIONS AND DEVELOPMENT**

Provision for investigations and pro-active fraud	200
Provision for ad-hoc requests from management	80
Follow up reviews	30
Audit development	20
EA	20
Advisory work	40
<b>Total</b>	<b>390</b>
<b>Overall Total</b>	<b>1250</b>

Note: It may be necessary to bring in external resource to complete this technical ICT audit.

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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:**                 **WEDNESDAY, 18 MARCH 2015**

**REPORT BY:**         **CHIEF EXECUTIVE AND CORPORATE FINANCE  
MANAGER**

**SUBJECT:**           **WALES AUDIT OFFICE (WAO) AUDIT PLAN 2015**

### **1.00**    **PURPOSE OF REPORT**

1.01    To provide the Audit Committee with the WAO's Audit Plan for 2015.

### **2.00**    **BACKGROUND**

2.01    External auditors are required to carry out an audit to discharge their statutory duties as Auditor General and fulfil their obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 and the Local Government Act 1999, and the Code of Audit Practice.

### **3.00**    **CONSIDERATIONS**

3.01    The Audit Plan sets out proposed audit work to be undertaken, when it will be undertaken, how much it will cost and who will undertake it. The Audit Plan for Flintshire County Council is attached at Appendix 1, and Clwyd Pension Fund at Appendix 2.

3.02    The Audit Plan for Flintshire County Council is a combined plan covering;

- Financial audit of the 2014/15 Statement of Accounts
- Certification of 2014/15 grant claims and returns
- Other audit work relating to partnerships in the main
- Performance audit including annual improvement assessment

#### **Financial Audit Work**

3.03    The WAO in undertaking the financial audit work is required by the Public Audit (Wales) Act 2004 to examine and certify the accounts of the Council, satisfying that the accounts:

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

- 3.04 Auditors are also required to:
- Satisfy that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
  - Certify that the audit has been completed in accordance with the Public Audit (Wales) Act 2004.
- 3.05 The draft financial statements will be reported to the Audit Committee in July 2015. A programme is being agreed with the Wales Audit Office for the financial audit of the draft accounts which will commence in July. The final audited accounts for Flintshire and the Clwyd Pension Fund will be considered by the Audit Committee for recommendation to Council before the deadline of 30th September 2015.

#### **Performance Audit Work**

- 3.06 The Local Government (Wales) Measure 2009 requires external auditors to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with requirements to make arrangements to secure continuous improvement. Audits must also be carried out to ascertain whether the authority has discharged its duties under the Local Government Measure.
- 3.07 The improvement assessment work, combined with work on financial matters, also discharges the Auditors responsibility to satisfy that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

#### **4.00 RECOMMENDATIONS**

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

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 Proposed fees charged for the audit work for Flintshire County Council has been included in the WAO report at exhibit 6.
- 5.02 The fees for the Clwyd Pension Fund work are charged directly to the Fund and are noted in the WAO report.

#### **6.00 ANTI POVERTY IMPACT**

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

#### **7.00 ENVIRONMENTAL IMPACT**

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

**8.00 EQUALITIES IMPACT**

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

**9.00 PERSONNEL IMPLICATIONS**

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

**10.00 CONSULTATION REQUIRED**

10.01 None.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None.

**12.00 APPENDICES**

Appendix 1: "2015 Audit Plan Flintshire County Council"

Appendix 2: "2015 Audit Plan Clwyd Pension Fund"

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

As Appendix 1 and 2.

**Contact Officer:** Liz Thomas  
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# 2015 Audit Plan

## **Flintshire County Council**

**Issued:** March 2015

**Document reference:** 175A2015

# Status of document

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This document has been prepared for the internal use of Flintshire County Council as part of work performed/to be performed in accordance with statutory functions.

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

This document was produced by John Herniman, Jane Holownia, Amanda Hughes, Huw Lloyd Jones and Paul Goodlad

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# 2015 Audit Plan

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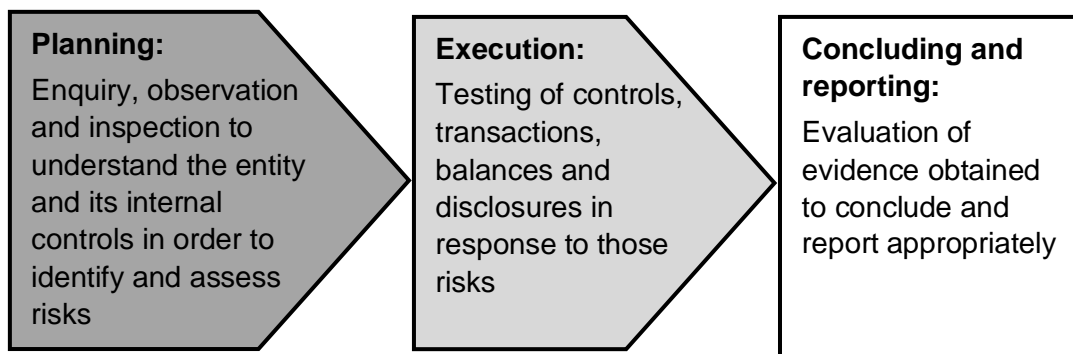
## Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), the Local Government Act 1999, and the Code of Audit Practice, namely to:
  - examine and certify whether your financial statements are 'true and fair';
  - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
  - audit and assess whether you have discharged duties and met requirements of the Measure; and
  - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
2. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
3. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Financial audit

4. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'.
5. I also consider whether or not Flintshire County Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
6. [Appendix 1](#) sets out my responsibilities in full.
7. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

**Exhibit 1: My audit approach**



8. The risks of misstatement to the accounts are set out in **Exhibit 2** along with the work I intend to undertake to address them.

**Exhibit 2: Financial audit risks**

Financial audit risk	Proposed audit response
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	We will: <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
There is a risk of material misstatement due to fraud in revenue recognition and as such is treated as a significant risk [ISA 240.26-27].	We will review the design and test the operation of controls in the systems relating to: <ul style="list-style-type: none"> <li>• treasury management;</li> <li>• grant income; and</li> <li>• other income sources.</li> </ul>
Risk that the Council’s key financial systems and controls are not designed or operating effectively to prevent and detect material misstatements in the financial statements.	We will review the key controls to support the production of accurate accounts, including the main accounting system, closedown procedures and where necessary underlying systems, such as debtors, creditors, payroll, treasury management council tax, rents and fixed assets.

Financial audit risk	Proposed audit response
<p>Risks related to preparation of the accounts:</p> <ul style="list-style-type: none"> <li>• Risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure.</li> <li>• Risk of material misstatement in the financial statements arising from the accounting for Non-Current Assets on which we have identified a number of issues in previous years.</li> </ul>	<p>We will:</p> <ul style="list-style-type: none"> <li>• undertake a programme of audit testing to address risks identified as part of our planning work and review of the draft financial statements; and</li> <li>• consider the accounting treatment and disclosure of non-current assets to ensure that issues identified previously have now been addressed.</li> </ul>
<p>The preparation of the Statement of Accounts will involve the estimation of a number of account figures such as provisions for the Council's liabilities (eg pay claims, legal disputes).</p>	<p>We will review:</p> <ul style="list-style-type: none"> <li>• the annual assessment made by officers of the basis on which estimates are made and revised in line with the latest information; and</li> <li>• documentation held to support estimates derived and judgements made, and refer to papers provided in support of them.</li> </ul> <p>We will also ensure that appropriate accounting and disclosure requirements are included within the financial statements.</p>
<p>For a number of years the Council's accounts have contained a provision for the cost of equal pay claims and an equal pay account. During 2014-15 the Council has now settled the majority of these claims.</p>	<p>We will design detailed testing to obtain the required assurance that the transactions relating to equal pay claims and remaining balances (equal pay provision and equal pay account) are fairly stated and have been properly accounted for.</p>
<p>We have identified a number of disclosures as being material by nature. These include the disclosure of Related Parties and the Remuneration note.</p>	<p>We will design detailed testing to obtain the required assurance that disclosures identified as material by nature have not been misstated.</p>

9. I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
10. For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.

- 
11. My fees are based on the following assumptions:
    - information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
    - all appropriate officials will be available during the audit;
    - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
    - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
  12. In addition to my responsibilities in respect of the audit of Flintshire County Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about Flintshire County Council to support preparation of Whole of Government Accounts.
  13. I will also issue a separate audit plan for the audit of Clwyd pension fund.

## Certification of grant claims and returns

14. I have been requested to undertake certification work on Flintshire County Council's grant claims and returns. In 2014-15 I expect to audit between 15 and 20 claims, a number of which are complex in nature, namely; the Housing Benefits and Council Tax Benefits claim; the Teachers Pension Return; Communities First grant claims; and, the European Funds claim (North East Wales Town Centre Regeneration Project).
15. An estimate of my audit fee for this work is set out in [Exhibit 6](#).

## Overall issues identified

16. [Exhibit 3](#) summarises the more significant and/or recurring issues I identified when undertaking grant certification work in 2013-14.

### Exhibit 3: Overall issues relating to grant claim and return certification

#### Qualified grant claims and returns qualified in 2013-14

In 2013-14, we audited 19 claims and returns of which 10 were qualified. The key issues resulting in qualifications were:

- there was insufficient supporting evidence to support the expenditure included within the claim form;
- the Council's contract rules had not been adhered to; and
- there were inadequate monitoring arrangements in place for expenditure incurred by partners, third parties and schools.

Whilst the Council has improved its overall arrangements for the preparation and certification of claims and returns in recent years, there is still room for further improvement.

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### Qualified grant claims and returns qualified in 2013-14

In particular:

- the Council needs to ensure that claims are supported by detailed working papers including a clear reconciliation between the claim and the underlying financial ledger; and
- the Council should further develop monitoring processes for third-party expenditure, ensuring that grant requirements are met for all expenditure incurred within the various schemes.

### Issues related to specific grant claims and returns

17. In addition to the overall issues identified above, I will issue a separate report 'Certification of Grants and Returns 2013-14' in April 2015 which will set out the significant issues I have identified relating to individual grant claims and returns.

