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CYNGOR
Sir y Fflint
Flintshire
COUNTY COUNCIL

Contact Officer:
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To:

Councillors: Glyn Banks, Helen Brown, Jean Davies, Chris Dolphin,
Andy Dunbobbin, Paul Johnson and Arnold Woolley

Co-opted Member
Sally Ellis

2 June 2017

Dear Councillor

You are invited to attend a meeting of the Audit Committee which will be held at
2.00 pm on Monday, 12th June, 2017 in the Clwyd Committee Room, County Hall,
Mold CH7 6NA to consider the following items

A G E N D A

1   **APPOINTMENT OF CHAIR**

   Purpose: To appoint a Chair for the Committee.

2   **APPOINTMENT OF VICE-CHAIR**

   Purpose: To appoint a Vice-Chair for the Committee.

3   **APOLOGIES**

   Purpose: To receive any apologies.

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

   Purpose: To receive any Declarations and advise Members accordingly.

5   **MINUTES** (Pages 5 - 14)

   Purpose: To confirm as a correct record the minutes of the previous meeting.

6   ASSET DISPOSAL AND CAPITAL RECEIPTS GENERATED 2016/17
(Pages 15 - 20)

Report of Chief Officer (Organisational Change)

Purpose: Report covering the Council's asset disposals for 2016/17 including amounts and value ranges.

7   ANNUAL GOVERNANCE STATEMENT 2016/17 (Pages 21 - 48)

Report of Chief Executive

Purpose: To endorse the Annual Governance Statement for 2016/17.

8   EXTERNAL REGULATION ASSURANCE (Pages 49 - 56)

Report of Chief Executive

Purpose: To endorse the summary of all external regulatory reports received during 2015/16 along with the Council's response.

9   ANNUAL REVIEW OF STRATEGIC RISKS (Pages 57 - 104)

Report of Chief Executive

Purpose: To endorse the approach to risk management and how current risks are being managed.

10   INTERNAL AUDIT ANNUAL REPORT (Pages 105 - 124)

Report of Interim Internal Audit Manager

Purpose: To inform members of the outcome of all audit work carried out during 2016/17 and to give the annual Internal Audit opinion on the standard of internal control, risk management and governance within the Council.

11   INTERNAL AUDIT PROGRESS REPORT (Pages 125 - 164)

Report of Interim Internal Audit Manager

Purpose: To present to the Committee an update on the progress of the Internal Audit Department.

12 **EXTERNAL ASSESSMENT - PSIAS COMPLIANCE** (Pages 165 - 186)

Report of Interim Internal Audit Manager

Purpose: To inform the committee of the results of the external of conformance with the Public Sector Internal Audit Standards (PSIAS).

13 **ACTION TRACKING** (Pages 187 - 192)

Report of Interim Internal Audit Manager

Purpose: To inform the Committee of the actions resulting from points raised at previous Audit Committee meetings.

14 **FORWARD WORK PROGRAMME** (Pages 193 - 200)

Report of Interim Internal Audit Manager

Purpose: To consider the Forward Work Programme of the Internal Audit Department.

15 **VERBAL UPDATE ON THE POSITION OF INTERNAL AUDIT MANAGER**

Yours sincerely

Robert Robins
Democratic Services Manager

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AUDIT COMMITTEE
15 MARCH 2017

Minutes of the meeting of the Audit Committee of Flintshire County Council held in the Clwyd Committee Room, County Hall, Mold on Wednesday, 15 March 2017

PRESENT: Mr. Paul Williams (Vice-Chairman in the Chair)
Councillors: Haydn Bateman, Ian Dunbar, Alison Halford, Ian Roberts and Arnold Woolley

APOLOGIES: Councillor Tim Newhouse (Chairman) and the Corporate Finance Manager

ALSO PRESENT: Councillor Bernie Attridge

IN ATTENDANCE:
Chief Executive; Chief Officer (Governance); Interim Internal Audit Manager; Finance Manager - Technical Accountancy; and Committee Officer

Paul Goodlad, John Herniman and Matthew Edwards of Wales Audit Office

Chief Officer (Education & Youth) and Finance Manager (for minute number 51)

Finance Manager, Strategy Accounting and Systems (for minute number 53)

49. **DECLARATIONS OF INTEREST**

Following advice from the Chief Officer (Governance) on agenda item 4 'School Reserves', a personal interest was declared by Councillors Ian Dunbar, Ian Roberts and Alison Halford as they were school governors. The Chairman also declared a personal interest as his wife worked in a school.

On agenda item 9 'Internal Audit Progress Report', Councillor Dunbar declared a personal interest as he was a governor of Connah's Quay High School mentioned in Appendix D.

50. **MINUTES**

The minutes of the meeting held on 25 January 2017 were submitted.

Matters Arising

On minute number 39: Wales Audit Office Annual Audit Letter 2015/16, Councillor Haydn Bateman referred to discussion on former waste disposal sites. In acknowledging the operational risk, it was explained that this was a complex ongoing technical issue which required time to resolve on a site by site basis. A meeting was due to take place to discuss the financial accounting provision. Progress on the operational and accounting issues was being reported to Overview & Scrutiny.

On minute number 42: Implementation of Contract Procedure Rules, Councillor Alison Halford referred to long-standing concerns on the performance of some sub-contractors. Officers explained that contractual arrangements placed a responsibility on contractors to manage the performance of any sub-contractors. During detailed previous discussion on this topic, Members had been assured of the training and support given to officers in respect of their responsibility in challenging any quality management issues.

Councillor Ian Roberts agreed to discuss his concerns about the performance of a particular contractor outside the meeting. When asked by the Chairman if this was a procedural matter, the Chief Officer (Governance) said he was aware of the circumstances of the case and that the Contract Procedure Rules (CPR) contained guidance on the provisions within contracts including enforcement terms.

Councillor Arnold Woolley shared his concerns on instances where work was sub-contracted down in its entirety.

The Chief Executive said that the Committee may wish to look at the quality of contract management in more detail as part of the CPR update at the September 2017 meeting.

RESOLVED:

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

51. **SCHOOL RESERVES AS AT MARCH 2016**

The Chief Officer (Education & Youth) and Finance Manager presented a report on financial reserves held by schools in Flintshire as at March 2016.

In the primary sector, school positive balances generally remained stable with pupil numbers increasing due to demographic changes. It would take time for this increase to reach secondary school level where many schools were experiencing difficulties in balancing their budgets. This was indicative of the national position where continuing austerity measures and growing cost pressures were contributing factors. Whilst school budgets were largely predictable through medium-term financial planning, the short-term movement in pupil numbers was a more challenging issue for some schools. The importance of equipping school business managers with the necessary skills had been identified as a key risk and was also recognised at national level. Schools in a deficit position were receiving additional support and training from the Council to develop their deficit recovery plans. The establishment of a multi-disciplinary team providing clear, consistent advice on Human Resources, finance and curriculum planning was also having a significant positive impact on recovery planning.