### Other work undertaken

18. I am also responsible for the audit of the North Wales Residual Waste Joint Committee, Connah's Quay Harbour Authority and the Welsh Church Fund.
19. I wish to draw your attention to the following risk area I have identified in relation to the Joint Committee:
- The procurement process to secure a sustainable waste solution for five North Wales' authorities is nearing its close. We will review the developing position and consider the implications for the Joint Committee's financial statements.
20. I wish to draw your attention to the following risk area I have identified in relation to the Connah's Quay Harbour Authority:
- Section 42(1) of the Harbours Act 1964 sets out that statutory harbour undertakings, such as local authorities that have functions of maintaining, improving or managing a harbour ('harbour authorities') are required to prepare an annual statement of accounts relating to harbour activities. The Council has met this requirement by the inclusion of harbour activities in its main financial statements. However, we are advised that this does not satisfy the requirements of section 42(1) and therefore a standalone annual statement of accounts relating solely to harbour activities is required. This is therefore the first year of preparation and audit. As the financial activities are low in value (less than £1,000) the annual return will be subject to a limited assurance audit.
21. There are no specific risks that I wish to draw to your attention in relation to the Welsh Church Fund.
22. My team will undertake the audit of these accounts on my behalf in accordance with the timescales agreed with Flintshire County Council and the Charity Commission (for the Welsh Church Fund).
23. My audit fee for this work is set out in **Exhibit 6**.



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## Performance audit

24. I am required by the Measure to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with requirements to make arrangements to secure continuous improvement. I must also carry out audits of whether the authority has discharged its duties under the Measure. My improvement assessment work, combined with my work on financial matters, also discharges my responsibility to satisfy myself that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
25. In addition to my programme of audit and assessment work under the Measure, I undertake a programme of local government studies as required under sections 41 and 42 of the Public Audit (Wales) Act 2004. This work is not included within the local performance audit fee, but is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund.
26. I set out in this section the 12-month programme of performance audit work to be undertaken at Flintshire County Council. The content of the programme has been determined by a consideration of the risks and challenges facing Flintshire County Council, the extent of accumulated audit and inspection knowledge, including that of other external review bodies, as well as other available sources of information including Flintshire County Council's own mechanisms for review and evaluation.
27. The components of my performance audit work are shown in **Exhibit 4** and have been designed in order to help deliver the high-level objectives set out in our 2013-2016 corporate strategy ([www.wao.gov.uk/publication/wales-audit-office-corporate-strategy-2013-2016](http://www.wao.gov.uk/publication/wales-audit-office-corporate-strategy-2013-2016)).

Exhibit 4: Components of my performance audit work



28. The performance work I propose to undertake is summarised in [Exhibit 5](#).

**Exhibit 5: Contents of my 2015-16 performance audit work programme**

	<b>Specific projects</b>
<b>Improvement audit and assessment</b>	<p><b>‘Improvement plan’ audit</b> Audit of discharge of duty to publish an improvement plan.</p> <p><b>‘Assessment of performance’ audit</b> Audit of discharge of duty to publish an assessment of performance.</p> <p><b>Financial management review</b> Further work on financial management arrangements following up our 2014-15 review, and looking forward to 2016-17 budget setting and savings proposals. There will also be a focus on reserves position, policy and use of reserves.</p> <p><b>Governance review</b> TBC</p> <p><b>Performance management review</b> Benchmarking social services costs against performance – in conjunction with CSSIW.</p> <p><b>Locally determined review(s)</b> TBC in consultation with the Council.</p>
<b>Follow-up work</b>	<p>I will maintain a focus on assessing the progress that has been made in implementing proposals for improvement from my previous work. As part of this work, I will seek assurance that the Council has appropriate corporate processes for responding to my reports, tracking implementation of my recommendations and reporting this to the appropriate committee.</p> <ul style="list-style-type: none"> <li>• I intend to undertake specific follow-up work on the Council’s response to the proposals for improvement included in my Corporate Assessment and Annual Improvement Report, issued in March 2015.</li> </ul>
<b>Local government studies</b>	<p>Studies will be finalised in April following completion of the Auditor General’s statutory consultation process.</p>
<b>Good practice</b>	<p>In line with my commitment to identify and share good practice, I will continue to host shared learning seminars, identify relevant case studies and focus my work on identifying and promoting effective practice.</p>

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## Fee, audit team and timetable

### Fee

29. Your estimated fee for 2015 is set out in [Exhibit 6](#). This figure represents no change to the fee set out in the 2014 annual audit outline.

#### Exhibit 6: Audit fee

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
<b>Financial audit work<sup>1</sup></b>	<b>216,336</b>	<b>216,366</b>
<b>Performance audit work:<sup>2</sup></b>		
• Improvement audit and assessment work and follow-up	104,058	104,058
Performance audit work total	<b>104,058</b>	<b>104,058</b>
<b>Total fee</b>	<b>320,424</b>	<b>320,424</b>
<b>Grant certification work<sup>4</sup></b>	<b>£75,000 to £85,000</b>	<b>85,926</b>
<b>Other financial audit work<sup>3</sup></b>		
• North Wales Residual Waste Joint Committee	920	5,856
• Connah's Quay Harbour	30	0
• Welsh Church Fund	1,508	1,508
<b>Total fee for other audit work</b>	<b>2,458</b>	<b>7,364</b>

Notes:

<sup>1</sup> Payable November 2014 to October 2015.

<sup>2</sup> Payable April 2015 to March 2016.

<sup>3</sup> Payable as work is undertaken – fee based on current understanding of the turnover of the bodies in accordance with our limited assurance regime

<sup>4</sup> Payable as work is undertaken and subject to the level of testing required.

30. Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with Flintshire County Council.
31. Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: [www.wao.gov.uk/about-us/fee-scales-and-fee-setting](http://www.wao.gov.uk/about-us/fee-scales-and-fee-setting).

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<sup>1</sup> The fees shown in this document are exclusive of VAT, which is no longer charged to you.

## Audit team

32. The main members of my team, together with their contact details, are summarised in Exhibit 7.

### Exhibit 7: My team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Director and Engagement Lead – Financial Audit	02920 320566	john.herniman@wao.gov.uk
Jane Holownia	Engagement Lead – Performance Audit	02920 320565	jane.holownia@wao.gov.uk
Amanda Hughes	Financial Audit Manager	07969 919986	amanda.hughes@wao.gov.uk
Michelle Phoenix	Financial Audit Team Leader	07966 073281	michelle.phoenix@wao.gov.uk
Huw Lloyd Jones	Performance Audit Manager	07813 822017	huw.lloydjones@wao.gov.uk
Paul Goodlad	Performance Audit Lead	07854 108620	paul.goodlad@wao.gov.uk

33. I can confirm that my team members are all independent of Flintshire County Council and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

## Timetable

34. I will provide reports, or other outputs as agreed, to Flintshire County Council covering the areas of work identified in this document. My key milestones are set out in Exhibit 8.

### Exhibit 8: Timetable

Planned output	Work undertaken	Report finalised
<b>2015 Audit Plan</b>	November 2014 – January 2015	March 2015
<b>Financial accounts work:</b> <ul style="list-style-type: none"> <li>Audit of Financial Statements Report</li> <li>Opinion on Financial Statements</li> <li>Financial Accounts Memorandum</li> </ul>	February – September 2015	September 2015 September 2015 October 2015

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Planned output	Work undertaken	Report finalised
<b>Performance work:</b> <ul style="list-style-type: none"> <li>Improvement Plan audit</li> <li>Assessment of Performance audit</li> <li>Other work</li> </ul>	June 2015 November 2015 April 2015 – December 2015	(Estimated)* June 2015 November 2015 TBC
Annual Improvement Report	April 2015 – January 2016	March 2016
2016 Audit Plan	October – December 2015	February 2016

*\* Subject to timely clearance of draft findings with Flintshire County Council.*

# Appendix 1

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## Respective responsibilities

### Financial audit

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their 'truth and fairness', providing assurance that they:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with the statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether Flintshire County Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- Flintshire County Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect Flintshire County Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

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My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within Flintshire County Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

## Performance audit

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

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To discharge the requirements of the Measure, I undertake periodic corporate assessments at each improvement authority. Since 2013-14, I have undertaken this programme of corporate assessments on a cyclical basis. Currently I have agreed with the Welsh Government that I may use the grant that I receive from the Welsh Government to fund the corporate assessment. This means that, in addition to fee-funded improvement assessment and audit work, each authority will receive an in-depth corporate assessment once during a four-year period. In the intervening years, I will maintain a 'light-touch' overview of developments and of the progress made by the authority. In the event of emerging issues of concern or matters of priority, I do reserve the flexibility to undertake a more frequent corporate assessment.

I may also in some circumstances carry out special inspections (under section 21), in respect of which I will provide a report to the relevant authorities and Ministers, and which I may publish (under section 22). I will summarise audit and assessment reports in my published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

In addition to my programme of audit and assessment work under the Measure, I undertake a programme of Local Government Studies as required under sections 41 and 42 of the Public Audit (Wales) Act 2004. This work is not included within the local performance audit fee, but is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund.



# Appendix 2

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## National value-for-money studies

Flintshire County Council may also be interested in the national value-for-money examinations which I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are funded by the National Assembly and are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure.

The table below covers all of the value-for-money studies work currently programmed, although some of this work is still at an early stage of development. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. I will shortly be considering and consulting on potential topic areas for future value-for-money studies to start, and potentially in some cases to be reported, in 2015-16.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Topic	Anticipated publication timeframe
GP prescribing	April to June 2015
Welsh Government investment in next generation broadband infrastructure	April to June 2015
Regional education consortia	April to June 2015
Welsh Government acquisition of Cardiff Airport	April to June 2015
Rail services	April to June 2015
Orthopaedic services	April to June 2015
NHS clinical coding	Summer 2015
NHS waiting lists and private practice	Summer 2015
Picture of public services	Autumn 2015
Development of Natural Resources Wales	Autumn 2015
Regeneration Investment Fund for Wales <sup>2</sup>	To be confirmed
Wales Life Sciences Investment Fund <sup>3</sup>	To be confirmed
Flood and erosion risk management (likely to focus on coastal flooding)	To be confirmed

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<sup>2</sup> While in clearance, the timescale for publication is uncertain for reasons specific to the project.