The Chief Executive said that licensed deficits were amongst a number of financial pressures faced by schools. School balances were being closely monitored by officers alongside the statutory Schools Budget Forum and Education

& Youth Overview & Scrutiny Committee. However, the extent of intervention and support by the Council was limited due to the self-governance model.

Following a query by Councillor Haydn Bateman, it was clarified that deficit balances were carried forward each year by deducting those amounts from the following year's budget share. The importance of planning and timely actions to mitigate risks was emphasised as it was difficult for a school to move out of a deficit position. A deficit could not be written off and stayed with the school until paid off or closure of the school.

When asked by Councillor Alison Halford about greater flexibility to help schools with ongoing balance deficits, officers explained the need to work within the statutory framework and stressed the importance of early recognition of changes in demographics and cost pressures. Approval for a licensed deficit was only granted where a deficit recovery plan set out realistic actions and took account of issues such as curriculum planning, workforce changes and other income streams. On the impact of long-term employee absences, details were shared on protection available through the Council's maternity scheme.

The Chairman referred to the approach to surplus balances and was advised that the regulations specified the limits by which local authorities must intervene. The agreed treatment of surplus balances enabled some flexibility on those above 5%. Schools facing more significant challenges - particularly in the secondary sector where there were more Head Teacher changes - were referred to the School Standards Monitoring Group.

The Chairman spoke about the negative effect on the morale of schools and suggested that performance monitoring could take account of a school's position before it reached a deficit balance. The Chief Officer said that the first target of the recovery plan was to achieve a positive in-year balance.

The Chief Executive suggested that an annual report on school balances would help the Committee to seek assurance of the management of these risks.

As Chairman of the Education and Youth Overview & Scrutiny Committee, Councillor Ian Roberts referred to detailed discussions on surplus balances. He gave examples of various factors such as mis-alignment of the financial year and school year, the larger workforce in secondary schools and the potential for reserves to be accumulated for a specific purchase. He felt that the Council's financial systems were appropriate and that levels of support varied from school to school.

The Chief Executive drew comparison with the Council's approach to reserves and their management for which the same principles applied.

RESOLVED:

That the school reserves as at 31 March 2016 be noted.

52. PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The Interim Internal Audit Manager presented the results of the annual assessment of conformance with the Public Sector Internal Audit Standards. The checklist and summary of results indicated general conformance and the Quality and Improvement Plan showed areas requiring further development. The outcome of the external assessment, due to be carried out as a peer review by the Chief Internal Auditor of Ceredigion County Council, would be reported to the next meeting.

RESOLVED:

That the report be noted.

53. CERTIFICATION OF GRANTS AND RETURNS 2015/16

The Finance Manager, Strategy Accounting and Systems introduced the grant claim certification from Wales Audit Office (WAO) for the year ending 31 March 2016. The WAO report recognised a marked improvement in the production and submission of grant claims and made five recommendations for further improvement which were being actioned by the Finance Management team. Of the 13 grant claims certified for the year, the net adjustment of £6,633 was a small proportion of the overall total of £156m and did not result in financial loss to the Council.

Mr. Matthew Edwards of WAO welcomed the good progress made to address previous concerns and said that the recommendations for further enhancement would be followed up as part of the 2016/17 audit work. He drew attention to the key issues for the adjustments including the Bus Service Support Grant which was a new scheme for the Council and required further development of the guidance to help understanding and interpretation.

Councillor Alison Halford sought clarity on issues relating to Communities First. The Finance Manager explained that these were mainly being resolved by ensuring that all service managers were aware of the need to seek written evidence of approvals from Welsh Government (WG) and not relying solely on verbal permission. Councillor Halford also commented on the challenges to the Council arising from late notification by WG on the Bus Service Support Grant. The Chief Executive agreed that the impact had been raised with WG. He went on to advise of a confidential report to Cabinet on Communities First arrangements.

Following comments by the Chairman on recurring issues, Mr. Edwards said that a high level of testing was undertaken. The Chief Executive acknowledged that good progress had been made but expected evidence of further improvement in the report for next year.

The Interim Internal Audit Manager advised that a review of corporate grants was currently in progress.

RESOLVED:

That the content of the Grant Claim Certification for 2015/16 be noted.

54.   **WALES AUDIT OFFICE REPORT ON FINANCIAL RESILIENCE: SAVINGS PLANNING: COUNCIL RESPONSE**

The Chief Executive invited Mr. Paul Goodlad to present the Wales Audit Office (WAO) report on the findings of the review on financial resilience. This would form part of a national summary report combining the results for all 22 Welsh councils. The review concluded that 'the Council has a sound financial planning framework and it continues to strengthen its financial planning to better support future financial resilience.'

Mr. Goodlad said that the majority of savings proposals were found to be well developed and financially robust, but that most of those predicted to underachieve had not been fully costed at the start of the year. The extent of consultation and approval processes had impacted on the pace of some projects, resulting in some slippage to planned savings. The Council expected to achieve 90% of its 2016/17 revised planned savings.

The Chief Executive explained the reporting arrangements for local WAO work under the agreed protocol and drew attention to the extensive executive response to the report approved by Cabinet. In welcoming the positive report, he said that challenges on financial planning were shared by all councils. Although good progress was being made on financial planning for 2018/19, funding solutions to another major funding 'gap' would be a significant challenge for the new Council. He highlighted the Council's proactive approach to the budget process allowing for early consultation and cited the transparency and frequency of reporting on the progress of efficiencies as an example of good practice. As previously recommended by WAO, the Council had adopted key performance indicators on future efficiency targets with the intended aim of achieving a minimum of 95%.

In response to queries from Councillor Alison Halford, explanation was given on the three savings proposals which had been tested by WAO. These included Household Recycling Centres where Overview & Scrutiny debate and public opinion had led to delays in exploring alternative solutions which had resulted in a more positive conclusion. Clarification was given on the regulations and complexities of the regional waste facility, which was a different matter. The Chief Officer (Governance) agreed to provide the Committee with information on the in-house bailiff service.

Councillor Ian Dunbar commended the outcomes for Household Recycling Centres and library relocations, following public support and positive actions taken by the Council.

RESOLVED:

That the Committee endorses the Council's response to the proposal for improvement of the Wales Audit Office report on the Council's arrangements for financial savings planning.