<sup>3</sup> While in clearance, the timescale for publication is uncertain for reasons specific to the project.

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Topic	Anticipated publication timeframe
Early intervention and public behaviour change <sup>4</sup>	To be confirmed
Welsh Government interventions in local government <sup>5</sup>	To be confirmed
Welsh Government responses to audit recommendations	To be confirmed
Public procurement and the National Procurement Service	To be confirmed

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<sup>4</sup> In the short-term, development of a new picture of public services report will take priority over this work. However, the picture of public services report is likely to reflect on these themes in some way. Wales Audit Office staff will also be exploring opportunities to take forward work in this area as part of our good practice exchange programme.

<sup>5</sup> Plans for this work are being revisited in light of the Welsh Government commissioned review of the Anglesey intervention by the Public Policy Institute for Wales and to take into account any wider implications arising from the local government reform programme.

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# 2015 Audit Plan

## Clwyd Pension Fund

**Audit year:** 2014-15

**Issued:** March 2015

**Document reference:** 177A2015

# Status of document

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This document has been prepared for the internal use of Clwyd Pension Fund as part of work performed/to be performed in accordance with statutory functions.

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

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@wao.gov.uk](mailto:infoofficer@wao.gov.uk).

This document was produced by John Herniman and Michelle Phoenix.

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# 2015 Audit Plan

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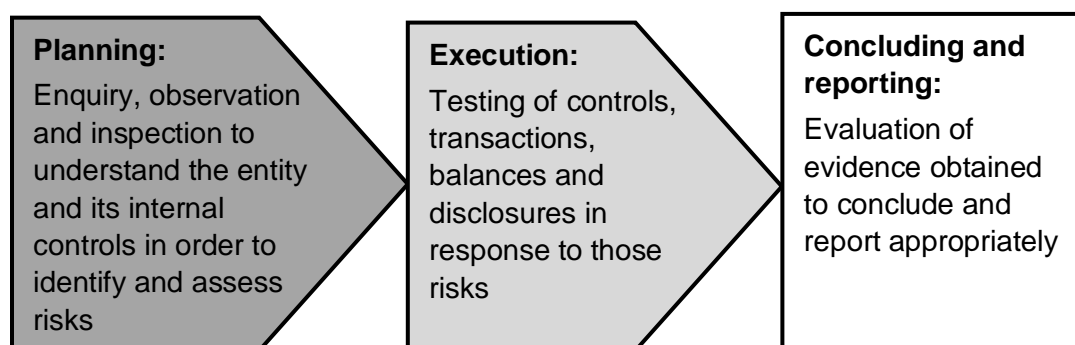
## Summary

1. As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether the Clwyd Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
2. The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
3. There have been no limitations imposed on me in planning the scope of this audit.
4. My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Audit of Pension Fund accounts

5. It is my responsibility to issue a report on the accounting statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.[Appendix 1](#) sets out my responsibilities in full.
6. The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

### Exhibit 1: My audit approach





7. The risks of misstatement to the accounts are set out in **Exhibit 2** along with the work I intend to undertake to address them.

**Exhibit 2: Financial audit risks**

Financial audit risk	Proposed audit response
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases;</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<p>Risks relating to financial systems:</p> <ul style="list-style-type: none"> <li>• Risk that the Pension Fund's high level financial controls are not designed or operating effectively to prevent and detect material misstatements in the financial statements.</li> <li>• In both 2012-13 and 2013-14 we were aware that there were staffing shortages within the pension's administration section which led to delays in the processing of pensions administration tasks which may affect the transactions within the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• We will review the key controls to support the production of accurate accounts, including the main accounting system, closedown procedures and where necessary underlying systems, such as payroll, pensions and investment management.</li> <li>• We will review the Council's closedown procedures and liaise with the Head of Pensions to consider whether previous capacity issues give rise to specific accounts risks.</li> </ul>
<p>Risks related to preparation of the accounts:</p> <ul style="list-style-type: none"> <li>• Risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosures.</li> </ul>	<ul style="list-style-type: none"> <li>• We will undertake a programme of audit testing to address risks identified as part of our planning work and review of the draft financial statements.</li> </ul>

Financial audit risk	Proposed audit response
<p>Risks related to the financial statements:</p> <ul style="list-style-type: none"> <li>As part of its portfolio, the Pension Fund has substantial holdings in unquoted investments (£293.8m in 2013-14). These are accounted for at fair value determined by valuations provided by fund managers.</li> </ul>	<ul style="list-style-type: none"> <li>We will assess whether the information provided by fund managers and their auditors support the year end valuation.</li> </ul>
<ul style="list-style-type: none"> <li>External investment managers are appointed to manage the investment portfolio. Their own systems and records will generate account entries made to the Pension Fund account and net assets statement.</li> </ul>	<ul style="list-style-type: none"> <li>We will obtain direct confirmation from the fund managers of year-end investment balances and consider whether investment managers' internal control reports indicate specific risks to these balances.</li> </ul>

8. I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Pension Committee and to those charged with governance for Flintshire County Council (the Council), as the administering authority of the Pension Fund as a whole, prior to completion of the audit.
9. For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of five per cent of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.

- 
10. My fees are based on the following assumptions:
- information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
  - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

## Pension Fund annual report

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

## Fee, audit team and timetable

### Fee

14. Your estimated fee for 2015 is set out in [Exhibit 3](#).

#### Exhibit 3: Audit fee

Audit area	Proposed fee for 2015 (£) <sup>1</sup>	Actual fee for 2014 (£)
Audit of pension fund accounts	39,463	39,463

15. Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
16. Further information on my fee scales and fee setting can be found on the Wales Audit Office website at: [www.wao.gov.uk/about-us/fee-scales-and-fee-setting](http://www.wao.gov.uk/about-us/fee-scales-and-fee-setting).

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<sup>1</sup> The fees shown in this document are exclusive of VAT, which is no longer charged to you.

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## Audit team

17. The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

### Exhibit 4: My team

Name	Role	Contact number	E-mail address
John Herniman	Engagement Director and Engagement Lead – Financial Audit	02920 320566	john.herniman@wao.gov.uk
Michelle Phoenix	Financial Audit Manager	07966 073281	michelle.phoenix@wao.gov.uk
Alan Hughes	Financial Audit Team Leader	07791 411985	alan.hughes@wao.gov.uk

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

## Timetable

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

### Exhibit 5: Timetable

Planned output	Work undertaken	Report finalised
<b>2015 Audit Plan</b>	January – February 2015	March 2015
<b>Financial accounts work:</b> <ul style="list-style-type: none"><li>Audit of Financial Statements Report</li><li>Opinion on Financial Statements</li><li>Financial Accounts Memorandum</li></ul>	June – September 2015 September 2015 October 2015	September 2015 September 2015 October 2015
<b>2016 Audit Plan</b>	October – December 2015	February 2016

# Appendix 1

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## Respective responsibilities

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

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:** **WEDNESDAY, 18 MARCH 2015**

**REPORT BY:** **INTERNAL AUDIT MANAGER**

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

### **1.00 PURPOSE OF REPORT**

- 1.01 To inform members of the results of the Audit Committee self assessment which will feed into the preparation for the Annual Governance Statement 2014/15. It will also form the basis for the provision of any further training required by the committee.

### **2.00 BACKGROUND**

- 2.01 The Chartered Institute of Public Finance and Accountancy (CIPFA) published 'Audit Committees – Practical Guidance for Local Authorities and Police' in December 2013, with the aim of providing CIPFA's view of best practice for Audit Committees and of supporting them in operating effectively.

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

- 2.02 The Audit Committee itself is part of the governance framework of the Authority. It is therefore appropriate for the self assessment questionnaire to be completed as part of the preparation for the Annual Governance Statement for 2014/15, which reports on overall governance within the Authority and will be published with the annual accounts.
- 2.03 In addition the results will be used to inform the provision of training to Audit Committee members.

### **3.00 CONSIDERATIONS**

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

- 3.02 Average scores for most of the questions have improved from last year, with the exception of the question concerning risk management where there is a slight decrease. The lowest score is for the question on value for money, but even that has increased from 3.11 to 3.3, suggesting it has improved.
- 3.03 Value for money is described in the Guidance as one of the core activities for an Audit Committee. It describes the role of the committee as focusing on whether the authority's overall approach to value for money is in line with objectives and to receive assurances on this to underpin the Annual Governance Statement. It should also consider the external audit opinion on value for money.
- 3.04 In their Annual Audit Letter presented to the committee in January WAO stated that overall they were satisfied that the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness, but that any areas where improvements could be made will be highlighted in their Annual Improvement Report.
- 3.05 Internal Audit now highlight value for money points in audit reports, and there are some specific value for money reviews planned for 2015/15, so this area is being developed.

#### **4.00 RECOMMENDATIONS**

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

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 None as a direct result of this report.

#### **6.00 ANTI POVERTY IMPACT**

- 6.01 None as a direct result of this report.

#### **7.00 ENVIRONMENTAL IMPACT**

- 7.01 None as a direct result of this report.

#### **8.00 EQUALITIES IMPACT**

- 8.01 None as a direct result of this report.

#### **9.00 PERSONNEL IMPLICATIONS**

- 9.01 None as a direct result of this report.



**10.00 CONSULTATION REQUIRED**

10.01 None as a direct result of this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None as a direct result of this report.

**12.00 APPENDICES**

12.01 Audit Committee self assessment checklist.

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

None

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## Evaluating the Effectiveness of the Audit Committee

### Assessment Key

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

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Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score (last year in brackets)	Range of Scores (last year in brackets)
Promoting the principles of good governance and their application to decision making.	<p>Providing robust review of the AGS and the assurances underpinning it.</p> <p>Working with key members/governors to improve their understanding of the AGS and their contribution to it.</p>	<p>The difficulty with this one is the word 'robust'. We seem to 'accept and note' in the main rather than inquire and challenge. We also appear to receive more 'information' than solid 'evidence'.</p> <p>Excellent review held of AGS, all areas are covered well.</p>	<p>3.9 (l.y. 3.67)</p>	<p>2– 5 (l.y. 2–4)</p>

Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness.  Comments received from Members and Statutory Officers	Overall assessment: 5-1 See key above	
			Average Score (last year in brackets)	Range of Scores (last year in brackets)
	<p>Supporting reviews/audits of governance arrangements.</p> <p>Participating in self-assessments of governance arrangements.</p> <p>Working with partner Audit Committees to review governance arrangements in partnerships.</p>	<p>Officer's/Members Internal Audit and AC have worked hard in trying to develop a robust set of AGS which now needs to be evaluated to determine adequate assurance levels.</p> <p>4 for all categories.</p> <p>As per Committee work programme both on the AGS and specific areas of Audit review work.</p> <p>Members certainly inquire and challenge during question-time on the committee.</p> <p>At present there are no training arrangements in place with members and governors to improve the understanding of the AGS.</p>		

<p>Contributing to the development of an effective control environment.</p>	<p>Monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>a) On paper, this the committee has done, but we really rely upon the written assurances of action taken.</p> <p>b) This the committee did bite into a little deeper, to good effect.</p> <p>c) Concerns have been raised, but I have the feeling that it was 2<sup>nd</sup> tier managers who appeared to face us, not seniors.</p> <p>Recommendations nearly always followed and are well reported to Audit Committee. Concerns raised with senior managers are answered speedily.</p> <p>AC, IA, the Chief Executive and Senior Managers have worked hard to improve this area and I believe an environment exists of improved ownership and accountability with AC acting as a Critical Friend.</p> <p>I feel more needs to be done – this important area.</p> <p>As per Committee work programme.</p> <p>All that needs to be done is being done in this important area.</p> <p>Arrangements are now in place to take</p>	<p>4.2</p> <p>(l.y. 3.89)</p>	<p>3-5</p> <p>(l.y. 2-5)</p>
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		ownership and control of the internal framework by managers.		
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<p>Reviewing risk management arrangements and their effectiveness, e.g. risk managements benchmarking.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/strategic risks.</p>	<p>a) I sense greater risk aversion than risk management. Management of risk appears to be limited to being aware of that element, but few signs of any/many 'Plan B' arrangements.</p> <p>c) Perhaps, thankfully, we have not had cause to call anyone to account over the particular element.</p> <p>Reviews occur regularly. Those risks identified are monitored well.</p> <p>There is a need for AC to get closer to understanding outcomes and being able to monitor improvements against KPIs which could be aided by developing an Assurance Mapping process.</p> <p>Weak holding risk owners to account. Not sufficiently called to account or engage in feedback session.</p> <p>Not a fully developed function of the Committee noting that is offset, in the positive, by the parallel responsibilities of Overview and Scrutiny Committees.</p> <p>Reviews occur regularly</p>	<p>3.6</p> <p>(l.y.4)</p>	<p>2.5 - 5</p> <p>(l.y.3-5)</p>

		Arrangements are now in place to take ownership and control of the internal framework by managers.		
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<p>Specifying its assurance needs, identifying gaps or overlaps in assurance.</p> <p>Seeking to streamline assurance gathering and reporting.</p> <p>Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.</p>	<p>Town Councils are audited to the last penny. With the Wales Audit Act not placing the same burden on County Councils, the committee cannot be assured that 'all is well' but is required to function 'within the system'. That is not entirely reassuring.</p> <p>Effectiveness of partners i.e. WAO and Arlingclose is excellent.</p> <p>Improvement required in being able to determine outcome effectiveness (See Assurance Mapping comment).</p> <p>As per Committee work programme.</p> <p>The Wales Audit Office and Arlingclose advise well in those areas.</p> <p>We need special meetings of the committee to review major projects.</p>	4 (l.y.3.78)	3 – 5 (l.y.1-5)
Supporting the quality of the internal audit activity, particularly by underpinning its	<p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of</p>	<p>The committee functions well enough and has reviewed its charter periodically.</p> <p>Internal Audit growing in stature, confident</p>	4.4 (l.y.3.78)	4 – 5 (l.y.1-5)

organisational independence.	internal audit arrangements and supporting improvements.	<p>approach always willing to take good advice on board.</p> <p>Strong area of audit work.</p> <p>As per Committee work programme.</p> <p>The charter has been reviewed and Internal Audit is open to positive change.</p> <p>We take this very seriously.</p>		
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<p>Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place.</p> <p>Reviewing the effectiveness of performance management arrangements.</p>	<p>We note, we approve and we keep our fingers crossed that we have not overlooked anything obvious. If that is 'ensuring' then we are on the ball.</p> <p>Major projects are reviewed.</p> <p>Progressing Risk Management process to the next level to incorporate Assurance Mapping should assist here.</p> <p>Not a fully developed function of the Committee noting that is offset, in the positive, by the parallel responsibilities of Overview and Scrutiny Committees.</p> <p>Major projects are reviewed.</p> <p>More training is always helpful to the</p>	3.4 (l.y.3.22)	2 – 4 (l.y.1-4)



		understanding of risk & control management.		
Supporting the development of robust arrangements for ensuring value for money.	<p>Ensuring that assurance on value for money arrangements is included in assurances received by the Audit Committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p>	<p>I am not convinced that we are on top of this aspect of our purpose.</p> <p>Appears to be working well.</p> <p>Now being covered as a routine/standard consideration in reports by IA but we will need to ensure that the outcome is also evaluated against the initial KPI.</p> <p>AC getting better in this area, work in progress.</p> <p>Not a fully developed function of the Committee noting that is offset, in the positive, by the parallel responsibilities of Overview and Scrutiny Committees.</p> <p>This is now covered by Internal Audit.</p> <p>This is a part of the AGS and is included in assurances given to the Committee.</p>	<p>3.3</p> <p>(l.y.3.11)</p>	<p>2 – 5</p> <p>(l.y.1-5)</p>
Helping the authority to implement the values of good governance, including effective arrangements for	<p>Reviewing arrangements against the standards set out in CIPFA's <i>Managing Risk of Fraud</i> (Red Book 2).</p>	<p>If we have attended to this aspect my memory has failed to take that in.</p> <p>Areas discussed well and also reported on fully. Think Whistleblowing policy could be</p>	<p>3.5</p> <p>(l.y.3.44)</p>	<p>0 – 5</p> <p>(l.y.2-5)</p>

<p>countering fraud and corruption risks.</p>	<p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</p>	<p>marketed better.</p> <p>New policy framework recently implemented in line with recent legislation and incorporated within the AGS. AC will need time to review effectiveness. Greater consideration will need to be given to the requirements of Ethical Governance arrangements and could form part of the Assurance Mapping process.</p> <p>Difficult area &amp; one AC accepts, we strive to improve.</p> <p>As pre Committee work programme.</p> <p>Discussed and reviewed in detail.</p> <p>We must always be vigilant and here again extra training is essential to help the Committee be aware of this issue.</p>		
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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:** **WEDNESDAY, 18<sup>TH</sup> MARCH 2015**

**REPORT BY:** **CORPORATE FINANCE MANAGER**

**SUBJECT:** **2014/15 TREASURY MANAGEMENT UPDATE**

### **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 February 2015.

### **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 1<sup>st</sup> 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 18<sup>th</sup> 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**

#### Investments Update

3.01 A statement setting out the Council's investments as at 28<sup>th</sup> February 2015 is attached at Appendix 1. The investment balance at this time was £48.8m, spread across 20 counterparties and the average investment rate was 0.54%.

#### Borrowing Update

3.02 There have been no changes to the Council's long term borrowing in 2014/15. A schedule of outstanding loans as at 28<sup>th</sup> February is attached as Appendix 2.

### Economic Update

- 3.03 Arlingclose Ltd, the Council's treasury management advisors updated their interest rate forecast on 17<sup>th</sup> February. Following the February inflation report and consideration of the latest economic data, they have moved their forecast of the possible path of official bank interest rates. They now estimate the first rise in bank rate in the second quarter of 2016, which has moved from the third quarter of 2015. This is as a result of slow down in the growth of the economy towards the end of 2014 and an expectation that factors such as fiscal austerity, weak global growth and the forthcoming general election will continue to dampen growth.

The risks to this forecast remain weighted to the downside; in particular, as signs of more widespread deflation could prompt a further downward revision to their forecast. They reiterate that the pace of interest rate rises will be gradual and the extent of rises limited.

Arlingclose project gilt yields to be slightly lower than forecast at the end of 2014 (when the Council's 2015/16 Treasury Management Strategy was written) and on a shallow upward path in the medium term, with continuing concerns about the Eurozone, and other geopolitical events, weighing on investors risk appetite. Gilt yields are returns on government bonds, which are more closely linked to the interest rates associated with any future Council borrowing.

### Counterparty Update

- 3.04 As reported in quarters 2 and 3 updates the UK adopted the bail-in regime of the EU Bank Recovery and Resolution Directive (BRRD) in January, a year ahead of other EU countries. This ends government support potentially available should a financial institution fail in the future (similar to support given to institutions during 2008 financial crisis). Investors / creditors classed as senior unsecured bond holders will be bailed-in to secure the future financial stability of an institution in the event of a default. As a result, Standard & Poor's (credit rating agency) placed a number of counterparties on Credit Watch Negative.

The Council's Treasury Management Investment Strategy states that, when a credit rating agency places a counterparty on review for possible downgrade so that it is likely to fall below the minimum criteria, then no further investments will be made until the outcome of the review is announced. 3 of the Council's current counterparties, with current investments totalling £15.4m are now on Credit Watch Negative. The issue has been discussed with Arlingclose and due to the short term nature of the investments involved, no further action was required. The banks involved are no longer on the Council's lending list and no further investments will be made until the review is concluded.

**4.00 RECOMMENDATIONS**

4.01 Members note the report.

**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. Investments as at 28<sup>th</sup> February 2015.  
2. Loans as at 28<sup>th</sup> February 2015.

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

None.