55.   TREASURY MANAGEMENT UPDATE 2016/17

The Finance Manager - Technical Accountancy introduced the quarterly update on matters relating to the Council's Treasury Management Policy, Strategy and Practices 2016/17 to the end of February 2017.

The report included a graph showing the movement of investment balances which demonstrated the general trend of a declining cash balance as the Council moved to a position of borrowing to fund the Capital Programme. The approach to test systems through short-term borrowing would continue. In response to previous discussion on debt re-scheduling, detailed explanation was included on the complexities and risks involved. The example shown in the report clarified that it was not considered appropriate at the current time to reschedule loans.

The Finance Manager responded to queries from Councillor Haydn Bateman on cash balance levels and investments with the Debt Management Office.

RESOLVED:

That the Treasury Management 2016/17 quarterly update be noted.

56.   INTERNAL AUDIT PROGRESS REPORT

The Interim Internal Audit Manager presented the update on progress of the Internal Audit department including changes to the audit plan, action tracking, performance indicators and investigations.

On action tracking, the Chief Executive said that many overdue actions involved reasonable explanations and that the adopted process enabled a higher degree of ownership. The Interim Internal Audit Manager reported positive feedback by the Chief Officer team.

In response to queries from Councillor Alison Halford, it was explained that more time was needed to complete the review of policy and procedures for the North East Wales (NEW) Homes, which was still a relatively new company. On Section 106 agreements, the Finance Manager - Technical Accountancy confirmed that the working group had met in February 2017 and were due to meet again next month to make further progress on the actions.

Councillor Haydn Bateman asked about the investigation on the use of grant monies and was advised that that more details would be shared with the Committee once the Police investigation had reached its conclusion.

The Chairman referred to some of the longer term revised due dates on actions by Social Services and sought assurance on the interim management of risks. The Interim Internal Audit Manager agreed to include more detail for all actions with a revised due date as part of the next update report.

RESOLVED:

That the report be accepted.

57. **ACTION TRACKING**

The Interim Internal Audit Manager presented the progress update report on actions arising from previous meetings of the Committee. Most had been implemented and the remainder were specified for a later date.

On Greenfield Valley Heritage Park, the Chief Executive confirmed that work was being undertaken with the Trustees on the action plan. An update would be provided at a later stage.

RESOLVED:

That the report be accepted.

58. **WALES AUDIT OFFICE (WAO) AUDIT PLAN 2017**

Mr. John Herniman presented the Wales Audit Office (WAO) Audit Plan for 2017 in respect of proposed audit work for the Council and the Clwyd Pension Fund. In highlighting some of the key aspects, he said that WAO officers would support the Finance team in adjusting to new requirements on the prescribed format of the financial statements. The report detailed the legal requirements in respect of performance audit work and the availability of national value for money studies. The report included the timetable for the work for which there was a slight reduction in the estimated fee. Mr. Herniman drew the Committee's attention to the arrangements established to mitigate the risk arising from a threat to the independence of the Audit Manager in relation to work on education.

Councillor Alison Halford referred to the implications of the Well-being of Future Generations (Wales) Act 2015 and commented on the increasing pressures in social care. Mr. Herniman advised that the WAO work would assess the Council's development of its Well-being Objectives against the principles of the Act. Pilot work currently being undertaken would help to develop a proportionate approach to this work whilst adding value.

To meet requirements of the Act, the Chief Executive reported that the Council was on track to publish a Well-being Assessment and adopt a set of Well-being Objectives by the deadline of 1 April 2017.

RESOLVED:

That the Wales Audit Office reports be noted.

59.   **INTERNAL AUDIT STRATEGIC PLAN**

        The Interim Internal Audit Manager presented the proposed Internal Audit plan for the three year period 2017/18 to 2019/20 and highlighted the key considerations for the Committee. The Plan would inform the annual opinion on the adequacy of the Council's arrangements on risk management, control and corporate governance. Development of the Plan had included consultation with Chief Officers on risks and priorities for their respective areas. The Plan was subject to regular review to ensure a degree of flexibility to respond to organisational changes and audit days would be allocated at the scoping stage of each audit to enable resources to be effectively managed.

        Councillor Alison Halford said that the previous practice of holding joint briefings between the Committee and Overview & Scrutiny Chairs had been useful. The Chief Executive suggested that the Committee may wish to pursue this in the new Council.

        Councillor Arnold Woolley referred to the three considerations required of the Committee and said that an assurance by the Interim Internal Audit Manager was needed to determine the adequacy of audit resources. The Chairman reaffirmed the commitment previously given that any concerns about capacity would be raised.

        The Chief Executive gave a reminder that Internal Audit resources were being maintained at an agreed level and were similar to that in other councils. The Chief Officer (Governance) said that regular assurance was sought and received on the team's capacity to undertake the Audit Plan. The Interim Internal Audit Manager confirmed that she had no concerns about resources to deliver the Plan and that if this was not the case, she would raise this immediately.

        When asked for an opinion, Mr. John Herniman of Wales Audit Office clarified that assessment of the Internal Audit team did not form part of their work. In addition to the assurances given on resources, he pointed out the responsibility of the Section 151 officer.

        As further assurance to the Committee, the Chairman suggested that the progress report include details of any high priority audits which failed to be completed during the year.

RESOLVED:

That the Flintshire Internal Audit Strategic Plan 2017-2020 be approved.

60.   **FORWARD WORK PROGRAMME**

        In presenting the current Forward Work Programme for consideration, the Interim Internal Audit Manager said that an annual report on school balances would be included, as agreed earlier in the meeting.

RESOLVED:

(a)   That the Forward Work Programme be accepted; and

(b)   That the Interim Internal Audit Manager, in consultation with the Chair and Vice-Chair of the Committee, be authorised to vary the Forward Work Programme between meetings, as the need arises.

61.   AUDIT COMMITTEE SELF-ASSESSMENT

The Interim Internal Audit Manager presented the results of the Committee's self-assessment which fed into preparations for the Annual Governance Statement 2016/17. In summarising the findings, she advised that fraud risk awareness would be included as part of the Internal Audit training for the new Council.

RESOLVED:

That the report be received.

62.   CLOSING COMMENTS

The Chairman took the opportunity to thank the Committee for the support given to him during his time as a co-opted member. Councillor Alison Halford said that his contributions had been invaluable and this view was shared by other Members. In endorsing these comments, the Chief Executive spoke about the Chairman's balance in fairness and objectivity on issues discussed.