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**FLINTSHIRE COUNTY COUNCIL - INVESTMENT PORTFOLIO**

28th FEBRUARY 2015

APPENDIX 1

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	1 - 3 months
BANK OF SCOTLAND	3.0	05/06/14	05/06/15	0.95%	28,500	UK Bank	3 months +
<b>BANK OF SCOTLAND</b>	<b>7.0</b>						
BARCLAYS BANK	3.0	06/01/15	13/03/15	0.45%	2,441	UK Bank	1 month or less
<b>BARCLAYS BANK</b>	<b>3.0</b>						
BNP PARIBAS	2.2	02/04/14	31/03/15	0.46%	9,977	MMF	1 month or less
<b>BNP PARIBAS</b>	<b>2.2</b>						
CORNWALL COUNCIL	2.0	04/02/15	18/03/15	0.30%	690	Local Auth	1 month or less
<b>CORNWALL COUNCIL</b>	<b>2.0</b>						
CUMBERLAND BUILDING SOCIETY	1.0	09/02/15	18/05/15	0.53%	1,423	UK BS	1 - 3 months
<b>CUMBERLAND BUILDING SOCIETY</b>	<b>1.0</b>						
DUMFRIES & GALLOWAY COUNCIL	2.0	11/12/14	11/03/15	0.48%	2,367	Local Auth	1 month or less
<b>DUMFRIES &amp; GALLOWAY COUNCIL</b>	<b>2.0</b>						
FEDERATED INVESTORS	1.0	24/06/14	31/03/15	0.40%	3,040	MMF	1 month or less
<b>FEDERATED INVESTORS</b>	<b>1.0</b>						
FURNESS BUILDING SOCIETY	1.0	09/09/14	09/03/15	0.65%	3,223	UK BS	1 month or less
<b>FURNESS BUILDING SOCIETY</b>	<b>1.0</b>						
GLASGOW CITY COUNCIL	2.0	08/11/13	09/11/15	0.95%	38,052	Local Auth	3 months +
<b>GLASGOW CITY COUNCIL</b>	<b>2.0</b>						
HANDELSBANKEN	2.0	04/02/15	31/03/15	0.35%	1,055	Overseas	1 month or less
<b>HANDELSBANKEN</b>	<b>2.0</b>						
IGNIS STERLING LIQUIDITY FUND	4.3	01/04/14	31/03/15	0.47%	20,324	MMF	1 month or less
<b>IGNIS STERLING LIQUIDITY FUND</b>	<b>4.3</b>						
INSIGHT LIQUIDITY FUNDS LLP	1.2	01/04/14	31/03/15	0.45%	5,443	MMF	1 month or less
<b>INSIGHT LIQUIDITY FUNDS LLP</b>	<b>1.2</b>						
LANCASHIRE COUNTY COUNCIL	2.0	03/10/14	07/04/15	0.60%	6,115	Local Auth	1 - 3 months
LANCASHIRE COUNTY COUNCIL	2.0	03/10/14	07/04/15	0.60%	6,115	Local Auth	1 - 3 months
<b>LANCASHIRE COUNTY COUNCIL</b>	<b>4.0</b>						
MERSEYSIDE POLICE AUTHORITY	1.5	04/02/15	27/03/15	0.38%	796	Local Auth	1 month or less
<b>MERSEYSIDE POLICE AUTHORITY</b>	<b>1.5</b>						
MORGAN STANLEY	5.1	01/04/14	31/03/15	0.43%	21,746	MMF	1 month or less
<b>MORGAN STANLEY</b>	<b>5.1</b>						
NATIONAL COUNTIES BUILDING SOCIETY	1.0	06/01/15	20/03/15	0.52%	1,040	UK BS	1 month or less
<b>NATIONAL COUNTIES BUILDING SOCIETY</b>	<b>1.0</b>						
NATIONWIDE BUILDING SOCIETY	1.4	16/06/14	17/04/15	0.81%	9,476	UK BS	1 - 3 months
NATIONWIDE BUILDING SOCIETY	2.0	06/01/15	27/03/15	0.48%	2,104	UK BS	1 month or less
NATIONWIDE BUILDING SOCIETY	2.0	23/01/15	31/03/15	0.47%	1,725	UK BS	1 month or less
<b>NATIONWIDE BUILDING SOCIETY</b>	<b>5.4</b>						
OVERSEA-CHINESE BANKING CORP	1.1	04/02/15	18/03/15	0.40%	506	Overseas	1 month or less
<b>OVERSEA-CHINESE BANKING CORP</b>	<b>1.1</b>						
SCOTTISH BUILDING SOCIETY	1.0	19/12/14	18/03/15	0.50%	1,219	UK BS	1 month or less
<b>SCOTTISH BUILDING SOCIETY</b>	<b>1.0</b>						
UK GOVERNMENT - TREASURY BILLS	1.0	01/12/14	02/03/15	0.38%	947	UK GOVT	1 month or less
<b>UK GOVERNMENT - TREASURY BILLS</b>	<b>1.0</b>						
<b>TOTAL</b>	<b>48.8</b>			<b>0.54%</b>	<b>206,118</b>		

**FLINTSHIRE COUNTY COUNCIL - INVESTMENTS SUMMARISED BY TYPE & MATURITY**

**28th FEBRUARY 2015**

**APPENDIX 1**

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
UK Government Treasury Bills	1.0	2%	1.0			
UK Bank	10.0	21%	3.0	4.0	3.0	
UK Building Society (UK BS)	9.4	19%	7.0	2.4		
Overseas	3.1	6%	3.1			
Local Authorities	11.5	24%	5.5	4.0	2.0	
Money Market Funds (MMF)	13.8	28%	13.8			
<b>Total (£)</b>	<b>48.8</b>		<b>33.4</b>	<b>10.4</b>	<b>5.0</b>	<b>0.0</b>
<b>Total (%)</b>		<b>100%</b>	<b>69%</b>	<b>21%</b>	<b>10%</b>	<b>0%</b>



28th February 2015

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
<b>Total</b>	<b>143,162,527</b>	<b>5.86</b>	<b>8,393,328</b>	

**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
<b>Total</b>	<b>18,950,000</b>	<b>4.53</b>	<b>858,095</b>	

**PWLB Variable Rate Maturity Loans**

* 05/05/10	10,000,000	0.55	55,000	05/05/20
<b>Total</b>	<b>10,000,000</b>	<b>0.55</b>	<b>55,000</b>	

**Totals**

<b>Fixed Rate</b>	<b>162,112,527</b>		<b>9,251,423</b>	
<b>Variable Rate</b>	<b>10,000,000</b>		<b>55,000</b>	
<b>Grand Total</b>	<b>172,112,527</b>	<b>5.41</b>	<b>9,306,423</b>	

\* New loan due to debt restructuring

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## FLINTSHIRE COUNTY COUNCIL

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

**DATE:**               **WEDNESDAY, 18 MARCH 2015**

**REPORT BY:**       **INTERNAL AUDIT MANAGER**

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

### **1.00 PURPOSE OF REPORT**

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

### **2.00 BACKGROUND**

2.01 In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new standards for internal audit across the public sector. They apply to Central Government departments including Scotland, Wales and Northern Ireland, Local Authorities across the UK, the NHS, Police and Fire Authorities and National Parks. These replaced the CIPFA Code of Practice for Internal Audit in Local Government published in 2006. The standards are based upon the CIIA standards and came into force on 1<sup>st</sup> April 2013.

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

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

2.04 There is a requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS. External assessments should be carried out at least once every five years, with annual internal assessments.

2.05 Internal assessments must include:

- ongoing monitoring of the performance of the internal audit activity and

- periodic self-assessments, or assessments by other persons within the organisation with sufficient knowledge of internal audit practices
- 2.06 Results of the assessments and progress against identified actions must be reported to the Audit Committee.
- 2.07 The first such self assessment was carried out in 2014 and reported to the committee in May 2014.
- 2.08 This report shows the results of the second internal self assessment, the progress against actions arising from last year's assessment, and further actions being undertaken on an ongoing basis to maintain compliance with the components of the standards.

### **3.00 CONSIDERATIONS**

- 3.01 The Local Government Application Note includes a checklist for assessing conformance with the PSIAS and the Local Government Application Note. This checklist has been used to perform the internal assessment for 2014/15.
- 3.02 The internal assessment was undertaken separately by the Internal Audit Manager and the two Principal Auditors. The results are given in Appendix A.
- 3.03 The first part of the Appendix gives the definitions of the levels of conformance with PSIAS. There is then a summary of the levels of conformance against the Definition, Code of Ethics and each Standard. That is followed by the detailed responses to each question in the checklist.
- 3.04 Overall they show General Conformance with the standards when the results for each section are put together. A few individual questions or sections show Partial or Non Conformance. These are not significant within the overall assessment. They will result in action plans for the coming year.
- 3.05 Progress against specific actions from last year's assessment is shown in Appendix B. Most have been completed with a few ongoing.
- 3.06 The IIA standards include fourteen components for a QAIP. To maintain overall compliance these were also reviewed during the year. Actions taken during the year and those planned for 2015/16 are included in Appendix C.
- 3.05 The results from this assessment will be included in the Internal Audit Annual Report in June and within the Annual Governance Statement.