63.   ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

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

(The meeting commenced at 10.00am and finished at 12.15pm)

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Chairman

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AUDIT COMMITTEE

Date of Meeting	Monday 12 June 2017
Report Subject	Asset Disposal and Capital Receipts Generated 2016/17
Report Author	Chief Officer Organisational Change

EXECUTIVE SUMMARY

In relation to the report and attached information, this flows from interest received from Committee members previously in land disposals and the realisation of capital receipts.

Capital receipts arise when operational Council assets are declared surplus to requirements and are put forward for disposal, or where it is felt appropriate to dispose of assets from the non-operational estate.

Total asset disposals in 2016/17 amounted to £2.089m, of which £0.509m was for general properties and £1.580m for agricultural estates. Corresponding figures for 2015/16 were £1.695m (£0.550m general, £1.145m agricultural estates).

The information in this report refers to Council Fund (CF) capital receipts only.

RECOMMENDATIONS	
1	Members are requested to note the report.

REPORT DETAILS

1.00	EXPLAINING THE ASSET DISPOSALS
	Background
1.01	The Council's Capital Programme is set according to the Council's strategic objectives and priorities, ensuring that the Council's capital assets are aligned to current and future service delivery, operating in the most cost efficient way.
1.02	Capital expenditure creates revenue implications for the longer term in the form of running costs and loan repayments if that expenditure is funded from borrowing and must therefore be considered carefully within the wider strategic context.
1.03	In recent years the availability of capital resources has diminished with Welsh Government (WG) reducing the amount of support for capital expenditure that Councils receive. For Flintshire this support has reduced from £10.364m in 2010/11 to £6.728m in 2016/17. Capital receipts generated from asset disposals (assets and land) are therefore a key capital resource and are critical to the Council in supporting its overall strategic priorities.
1.04	Capital receipts, together with other sources of funding, are aggregated and applied to fund the capital programme as a whole regardless of where they have been generated or by which service and are not therefore ring-fenced to any particular portfolio.
1.05	When considering the disposal of an asset, its best and most valuable disposal method is considered with advice including a valuation sought from either the District Valuer or the private sector. When this has been received the optimum method of disposal is reported to the Asset Programme Board. Once support is received Agents are instructed to facilitate the sale.
1.06	The Council's policy regarding the Agricultural Estate is to sell to existing tenants only, therefore disposals only occur when the holding becomes vacant or the tenant expresses a wish to purchase the property.
1.07	In line with current Council Policy, capital receipts are only available to fund capital expenditure once they have been realised and the asset disposed of.
	Considerations
1.08	In relation to the report and attached information, this flows from interest received from Committee members previously in land disposals and the realisation of capital receipts.

1.09	Appendix 1 lists assets disposed of in financial years 2014/15 to 2016/17, by ward and within bands of the capital receipt value realised. This layout is consistent with previous reports; more detailed reports regarding capital expenditure and capital schemes are reported at Corporate Resources Overview and Scrutiny Committee.
1.10	Sale proceeds for individual disposals are not included as they can be commercially sensitive, particularly if future disposals are being considered for similar assets.

2.00	**RESOURCE IMPLICATIONS**
2.01	More details on the resource implications of capital receipts are in the Capital Programme Monitoring 2016/17 (Outturn) report to Cabinet on 18 July, 2017.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	None as a result of this report.

4.00	**RISK MANAGEMENT**
4.01	Whilst the realisation of capital receipts continues to be a risk for the future funding of the capital programme, the information provided in this report is retrospective and therefore carries no future risk.
4.02	Asset disposals involve an element of risk, especially during times of property market volatility, however, the Council has a rigorous process which it follows when assets are disposed of, with careful consideration given to the strategic long term future service needs and the assets needed to deliver those services. This consideration includes references to Business Plans, Improvement Plans and the Medium Term Financial Strategy.

5.00	**APPENDICES**
5.01	Appendix 1 – Capital Receipts 2014/15 – 2016/17

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	Capital Programme 2016/17 monitoring papers **Contact Officer:** Liz Thomas, Finance Manager – Technical Accounting **Telephone:** 01352 702289 **E-mail:** liz.thomas@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
7.01	**Capital Expenditure:** Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value of an existing asset **Capital Programme** - The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme **Capital Receipt** - Receipts (in excess of £10,000) from the disposal of an asset **Capital Scheme** - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme **Council Fund** - The fund to which all the Council's revenue and capital expenditure is charged **District Valuer** – The District Valuer is a member of staff within the District Valuer Services (DVS). The DVS is the specialist property arm of the Valuation Office Agency (VOA). It provides independent valuation and professional property advice to bodies across the entire public sector, and where public money or public functions are involved. **Financing** - The process of allocating resources to meet the cost of capital expenditure, which can be done on a project, asset or whole programme basis. This contrasts with making the invoice payments relating to capital expenditure, which should be managed within the authority's overall treasury management policy **Non-current Asset** - A resource controlled (but not necessarily owned) by an authority, from which economic benefits or service potential are expected to flow to the authority for more than 12 months **Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing:** Each year Welsh Government provide Council's with a Supported Borrowing allocation. Council's borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent **Unsupported Prudential Borrowing:** Borrowing administered under the Prudential Code, whereby authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years

VALUE £000	2014/15 ASSET	AREA	2015/16 ASSET	AREA	2016/17 ASSET	AREA
Up to £100k			Commercial property	Connahs Quay	Land & Property	Holywell
			Land	Buckley	Land	Hope
			Land	Bagillt	Land	Trelogan
			Land	Bagillt	Land	Hope
					Land	Flint
					Land	Mold
					Land	Talacre
					Land	Bretton
£100k - £150k	Commercial property	Queensferry			Land	Ffynnongroew
	Land	H Kinnerton				
	Land	H Kinnerton				
£150k - £200k			Commercial property	Shotton	Land & Property	Kinnerton
£200k - £250k						
£250k - £300k	Land	H Kinnerton	Commercial property	Flint		
	Land	Hope	Land	Hope		
£300k - £350k	Land & Property	Hope				
£350k - £400k			Land	Kinnerton	Land & Property	Hendre
£400k - £450k					Land & Property	Hawarden
£450k - £500k	Land & Property	Broughton	Land	Kinnerton		
	Land & Property	Penyfford				
£500k - £550k	Land	Buckley				
£550k - £600k	Land & Property	H Kinnerton				
£600k - £650k	Land & Property	Other				
£650k - £700k					Land & Property	Brynford
£700k - £750k						
£750k - £800k						
£800k - £850k						
£850k+						
Annual Total (£k)		3,853		1,695		2,089

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AUDIT COMMITTEE

Date of Meeting	Monday 12 June 2017
Report Subject	Annual Governance Statement 2016/17
Report Author	Chief Executive

<u>EXECUTIVE SUMMARY</u>

For each financial year the Council is required to produce an Annual Governance Statement (AGS) as part of its final accounts. The AGS explains how the Council has complied with its Code of Corporate Governance and it also meets the requirements of the Accounts and Audit (Wales) Act 2014.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) revised their detailed guidance note on the preparation and contents of an AGS – 'Delivering Good Governance in Local Government: Guidance notes for Welsh authorities' (December 2016). The AGS is based on the seven core principles of governance from that guidance note.

It is good practice for the AGS to be presented separately from the final accounts so that it can be given due consideration.

RECOMMENDATIONS

1	For the committee to consider, amend as appropriate and recommend to the Council the Annual Governance Statement 2016/17 to be attached to the Statement of Accounts.

REPORT DETAILS

1.00	EXPLAINING THE ANNUAL GOVERNANCE STATEMENT
1.01	Under the Accounts and Audit (Wales) Regulations 2015 each local authority must ensure it has a sound system of internal control. In addition, each year they must conduct a review of the effectiveness of the system and prepare an Annual Governance Statement (AGS). The review must be considered and the AGS approved by a committee or members of the authority meeting as a whole.
1.02	The AGS accompanies the financial statements but is not part of them. As such it is not part of the statement on which the external auditors' opinion is given. However, the auditors review the governance statement to confirm it is consistent with the audited financial statements and other information of which they are aware.
1.03	The preparation of the AGS has been coordinated by the Corporate Governance Working Group (CGWG) which has reported to the Chief Executive, the Monitoring Officer and the Section 151 Officer on its work.
1.04	The working group changed the format of the report this year to simplify it alongside aligning it to the revised seven core CIPFA/SOLACE principles. These are as follows: Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law Principle B - Ensuring openness and comprehensive stakeholder engagement Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it Principle F - Managing risks and performance through robust internal control and strong public financial management Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability The main changes for this year are in relation to principles C, D and G which have been expanded upon and made more explicit taking into account national legislation. It is this set of principles which have formed the framework of the assessment questionnaires and the resultant final draft governance statement.

1.05	The corporate governance self assessments have been completed by each Chief Officer. The responses received were analysed by the CGWG and then challenged by the Chief Officer Team to endorse areas of strength and those for collective improvement.
1.06	In addition, questionnaires were sent to Overview and Scrutiny Committee Chairs. They all completed the questionnaire and their views have been taken into account in preparing the draft AGS.
1.07	The Annual Governance Statement concludes with a summary of the risks identified during the assessment process for 2016/17 and also the outstanding 'red' (major) risks contained within the Improvement Plan 2016/17 end of year report. Mitigating actions against governance issues identified in the Annual Governance Statement last year (2015/16) have also been included.

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The Annual Governance Statement has been produced using information from all Statutory and Chief Officers, Managers and Chairs of all Overview and Scrutiny Committees.

4.00	RISK MANAGEMENT
4.01	The Annual Governance Statement lists all the significant governance issues arising from the self assessment along with any outstanding 'red' (major) risks contained within the Improvement Plan 2016/17 end of year report. The Statement also describes actions taken against the governance issues reported in last year's Annual Governance Statement (2015/16).

5.00	APPENDICES
5.01	Appendix 1: Draft Annual Governance Statement 2016/17

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Code of Corporate Governance 2016 **Contact Officer:** Karen Armstrong, Corporate Business and Communications Executive Officer **Telephone:** 01352 702740 **E-mail:** Karen.armstrong@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	**Corporate Governance:** the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes. **Risk Management:** the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency or likelihood of risk events occurring (wherever this is possible) and minimise the consequences if they occur. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation. **Financial Accounts / Statements:** The Council's annual finance report providing details of the Council's financial performance and position at the end of the financial year. The format is prescribed to enable external comparison with other public and private entities.

2016/17

Flintshire County Council – Annual Governance Statement

What is Governance?

"Governance is at the heart of public services. It underpins how resources are managed, how decisions are made, how services are delivered and the impact they have, now and in the future. It also infuses how organisations are led and how they interact with the public. Governance needs to be robust but it must also be proportionate. Well-governed organisations are dynamic and take well-managed risks; they are not stagnant and bureaucratic."[1]

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Flintshire County Council acknowledges its responsibility for ensuring that there is a sound system of governance. The Council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on the Council's website. A summary of the principles upon which it is based can be found later in this document.

The Council's governance framework supports its aim as a modern public body which has the **philosophy** of operating as a social business which:

- is lean, modern, efficient and effective
- is designed, organised and operates to meet the needs of communities and the customer; and
- works with its partners to achieve the highest possible standards of public service for the well-being of Flintshire as a County.

To meet these aspirations the Council has set the **standards** of:-

- achieving excellence in corporate governance and reputation.
- achieving excellence in performance against both our own targets and against those of high performing peer organisations.
- being modern and flexible, constantly adapting to provide the highest standards of public, customer, and client service and support.
- using its four resources - money, assets, people and information - strategically, effectively and efficiently.

[1] Wales Audit Office: "Discussion Paper: The governance challenges posed by indirectly provided, publicly funded services in Wales" 2017

- embracing and operating the leanest, least bureaucratic, efficient and effective business systems and processes.

To achieve these standards the Council's **behaviours** are:-

- showing strategic leadership both of the organisation and our partnerships.
- continuously challenging, reviewing, changing and modernising the way we do things.
- being as lean and un-bureaucratic as possible.
- using new technology to its maximum advantage.
- using flexible working to its maximum advantage.

The Council is committed to the **principles** of being:-

- a modern, fair and caring employer.
- fair, equitable and inclusive in its policies and practices.
- conscientious in planning and managing its activities, and making decisions, in a sustainable way.

The Council is also committed to specific values and principles in working with its key partners and partnerships. These cover strategic partnerships such as the Public Service Board (previously the Local Service Board) and with the voluntary sector such as agreeing a set of Voluntary Sector Funding principles.

Page 27

What is the Annual Governance Statement?

The Council is required by the Accounts and Audit (Wales) Regulations 2014 to prepare a statement on internal control. Alongside many authorities in Wales, Flintshire refers to this as the 'Annual Governance Statement'. This is a public document that reports on the extent to which the Council complies with its own code of governance.

In this document the Council:

- acknowledges its responsibility for ensuring that there is a sound system of governance;
- summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- provides details of how the Council has responded to any issue(s) identified in last year's governance statement;
- reports on any significant governance issues identified from this review and provides a commitment to addressing them.

The annual governance statement reports on the governance framework that has been in place at Flintshire County Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

How has the Annual Governance Statement been prepared?