**4.00 RECOMMENDATIONS**

4.01 The committee is requested to note the report.

**5.00 FINANCIAL IMPLICATIONS**

5.01 None arising from this report.

**6.00 ANTI POVERTY IMPACT**

6.01 None arising from this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None arising from this report.

**8.00 EQUALITIES IMPACT**

8.01 None arising from this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None arising from this report.

**10.00 CONSULTATION REQUIRED**

10.01 None arising from this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None arising from this report.

**12.00 APPENDICES**

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

Appendix B – Actions from the assessment completed in 2014

Appendix C – Actions to maintain compliance with the components of QAIP

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

None

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

### Key:

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

	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
	<b>Definition of Internal Auditing</b>	✓		
	<b>Code of Ethics</b>	✓		
	<b>Attribute Standards</b>			
<b>Reference</b>				
1000	Purpose, Authority and Responsibility	✓		
1010	Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter	✓		
1100	Independence and Objectivity (The sum of <i>Standards</i> 1100-1130)	✓		
1110	Organisational Independence	✓		
1111	Direct Interaction with the Board	✓		
1120	Individual Objectivity	✓		
1130	Impairments to Independence or Objectivity	✓		



	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
1200	Proficiency and Due Professional Care (The sum of <i>Standards</i> 1210-1230)	✓		
1210	Proficiency	✓		
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		
1300	Quality Assurance and Improvement Programme (The sum of <i>Standards</i> 1310-1320)	✓		
1310	Requirements of the Quality Assurance and Improvement Programme		✓	
1311	Internal Assessments	✓		
1312	External Assessments	✓		
1320	Reporting on the Quality Assurance and Improvement Programme	✓		
1321	Use of Conforms with the International Standards for the Professional Practice of Internal Auditing	✓		
1322	Disclosure of Non-conformance	✓		

	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
	<b>Performance Standards</b>			
<b>Reference</b>				
2000	Managing the Internal Audit Activity (Sum total of <i>Standards</i> 2010 – 2060)	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		
2030	Resource Management	✓		
2040	Policies and Procedures		✓	
2050	Coordination		✓	
2060	Reporting to Senior Management and the Board	✓		
2070	External service Provider and Organisational Responsibility for Internal Audit	N/A	N/A	N/A
2100	Nature of Work (Sum of <i>Standards</i> 2110 – 2130)	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		

	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
2200	Engagement Planning (Sum of <i>Standards</i> 2201-2240)	✓		
2201	Planning Considerations	✓		
2210	Engagement Objectives	✓		
2220	Engagement Scope	✓		
2230	Engagement Resource Allocation	✓		
2240	Engagement Work Programme	✓		
2300	Performing the Engagement (The sum of <i>Standards</i> 2300-2340)	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		
2330	Documenting Information	✓		
2340	Engagement Supervision	✓		
2400	Communicating Results (Sum of <i>Standards</i> 2410-2440)	✓		
2410	Criteria for Communicating	✓		
2420	Quality of Communications	✓		

	<b>SUMMARY OF RESULTS</b>	<b>GC</b>	<b>PC</b>	<b>DNC</b>
2421	Errors and Omissions	✓		
2430	Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'.	✓		
2431	Engagement Disclosure of Non-conformance	✓		
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		
2500	Monitoring Progress	✓		
2600	Resolution of Senior Management's Acceptance of Risks	✓		
	<b>OVERALL CONCLUSION – CONFORMANCE WITH PSIAS</b>	✓		

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
<b>1</b>	<b>Definition of Internal Auditing</b>				
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity: a) Independent? b) Objective?	✓ ✓			See questions below Charter updated during 2013 to reflect the new PSIAS, including the definition of Internal Audit.
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			See questions below
	<b>Definition Conclusion</b>	✓			
<b>2</b>	<b>Code of Ethics</b>				
	<b>Integrity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors: a) Perform their work with honesty, diligence and responsibility? b) Observe the law and make disclosures expected by the law and the profession? c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation? d) Respect and contribute to the legitimate and ethical objectives of the organisation?	✓ ✓ ✓ ✓			See questions below.  As professional officers, each internal auditor is expected to perform their duties in accordance with the CIAA's code of ethics, as well as FCC's code of conduct.
	<b>Objectivity</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not: a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? b) Accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?	✓ ✓ ✓			See questions below  Completion of annual declaration of interest.
	<b>Confidentiality</b>				

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by: a) Acting prudently when using information acquired in the course of their duties and protecting that information? b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?	✓ ✓			See questions below. All work is undertaken in a confidential manner. All documentation is held securely with retention policies in place. All sensitive data is exported using GCSX email accounts. Laptops all encrypted.
	<b>Competency</b> Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by: a) Only carrying out services for which they have the necessary knowledge, skills and experience? b) Performing services in accordance with the PSIAS? c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?	✓ ✓ ✓			See questions below. Regular training in services to be audited. Expertise developed over time in complex areas. Training plans based on appraisals, now competency based.
	Do internal auditors have regard to the Standards of Public Life's Seven Principles of Public Life?	✓			See questions below
	<b>Code of Ethics Conclusion</b>	✓			
	Standards				
<b>3</b>	<b>Attribute Standards</b>				
<b>3.1</b>	<b>1000 Purpose, Authority and Responsibility</b>				
	Does the internal audit charter include a formal definition of: a) the purpose b) the authority, and c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?	✓ ✓ ✓			The Internal Audit Charter includes the responsibilities, independence, role and rights of access. It is part of the Constitution. These are also included in the Council's Financial Regulations.
<b>LGAN</b>	Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.		✓		Sets out each of the functions of the board and where it lies.
	Does the internal audit charter also: a) Set out the internal audit activity's position within the organisation?				The Charter includes sections on the Role and Scope of IA, Independence and Authority, Audit

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

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



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	to provide credibly constructive challenge to senior management?				
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity: The board: a) approves the internal audit charter  b) approves the risk-based audit plan  c) approves the internal audit budget and resource plan d) receives communications from the CAE on the activity's performance (in relation to the plan, for example) e) approves decisions relating to the appointment and removal of the CAE f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓  ✓ ✓ ✓ ✓ ✓			In the Annual Report. Also in annual meeting with the AC.  Audit Committee  Chief Officer Team and Audit Committee.  Chief Officer Governance Audit Committee  Chief Officer Governance  Audit Committee
	Does the chief executive or equivalent undertake, Countersign, contribute feedback to or review the performance appraisal of the CAE?	✓			First appraisal completed by Chief Officer Governance and Chief Executive March 2015.
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	✓			First appraisal completed by Chief Officer Governance and Chief Executive March 2015. Feedback sought from chair of the Audit Committee.
	<b>1110 Conclusion</b>	✓			
	<i>1111 Direct Interaction with the Board</i>				
	Does the CAE communicate and interact directly with the board?	✓			Reports to each Audit Committee meeting. Private meeting takes place annually. If necessary, Manager can meet with the committee or chair at any time.
	<b>1111 Conclusion</b>	✓			

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

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	this disclosed to the engagement client before the engagement was accepted?				
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?				N/A. Plan allows time for some consulting work.
	<b>1130 Conclusion</b>	✓			
<b>3.3</b>	<b>1200 Proficiency and Due Professional Care</b>				
	1210 Proficiency				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			CFIIA
	Is the CAE suitably experienced?	✓			In Internal Audit since 1982, management positions since 1999, Manager at FCC since 2005 working for RSM Tenon. Employed by the Council since 2013.
<b>LGAN</b>	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			Manager fully responsible for recruitment.
<b>LGAN</b>	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓			Job descriptions and person specifications redefined as part of Finance Function Review, 2012.
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓			Auditor competencies assessed. Annual appraisals carried out.
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	✓			If necessary can buy in expertise, e.g. IT audit
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			Manager, Principal Auditors and some Senior Auditors keep up to date on fraud requirements and attend training days.
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓			Principal Auditors and some Senior Auditors specialise in IT work. A Principal is a qualified IT Auditor.
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to	✓			Members of the team keep up to date on Computer Assisted Audit Techniques. IDEA is

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

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Do internal auditors maintain a record of their professional development and training activities?	✓			Maintained by the department.
	<b>1230 Conclusion</b>	✓			
<b>3.4</b>	<b>1300 Quality Assurance and Improvement Programme</b>				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	✓			Developed during the year based on overall requirements and results of last year's internal assessment.
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓			Assessment last year used as a starting point.
	Does the CAE maintain the QAIP?	✓			QAIP developed by the manager.
<b>LGAN</b>	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?				Now also a requirement in Wales. This review meets the requirement.
	<b>1300 Conclusion</b>	✓			
	<i>1310 Requirements of the Quality Assurance and Improvement Programme</i>				
	Does the QAIP include both internal and external assessments?		✓		Internal assessment for last year and this year, external assessment to be arranged.
	<b>1310 Conclusion</b>		✓		
	<i>1311 Internal Assessments</i>				
<b>LGAN</b>	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			Part of the planning process annually and for individual assignments.
	Do internal assessments include ongoing monitoring of the internal audit activity such as:	✓			All work is subject to quality review. Annual internal assessments
	a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	✓			

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
LGAN	Does ongoing performance monitoring include comprehensive performance targets?	✓			There are performance targets for the department and each staff member.
LGAN	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			Departmental targets agreed with Head of Finance for 2014/15 and Audit Committee. Entered into the Service Plan. Individual targets agreed during annual appraisals.
LGAN	Does the CAE measure, monitor and report on progress against these targets?	✓			Progress against departmental targets reported to Audit Committee quarterly.
LGAN	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓			Feedback questionnaires issued on completion of every assignment.
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.	✓			Self Assessments have been carried out by the Audit Manager, against the previous CIPFA standards. Now carried out against these Standards by the Audit Manager and Principal Auditors.
LGAN	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓			
	<b>1311 Conclusion</b>	✓			
	<i>1312 External Assessments</i>				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			QA review of files carried out by RSM Tenon during 2012/13. External QAIP review to be planned.
LGAN	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?				N/A. To be completed in planning the review.
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?				N/A. To be completed in planning the review.
LGAN	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CEO or the chief executive?				N/A. To be completed in planning the review.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?				N/A. To be completed in planning the review.
	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process? Competence can be determined in the following ways: a) experience gained in organisations of similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and e) technical experience. Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.				N/A. Not yet completed.
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?				N/A. Not yet completed.
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.				N/A. Not yet completed.
	<b>1312 Conclusion</b>				N/A
	<i>1320 Reporting on the Quality Assurance and Improvement Programme</i>				
	Has the CAE reported the results of the QAIP to senior management and the board? Note that: a) the results of both external and periodic internal assessment must be communicated upon completion b) the results of ongoing monitoring must be communicated at least annually c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.	✓			This report for 2014/15. Report for 2013/14 presented to Audit Committee in May 2014. Progress against action plan also reported.
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			Annual Report to this meeting.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>1320 Conclusion</b>	✓			
	<i>1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'</i>				
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓			Based on the results of the previous assessment. Stated in each audit report.
	<b>1321 Conclusion</b>	✓			
	<i>1322 Disclosure of Non-conformance</i>				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			This report shows conformance or non-conformance.
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			Considered for the governance statement.
	<b>1322 Conclusion</b>	✓			
<b>4</b>	<b>Performance Standards</b>				
<b>4.1</b>	<b>2000 Managing the Internal Audit Activity</b>				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	✓			Through the audit plan, as reported in the annual report.
	Does the internal audit activity conform with the <i>Definition of Internal Auditing</i> and the <i>Standards</i>	✓			Through the Charter and the audit manual.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the <i>Code of Ethics</i> and the <i>Standards</i> ?	✓			Through the audit manual. All work subject to review. All complete a Declaration of Interests form.
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance? b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓ ✓			Audit plan is based on the organisation's objectives. Audit reports contain recommendations to improve effectiveness and efficiency. Additional advisory work and presence on project groups requested by management.