The initial review of the Council's governance framework was carried out by a group of officers from the Corporate Governance Working Group. This group prepared questionnaires for each portfolio Chief Officer and also for some specific governance functions such as finance, human resources and legal. The questionnaires were based on the seven principles that follow in the main part of this document and were assessed to identify any areas for improvement. Questionnaires were also completed by the Chairs of Overview and Scrutiny committees. In addition the Audit Committee undertakes a self assessment, which has also informed this work.

The preparation and content of this year's governance framework has been considered by the Chief Officer Team, with assurance support from Internal Audit, Audit Committee and External Audit (Wales Audit Office).

In preparing the Annual Governance Statement the Council has:

- reviewed the Council's existing governance arrangements against the local Code of Corporate Governance.

- updated the local Code of Corporate Governance where necessary, to reflect changes in the Council's governance arrangements and the requirements of the new CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities.

- assessed the effectiveness of the Council's governance arrangements and highlighted any planned changes in the coming period.

The Chief Officer Team, which is led by the Chief Executive, have also considered the significant governance issues and principles facing the Council. These are evidenced in pages 6-12 of the document. Principles **highlighted in Green** reflect those which the Chief Officers assessed as being applied consistently well across the Council. Principles assessed as needing further improvement are detailed on pages 18-20.

The Council's Audit Committee, provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework and internal control environment. As part of this role the Committee reviews and approves the Annual Governance Statement.

What are the key principles of the Corporate Governance Framework?

The Council aims to achieve good standard of governance by adhering the seven key principles of the new CIPFA/Solace 2016 – Guidance Notes for Welsh Authorities, which form the basis of the Local Code of Corporate Governance. The seven key principles are:

Principle A   Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Principle B   Ensuring openness and comprehensive stakeholder engagement

Principle C   Defining outcomes in terms of sustainable economic, social, and environmental benefits

Principle D   Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle E   Developing the entity's capacity, including the capability of its leadership and the individuals within it

Principle F   Managing risks and performance through robust internal control and strong public financial management

Principle G   Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Page 30

Principle A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

Sub Principles:

Behaving with Integrity	**Demonstrating strong commitment to ethical values**	**Respecting the rule of law**

How we do this:

Behaving with Integrity

- The behaviour and expectations of Officers and Members are set out in the Council's Codes of Conduct, Constitution, and a suite of policies and procedures relating to Officers and Member induction, supervision, training and appraisals and leadership competencies.
- Case management both for Members and Officers.
- Codes of Conduct for Members and Officers specify the requirements around declarations of interests formally and at the beginning of meetings, gifts and hospitality etc.
- The Council takes fraud seriously. Key policies are in place to prevent, minimise and manage such occurrences. Polices include:
  - Whistleblowing Policy
  - Anti-Fraud and Corruption Strategy
  - Fraud Response Plan
  - Financial and Contract Procedure Rules
- Compliance with policies and protocols e.g. Contract Procedure Rules
- Enhanced profile of Internal Audit

Demonstrating strong commitment to ethical values

- A set of leadership competencies are deployed in each Portfolio and led by each Chief Officer.
- The Council's recruitment policy, training and competencies based appraisal processes underpin personal behaviours with ethical values.
- Robust policies and procedures are in place, subject to formal approval prior to adoption by formal committees.
- All contracts and external service providers, including partnerships are engaged through the robust procurement process and follow the Contract Procedure rules regulations.
- Application of the corporate operating model; our way of being organised, working internally to promote high standards of professional performance and ethical behaviour to achieve organisational priorities and objectives.

Respecting the rule of law

- The Council ensures that statutory officers and other key officers and members fulfil legislative and regulatory requirements through a robust framework which includes: Scheme of delegation; induction, development and training of existing and new requirements; application of standing operating procedures; and engagement of early / external advice where applicable.
- **The full use of the Council powers are optimised by regular challenge and keeping abreast of new legislation to achieve corporate priorities and to benefit citizens, communities and other stakeholders e.g. alternative service models (ADM's)**
- Effective Anti-Fraud and Corruption framework supported by a suite of policies; any breaches are handled in accordance key legislative provision and guidance from appropriate bodies.
- The Council's Monitoring Officer is responsible for ensuring the Council complies with the law and avoids maladministration. The Council's Constitution promotes high standards of conduct which is monitored by the Standards Committee.
- Consistent application of risk assessments for both

Principle B

Ensuring openness and comprehensive stakeholder engagement

Sub Principles:

Openness	Engaging comprehensively with institutional stakeholders	Engaging stakeholders effectively, including individual citizens and service users

How we do this:

- The Council is committed to having an open culture. This is demonstrated by:
  - Complaints and Compliments Procedure
  - Meetings are conducted in an open environment
  - Council's website
- **The most appropriate and effective interventions / courses of action are determined using formal and informal consultation and engagement supported by:**
  - **Public consultation around the MTFS**
  - **Consultation principles, e.g. School Modernisation Programme**
  - **Formal and informal engagement models with employee and communities e.g. alternative delivery models Member workshops**
  - **County Forum (Town and Community Council's)**
  - **Engagement with Trade Unions**

- The Council effectively engages with stakeholders to ensure successful and sustainable outcomes by:
  - Effective application and delivery of communication strategies to support delivery
  - Targeting communications and effective use of Social Media
  - Formal and Informal meetings with key stakeholder groups
  - Effective stakeholder engagement on strategic issues
  - Service led feedback questionnaires and events
- **Effective use of resources and achievement of outcomes is undertaken by the Council both through informal and formal partnerships:**
  - **Extensive range of partnerships to support the delivery of the Council's strategic priorities, including the Public Services Board**
  - **Open and productive partnership arrangements supported by an effective governance framework**
  - **Trust and good relations lead to delivery of intended outcomes e.g. community asset transfers**
  - **Partner representation at Scrutiny committees**

- The achievement of intended outcomes by services is supported by a range of meaningful guidance on consultation engagement and feedback techniques with individual citizens, service users and other stakeholders. This includes:
  - Range of customer channels
  - Undertaking Impact assessments
  - Results from satisfaction surveys to enhance service delivery where applicable
  - Complaints reviewed to assess organisational learning and change
  - Sharing soft intelligence and good practice
  - Committee reports portray all relevant feedback
  - Services are assessed for value for money and opportunities for efficiencies
- The Council has appropriate structures in place to encourage public participation governed through the Communication and Social Media Policies. These include:
  - E-newsletters
  - The Council's website
  - Tenants Forums
  - Service user groups
  - Quality circles

Principle C

Defining outcomes in terms of sustainable economic, social, and environmental benefits

Sub Principles:

Defining outcomes	Sustainable economic, social and environmental benefits

How we do this

- **The Council has a clear vision describing the organisation's purpose and intended outcomes which is achieved through:**
  - **Linking of vision and intent to the MTFS which links to the Council's Improvement Plan, Portfolio Business Plans and other plans and strategies with a focus on priorities for change and improvement**
  - **Organisational objectives are delivered through Programme Boards and political decision making processes**
  - **Service Planning consideration including sustainability of service delivery**

- Risk Management is applied consistently at project, partnership and business plan levels using the corporate performance system (CAMMS) which adheres to the Risk Management Policy and Strategy and ensures consistent application of risk registers and terminology.
  Risk appetite is also considered whilst developing future scenarios and options with key staff

- The development of the County's Well-being Plan and delivery of the Public Services Board's priorities ensure that public services work effectively together to add value.

- The Council takes a longer term view and balances the economic, social and environmental impact of policies, plans etc. along with the wider public interest when taking decisions about service provision. This is supported by a range of governance approaches:
  - Budget setting of the Capital Programme and MTFS and longer term business planning through the use of effective forecasting models
  - Setting longer term objectives regardless of political term
  - Multi-disciplinary approach to policy development of economic, social and environment issues e.g. Welfare Reform, Corporate Safeguarding
  - Procurement strategy defines expectations around economic, social and environment benefits which inform service specifications, tenders and contracts.
  - Communication plans for public and community engagement
  - Clear documented record of route to change

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub Principles:

| Determining interventions | Planning interventions | Optimising achievement of intended outcomes |

How we do this

Determining interventions

- Good judgement in making decisions is achieved by ensuring decision makers receive objective and rigorous analysis of information and options to achieve intended outcomes including the related risks. This is achieved by:
  - Full engagement with members on a longer term basis e.g. MTFS and Business Plans
  - Delivery of the MTFS and budget setting process providing options for the public, stakeholders and members to be engaged to consider modifications
  - Development of forecasting models
  - Active engagement of key decision making in the development of initial ideas, options and potential outcomes and risks e.g. ADM Programme, Gateways
  - Clear option appraisals detailing impacts, savings and risks
  - Budget monitoring for each Portfolio and corporate considerations
  - Managing expectation for key stakeholders
  - Other key workforce strategies e.g. digital and procurement
  - Application of Impact Assessments

Planning interventions

- The Council has established and implemented robust planning and control cycles covering strategic and business plans, priorities, targets, capacity and impact. This is achieved through:
  - Co-design of service solutions with key stakeholders
  - Application of risk management principles when working in partnership and collaboratively and the active use of risk registers
  - Regular monitoring of business planning, efficiency and reliability including feedback on business planning model
- **Service performance is measured through national performance indicators and establishing a range of local indicators, which are regularly monitored, reported and used for benchmarking purposes**
- Robust and inclusive methodologies are in place to formulate the MTFS which is an integral part of the Council's governance framework and Portfolio Business plans are linked to the Council's Improvement Plan

Optimising achievement of intended outcomes

- Resource requirements for the services are identified through the business planning process and detailed within the MTFPs highlighting any shortfall in resources and spending requirements.
- To ensure the budget process is all-inclusive, taking into account the full cost of the operations over the medium and longer term, regular engagement and ownership of the budget through the Chief Officer Team and consultation with members through workshops and robust scrutiny process is undertaken.
- Community benefits are achieved through the effective commissioning of services and compliance with Council procedures.
- Consultation and engagement around the content of the MTFS through public and employee events sets the context for residents and employees. In particular relating to ongoing decisions on significant delivery issues or responses to changes in the external environment

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Sub Principles:

Developing the entity's capacity	Developing the capability of the entity's leadership and other individuals

How we do this:

- **We review our operations, performance, and use of assets on a regular basis to ensure their continuing effectiveness by:**
  - **Review of service delivery, performance and risks through team meetings and quarterly formal reporting,**
  - **Programme boards development and monitoring**
- **The Council reviews the sufficiency and appropriates of resource allocation through techniques such as:**
  - **Benchmarking both internal and external review undertaken to identify improvements in resource allocation, including the use of national and local PIs**
  - **Internal challenge**
- Benefits of collaborative and partnership working both regionally and nationally to ensure added value is achieved by linking services and organisation priorities to partnership working
- Develop and maintain the workforce plan to enhance the strategic allocation of resources through the publication of regular workforce data reports and drawing intelligence from supervision and appraisal meetings.
- Future workforce and succession planning is being undertaken in each portfolio to identify future workforce capability and progression.

- Effective shared leadership which enables the Council to respond successfully to changing external demands and risks is supported by:
  - a range of management and leadership development programme, run in partnership with Coleg Cambria
  - Development workforce and 'leadership capacity' and 'managing performance' are two of the five priorities within the People Strategy 2016-2019.
- Individual and organisational requirements are supported through:
  - Corporate induction for new employees to the Council
  - Inductions for employees in new jobs
  - Continued learning and development for employees identified through the competency based appraisal system and one to one meetings
  - A comprehensive range of training and development opportunities available, in partnership with Coleg Cambria and professional bodies.
  - Feedback and shared learning to the organisations both through reports and interactive sessions such as the 'Academi'
- The health and wellbeing of the workforce to support and maintain the physical and mental wellbeing is provided through a range of interventions, including, Occupational Health Service, Signposting employees to Care First (independent Counselling support), Management Awareness and Support, internal training and awareness sessions to support stress related absences

Principle F

Managing risks and performance through robust internal control and strong public financial management

Sub Principles:

Managing risk	Managing performance	Robust internal control	Managing data	Strong public financial management

How we do this:

Managing risk

- Risk Management is an integral part of all activities and decision making through:
  - Application of risk management policy and strategy
  - Use of the Council's Risk Management system, CAMMS
  - Identification of all risks and appropriate mitigations and transitional plans reported to Committees
  - Clear allocation of management for risk responsibility with oversight by senior management and chief officers
  - Assurance by Internal Audit and Audit Committee

Managing performance

- Members and senior management are provided with regular reports on service performance against key performance indicators and milestones against intended outcomes
- Through effective committee structures members are clearly informed of the financial positon and implications including environmental and resource

Robust internal control

- Internal audit provide the authority, through the Audit Committee, with an annual independent and objective opinion on the adequacy and effectiveness of the Council's internal control, risk management, governance arrangements and associated policies.
- The Council is dedicated to tackling Council detailed within the Anti-Fraud and Corruption Strategy, Fraud Response Plan, and Whistleblowing Policy

Managing data

- The Council has effective strategic direction, advice and monitoring of information management with clear policies and procedures on personal data and provides regular training to ensure compliance with these.
- The Council requires an Information Sharing Protocol to be in place in respect for all information shared with other bodies.
- The quality and accuracy of data used for decision making and performance monitoring is supported by a guidance from a range professional bodies.
- Internal Audit review and audit regularly the quality and accuracy of data used in decision making and performance monitoring.