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2000 Conclusion</b>	✓			
	<i>2010 Planning</i>				
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	✓			Strategic and Operational plan based on the organisations objectives and risks, from the Improvement Plan.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			Strategic and Operational plan designed to provide evidence needed for annual opinion.
	Does the risk-based plan take into account the organisation's assurance framework?	✓			Sources of assurance considered during planning.
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓ ✓ ✓			Part of the Strategic Plan.  Stated in the Plan.  Part of the Strategic Plan.
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			Strategic Plan includes how the plan was developed, including links to risk management.
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓			Risk maturity assessed by internal audit.
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?				N/A
<b>LGAN</b>	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓ ✓ ✓			
<b>LGAN</b>	Does the risk-based plan differentiate between audit and other types of work?	✓			All work categorised within the plan.
<b>LGAN</b>	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			The plan includes a contingency allowance, and is subject to review throughout the year. The plan was updated in September 2014 after the change to the management structure.

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

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

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
LGAN	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?		✓		See above – to be updated during 2015.
	<b>2040 Conclusion</b>		✓		
	<i>2050 Coordination</i>				
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	✓			Reliance placed on external auditors and regulators.
LGAN	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			✓	Assurance mapping to be completed in 2015.
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			Regular meetings with external auditors.
LGAN	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	✓			Regular meetings with external auditors.
	<b>2050 Conclusion</b>		✓		
	<i>2060 Reporting to Senior Management and the Board</i>				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓			Quarterly reports to Audit Committee.
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓			Major findings reported. In addition, reports provided as requested by the Audit Committee.
	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	✓			Standard quarterly reporting. However, additional reporting would take place if there was sufficient importance and urgency. Major reports dealt with in full. When necessary management called to attend AC meetings.

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

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

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?		✓		As part of audit planning, question in PAQ asks management to consider the risk of fraud in their area. The department is responsible for the maintenance of the Anti Fraud Strategy, Fraud Response Plan and Whistleblowing procedure. All updated during 2014/15. Fraud risks not fully evaluated.
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			Dependent on the nature of the assignment.
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			Any other risks are reported to audit management.
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓			Auditors do not take on management responsibility or risk management roles.
	<b>2120 Conclusion</b>	✓			
	<i>2130 Control</i>				
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓ ✓ ✓ ✓ ✓			As part of audit planning and the completion of individual risk based audit assignments.
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			All relevant knowledge is used.
	<b>2130 Conclusion</b>	✓			

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



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

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

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	significant control issues?				
	<b>2220 Conclusion</b>	✓			
	<i>2230 Engagement Resource Allocation</i>				
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	✓ ✓ ✓			Planned at start of the year, then amended with detailed planning.
	<b>2230 Conclusion</b>	✓			
	<i>2240 Engagement Work Programme</i>				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			Work programmes developed for each engagement.
	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓			Information, including analysis and evaluation, recorded in the engagement file.
	Were work programmes approved prior to implementation for each engagement?	✓			Reviewed by Principal Auditors.
	Were any adjustments required to work programmes approved promptly?	✓			By Principal Auditors.
	<b>2240 Conclusion</b>	✓			
<b>4.4</b>	<b>2300 Performing the Engagement</b>				
	Have internal auditors carried out the following in order to achieve each engagement's objectives:				Standard methodology, trained and experienced staff, files reviewed by Principal Auditors and

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	a) Identify sufficient information? b) Analyse sufficient information? c) Evaluate sufficient information? d) Document sufficient information?	✓			retained. Moving to electronic files.
	<b>2300 Conclusion</b>	✓			
	<i>2310 Identifying In formation</i>				
	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information? c) Relevant information? d) Useful information?	✓			Information requested prior to the audit. Files contain test sheets and results. Standard methodology, trained and experienced staff, files reviewed by Principal Auditors and retained. CAATs used where applicable. Some data not extracted by IA directly.
	<b>2310 Conclusion</b>	✓			
	<i>2320 Analysis and Evaluation</i>				
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	✓			Requirements set out in audit manual. Files contain test sheets and results. Files reviewed by Principal Auditors and retained.
<b>LGAN</b>	Have internal auditors remained alert to the possibility of the following: a) intentional wrongdoing b) errors and omissions c) poor value for money d) failure to comply with management policy, and e) conflicts of interest when performing their individual audits, and has this been documented?	✓			Requirements set out in audit manual, standard methodology. Files reviewed by Principal Auditors. Auditors are trained and experienced.
	<b>2320 Conclusion</b>	✓			
	<i>2330 Documenting Information</i>				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Requirements set out in audit manual. Files reviewed by Principal Auditors

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
<b>LGAN</b>	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			Requirements set out in audit manual. Files contain test sheets and results, reviewed by Principal Auditors and retained.
	Does the CAE control access to engagement records?	✓			Filed securely. Security and backup arrangements for the new software approved by ICT before procurement.
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?				N/A. Only released to WAO.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			Retention in line with FCC and Data Protection guidelines
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			Policy is in line with FCC and Data Protection guidelines.
	<b>2330 Conclusion</b>	✓			
	<i>2340 Engagement Supervision</i>				
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			Supervised by Principal Auditors – scope agreed, work reviewed.
	Is appropriate evidence of supervision documented and retained for each engagement?	✓			Recorded in the files.
	<b>2330 Conclusion</b>	✓			
<b>4.5</b>	<b>2400 Communicating Results</b>				
	Do internal auditors communicate the results of engagements?	✓			At debrief meeting, draft and final reports.
	<b>2400 Conclusion</b>	✓			
	<i>2410 Criteria for Communicating</i>				

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

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	<b>2410 Conclusion</b>	✓			
	<i>2420 Quality of Communications</i>				
	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	✓			Aim for all of these, through specified report format, audit manual requirements, training and experience, review of files and reports.
	<b>2420 Conclusion</b>	✓			
	<i>2421 Errors and Omissions</i>				
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?				N/A. Not happened. Would be communicated if applicable.
	<b>2421 Conclusion</b>	✓			
	<i>2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'</i>				
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	✓			Included in all reports.
	<b>2421 Conclusion</b>	✓			
	<i>2431 Engagement Disclosure of Non conformance</i>				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the Code of Ethics or Standard(s)				N/A. Not happened.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?				
	<b>2431 Conclusion</b>				N/A
	<i>2440 Disseminating Results</i>				
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			Reports issued to Chief Officers, relevant managers.
	Has the CAE communicated engagement results to all appropriate parties?	✓			Through debrief meetings, draft and final reports.
	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓			WAO only for FCC reports. NWRWTP – reports seen by senior management / legal before they are issued.
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			Included in reports and issued to Chief Officers. Also reported to Audit Committee, in summary or in total.
	<b>2440 Conclusion</b>	✓			
	<i>2450 Overall Opinion</i>				
	Has the CAE delivered an annual internal audit opinion?	✓			Annual Report
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓			Annual Report includes the opinions.
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓			Expectations taken into account, but it remains the audit opinion.
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	✓			Built up from all reports in the year.
	Does the communication identify the following:				All included in the Annual Report.



Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓			
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?				N/A. Not given. If this were the case, reasons would be included.
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			Used and quoted in the AGS.
	Does the annual report incorporate the following: a) The annual internal audit opinion? b) A summary of the work that supports the opinion? c) A disclosure of any qualifications to the opinion? d) The reasons for any qualifications to the opinion?	✓ ✓			N/A. No qualifications N/A. No qualifications
<b>LGAN</b>	e) A disclosure of any impairments or restriction in scope?	✓			
<b>LGAN</b>	f) A comparison or work actually carried out with the work planned?	✓			
<b>LGAN</b>	g) A statement on conformance with the PSIAS?	✓			
<b>LGAN</b>	h) The results of the QAIP?	✓			
<b>LGAN</b>	i) Progress against any improvement plans resulting from the QAIP?	✓			
<b>LGAN</b>	j) A summary of the performance of the internal audit activity against its performance measures and targets?	✓			
<b>LGAN</b>	k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓			
	<b>2450 Conclusion</b>	✓			
<b>4.6</b>	<b>2500 Monitoring Progress</b>				
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?		✓		Recommendation tracking in operation for 'red' reports, red and amber recommendations. Automated tracking system used during the year. Also some follow up reviews. Managers called to Audit Committee if inadequate action.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
					To be improved through the use of the new audit software, including direct access by managers to update and monitor progress.
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓			Issue new report after the follow up if necessary.
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	✓			Included in planning for the year.
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓			At a later time by a different auditor, to ensure independence is maintained.
	<b>2500 Conclusion</b>	✓			
<b>4.7</b>	<b>2600 Communicating the Acceptance of Risks</b>				
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓			
	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	✓			
	<b>2600 Conclusion</b>	✓			

Actions from assessment March 2014 – questions not scored as conforming

Ref	Conformance with the Standard	Compliance	Planned Action	Person Responsible	Timescale	Comment
3.1/ LGAN	Does the Internal Audit Charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity? Note that it is expected that the audit committee will fulfil the role of the board in the majority of cases	Partial	Review definitions within the Charter	DW	Sept 2016	Ongoing. Charter sets out the functions of the board and where it lies. To be updated in the next review.
3.2/ LGAN	Does the Chief Executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	No	Next appraisal March 2015	DW	Mar 2015	Achieved.
3.2/ LGAN	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	No	Next appraisal March 2015	DW	Mar 2015	Achieved.
3.4	Has the CAE developed a QAIP that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated	Partial	QAIP being developed. However some aspects of QA have been completed in the past, particularly internal assessments against CIPFA Code of Practice and ongoing review of work	DW	Mar 2015	Achieved. This programme itself.
3.4	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	Partial	Assessment from 2013/14 gave the assessment. Partial or non-compliance answers identified opportunities for improvement	DW	Mar 2015	Achieved. This review, evidence for 2014/15 self-assessment.

Ref	Conformance with the Standard	Compliance	Planned Action	Person Responsible	Timescale	Comment
3.4	Does the CAE maintain the QAIP?	Partial	Produce, update and maintain the QAIP file and process	DW	Mar 2015	Achieved. See electronic and manual file, this update.
3.4	Does the QAIP include both internal and external assessments?	Partial	Continue internal assessments, external assessment to be completed by 2017/18	DW	2017	Ongoing. Internal assessments completed annually, again in March 2015.
4.1/ LGAN	Does the risk based plan set out the respective priorities of the pieces of work?	Partial	Update in next annual plan	DW	Mar 2015	Achieved. Strategy for 2015/16 to 2017/18 includes audit risk ratings
4.2	Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities?	Partial	Review as part of CGWG – review of Code of Corporate Governance.	DW	Dec 2014	Ongoing. Audit work is based on the Council's objectives and priorities and covers some of the areas in the Code of Corporate Governance such as organisational performance management and communication of risk and control information.

Ref	Conformance with the Standard	Compliance	Planned Action	Person Responsible	Timescale	Comment
4.2	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	Partial	Improve awareness of fraud. Collect data on fraud risk.	DW	Mar 2015	Ongoing. Anti-Fraud and Corruption Strategy and Fraud Response Plan reviewed and updated. Going through committee, will be launched on Infonet. E learning module to be launched. Question on fraud included in PAQ.
4.3	If the criteria developed by management to evaluate and determine whether objectives and goals have been accomplished have been deemed inadequate, have the internal auditors worked with management to develop appropriate evaluation criteria?	Partial	Review PI's as part of audits.	DW	Mar 2015	Achieved. Scopes include management information.
	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered, including money, people and assets?	Partial	Develop vfm work	DW	Mar 2015	Achieved. Instruction to be aware of and report VFM issues in every audit.

Ref	Conformance with the Standard	Compliance	Planned Action	Person Responsible	Timescale	Comment
4.6	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	Partial	Review tracking, schedule in follow up audits.	DW	Sept 2014	Achieved. The need for Follow up audits reviewed, three identified and completed. Tracking maintained of high or medium recommendations from red reports. Will be extended to all reports with the introduction of Insight – 2015/16.

Quality Assurance Improvement Programme – Components – from IIA standard.

	<b>Component</b>	<b>Actions 2014/15</b>	<b>Planned Actions 2015/16</b>
1	Develop and maintain audit policies and procedures.	System for producing reports changed during the year – distribution of discussion draft reports, then debrief meeting to agree comments, then speedy issue of final reports. Further changes planned to include the use of bullet points instead of detailed recommendations, with management tasked with producing action points.	To be reviewed and reissued after introduction of MKInsight.
2	Administer and maintain the Internal Audit Manual	Not updated after the move from Tenon – awaiting introduction of MKInsight. To be updated during 2015/16.	To be reviewed and reissued after introduction of MKInsight.
3	Ensure the financial and budget management of the department	Financial budget maintained through monthly monitoring	Monitor monthly.
4	Maintain the audit risk universe, gather and incorporate new information impacting the universe.	Audit universe derived from previous audits plus new developments. Incorporated in Strategic Planning.	Through liaison meetings, update for strategy

	<b>Component</b>	<b>Actions 2014/15</b>	<b>Planned Actions 2015/16</b>
5	Evaluate audit risk and produce the strategic plan	Strategic Plan produced using risks from Improvement Plan and own knowledge.	Produce strategic plan in early 2016 (annual update)
6	Agree and implement an annual plan	Annual Plan is the first year of the Strategic Plan completed in more detail. During 2014/15 it was produced for the old FCC structure then rearranged at half year to reflect the new FCC structure – with further consultation at that point.	Produce from strategic plan (annual update)
7	Operate audit tools and use up to date technology	Department changed to MKInsight during the year. IDEA also in place and will be updated to v9.	Develop full usage of MKInsight.
8	Manage recruitment to meet staffing needs	Full time member of staff recruited to fill vacancy at the start of the year. Current staffing levels agreed by Audit Committee and Chief Executive as being necessary, not affected by Business Planning.	Recruit as needed
9	Complete annual performance appraisals	Appraisals completed.	Complete using new template and method.



	<b>Component</b>	<b>Actions 2014/15</b>	<b>Planned Actions 2015/16</b>
10	Maintain training and development of staff	Training arranged after appraisals, also training on new software – MKInsight.	Maintain overview of courses, allocate as necessary.
11	Evaluate post-audit questionnaires	Questionnaires evaluated on an ongoing basis – no problems.	Review and update. Maintain evaluation.
12	Complete quarterly progress reports to audit committee	Progress reports presented to the AC every quarter.	Continue.
13	Monitor the implementation of audit recommendations	Fundamental and significant recommendations tracked using in-house system. Also some follow up work. Will be improved with the implementation of MKInsight.	Introduce tracking through MKInsight.
14	Keep the audit team up to date with professional best practice	Training courses, seminars etc. monitored. Manager, Principals and Senior Auditors attend where relevant.	Maintain overview of new developments, distribute as necessary.

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**               **WEDNESDAY, 18 MARCH 2015**  
**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  
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## AUDIT COMMITTEE ACTION SHEET

<b>7<sup>TH</sup> MAY 2014</b>				
<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
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.

<b>25<sup>TH</sup> JUNE 2014</b>				
<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
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	The report was to be sent to all O&S Committees when the budget process was finalised. In the meantime the report has become out of date and overtaken by events. The Chairs of O&S have given feedback on the effectiveness of financial scrutiny arrangements in their recent Corporate Governance questionnaires. Also, the WAO has issued its Corporate Assessment report and the Chief Executive suggests the effectiveness of financial scrutiny is considered as part of that report.

**10<sup>TH</sup> DECEMBER 2014**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
42	Internal Audit Progress Report	To share a report on the outcome of the Waste investigation with the Committee, once the process has completed.	Internal Audit Manager	Report to be brought to the Committee.
42	Internal Audit Progress Report	That the Internal Audit Manager make representations to the Wales Chief Auditors Group, on behalf of the Committee, for all Welsh Councils to participate in the benchmarking exercise.	Internal Audit Manager	To be raised at the next WCAG meeting.

**28<sup>TH</sup> JANUARY 2015**

<b>Agenda Item No.</b>	<b>Report</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Action Taken</b>
53	Anti-Fraud & Corruption Strategy and Fraud Response Plan	That explanation on the reasons for the length of time taken to complete the disciplinary process on the waste investigation be emailed to the Committee, including confirmation of whether the individuals were in receipt of full pay whilst suspended.	Chief Executive	E Mail giving full explanation being prepared.

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## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**  
**DATE:**               **WEDNESDAY, 18 MARCH 2015**  
**REPORT BY:**       **INTERNAL AUDIT MANAGER**  
**SUBJECT:**           **FORWARD WORK PROGRAMME**

### **1.00**   **PURPOSE OF REPORT**

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

### **2.00**   **BACKGROUND**

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

### **3.00**   **CONSIDERATIONS**

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

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

### **4.00**   **RECOMMENDATIONS**

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

### **5.00**   **FINANCIAL IMPLICATIONS**

5.01    None as a result of this report.

### **6.00**   **ANTI POVERTY IMPACT**

6.01    None as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None arising directly from this report.

**8.00 EQUALITIES IMPACT**

8.01 None as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.00 None as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 Publication of this report constitutes consultation.

**11.00 CONSULTATION UNDERTAKEN**

11.01 Publication of this report constitutes consultation.

**12.00 APPENDICES**

12.01 Appendix A – Forward Work Programme.

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

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**AUDIT COMMITTEE**  
**FORWARD WORK PROGRAMME 2015/16**

MEETING DATE	AGENDA ITEM	AUTHOR
<b>3 June 2015</b>	<ul style="list-style-type: none"> <li>• Regulatory Programme (WAO)</li> <li>• Certification of Grants and Returns Report (WAO)</li> <li>• Whistleblowing Arrangements (WAO)</li> <li>• Protocol Internal and External Audit</li> <li>• Internal Audit Annual Report</li> <li>• Internal Audit Progress Report</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> <li>• Risk Management Update</li> <li>• Financial Procedure Rules</li> </ul>	Liz Thomas David Webster David Webster David Webster David Webster David Webster Karen Armstrong Sara Dulson
<b>15 July 2015</b>	<ul style="list-style-type: none"> <li>• Draft Statement of Accounts</li> <li>• Supplementary Financial Information to Draft Statement of Accounts 2013/14</li> <li>• Draft Annual Governance Statement</li> <li>• Treasury Management Update and Annual Report 2012/13</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> </ul>	Gary Ferguson Liz Thomas Liz Thomas Gareth Owens Liz Thomas  David Webster David Webster
<b>September 2015</b>	<ul style="list-style-type: none"> <li>• Statement of Accounts 2014-15</li> <li>• Audit of Financial Statements (WAO)</li> <li>• Internal Audit Progress Report</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> </ul>	Gary Ferguson  David Webster David Webster David Webster

MEETING DATE	AGENDA ITEM	AUTHOR
<b>December 2015</b>	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> <li>• Risk Management update</li> <li>• Corporate Governance Report</li> <li>• Treasury Management Mid-Year Update</li> </ul>	David Webster David Webster David Webster Karen Armstrong Peter Evans Liz Thomas
<b>January 2016</b>	<ul style="list-style-type: none"> <li>• Treasury Management Update and Strategy</li> <li>• Annual Report on external inspections</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> </ul>	Liz Thomas Peter Evans David Webster David Webster
<b>March 2016</b>	<ul style="list-style-type: none"> <li>• Audit Plan (WAO)</li> <li>• Annual Improvement Report (WAO)</li> <li>• Treasury Management Update</li> <li>• Internal Audit Progress Report</li> <li>• Internal Audit Strategic Plan</li> <li>• PSIAS Compliance</li> <li>• Audit Committee Self Assessment</li> <li>• Action Tracking</li> <li>• Forward Work Programme</li> <li>• Private Meeting (WAO and IA)</li> </ul>	Karen Armstrong Liz Thomas David Webster David Webster David Webster David Webster David Webster David Webster