Strong public financial management

- The authorities financial management arrangements support both the long term achieve of outcome and short term financial performance through the delivery of the MTFS and setting a prudent Minimum Revenue Provision for the repayment of debt
- The integration of all financial management and control is currently being reviewed as part of the finance modernisation project.

Principle G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Sub Principles:

Implementing good practice in transparency	Implementing good practices in reporting	Assurance and effective accountability

How we do this:

• The Council has recently improved the layout and presentation of its reports in order to improve the presentation of key information to decision-makers.	• The Council reports at least annually on the achievement and progress of its intended outcomes and financial position. This is delivered through the:
	  – Annual Performance report assessing performance against the Improvement Plan
	  – Annual Statement of Accounts demonstrate how the Council has achieved performance, value for money and the stewardship of its resources.
		• Through robust assurance mechanisms the Council can demonstrate effective accountability. These mechanisms include:
		  – Internal Audit undertakes independent reviews to provide an annual assurance opinion of the Council's control, risk management, and governance framework. To allow this Internal Audit has direct access to Chief Officer and members of the Council.
		  – All agreed actions from Internal Audit reviews are monitored regularly with reports to Chief Officers monthly and each Audit Committee.
		  – Peer challenge and inspection from regulatory bodies and external compliance reviews. The outcomes from these inspections are used to inform and improve service delivery such as report from Shelter on Homelessness
		  – Through effective commissioning and monitoring arrangements and compliance with Council's procedures, the Council gains assurance on risk associated with delivering services through third parties and any transitional risks.
		  – Reports are presented to Cabinet and an annual report to Audit Committee of external feedback from peer reviews and the Council's responses.

Contributors to an effective Governance Framework

Council	— Approves the Corporate Plan (Improvement Plan) — Endorses the Constitution — Approves the policy and financial frameworks
Cabinet	— Primary decision making body of the Council — Comprises of the Leader of the Council and Cabinet members who have responsibility for specific portfolios
Audit Committee	— Help raise the profile of internal control, risk management and financial reporting issues within the Council, as well as providing a forum for the discussion of issues raised by internal and external auditors
Standards & Constitution Committees	— Standards Committee promotes high standards of conduct by elected and co-opted members and monitors the operation of the Members' Code of conduct. — Constitution Committee considers and proposes changes to the Constitution and the Code of Corporate Governance.
Portfolio Programme Boards	— Track efficiencies, highlighting risk and mitigating actions to achievement — Consider the robustness of efficiency planning and forecasting and consider resourcing of planned delivery — Plan communication and engagement activity
Overview & Scrutiny Committees	— Review and scrutinise the decisions and performance of Council, Cabinet, and Committees — Review and scrutinise the decisions and performance of other public bodies including partnerships — Assists the Council and Cabinet in the development of the Budget and Policy framework by in-depth analysis of policy issues.
Chief Officers Team & Service Managers	— Set governance standards — Lead and apply governance standards across portfolios — Undertake annual self assessment
Internal Audit	— Provide an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements — Investigates fraud and irregularity

How does Flintshire Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance framework including the system of internal control. The key elements of assurance that inform this governance review are detailed below:

Chief Officers Team	Monitoring Officer	Section 151 Officer	Information Governance	Internal Audit
• Corporate oversight and strategic planning • Annual Corporate Governance Assessment • Implement and monitor regulatory and other governance protocols	• Legal and regulatory assurance • Monitors the operation of the Constitution • Ombudsman investigations	• Proper administration of the Council's financial affairs	• Designated Senior Information Risk Owner (SIRO) • Data Protection procedures • Information Security & Records Management procedures	• Annual opinion report on adequacy of internal controls, risk management and governance arrangements • Internal Audit plan and report tracking / performance by Audit Committee • Provision of Advice & Consultancy • Undertake Investigation and proactive Fraud work

Overview & Scrutiny	Audit Committee	Risk Management	External Audit / Inspections	Counter Fraud
• Policy review and challenge • Overview & scrutiny of topics • Corporate & Portfolio Performance & Risk monitoring	• Self-assessment of Audit Committee • Review effectiveness of internal and external audit • Consider the adequacy of the internal control, risk management and Governance arrangements	• Risk Management Policy and Strategy • Quarterly monitoring and reporting of Strategic Risks	• Financial statements audit • Thematic & national reviews • Other external inspections	• Anti-Fraud and Corruption & Whistleblowing arrangements • Codes of Conduct for Officers and Members • Financial and Contract Procedure Rules

How has the Council addressed the governance and strategic issues from 2015/16?

The 2015/16 Annual Governance Statement contained 13 key improvement areas. The issues and how they were addressed are below:

The Issue:	What Flintshire did:
Internal Council Governance Issues	
Potential impact of the Local Government (Wales) Bill	Continued an active involvement in the negotiation and planning over any agreed changes both politically and professionally at both national and regional level. Prioritised time and resources for responding to consultations from Welsh Government.
Ongoing public sector fiscal position	Made a compelling case for both the reform of local government finance and for the specific needs of Flintshire as a low funded council (per capita). Influenced national decision-makers through negotiation as part of the collective negotiations via the Welsh Local Government Association. Compiled Medium Term Financial Strategy Planning for a number of challenging scenarios.
Medium Term Financial Strategy	Continued to review and revise the Medium Term Financial Strategy and update on an ongoing basis alongside the 2016/17 Improvement Plan. Reviewed to (1) forecast the financial resources to be available to the Council during the period 2016/17 – 2018/19, and the budget pressures based on the best available intelligence (2) identify the next stage solutions available including business plan proposals and alternative delivery models and (3) make a persuasive case for national 'gap' funding to close the 2017/18 annual budget. Continued to lobby Welsh Government for earlier and timelier indications of future indicative settlements to enable effective and longer term financial planning to be undertaken. Continued to develop and make the case for the reform of local government finance and for the specific needs of Flintshire, as a low funded council, and the risks to service provision and performance in the absence of some relief from continued national funding reductions.

The Issue:	What Flintshire did:
Transition to Alternative Delivery Models	Developed and delivered a robust business planning and transition process. Ensured that effective governance models were in place. Continued support and advice for community organisations post transfer.
Community Assets Transfers	Developed and undertook an effective strategy for engaging with communities. Ensured that effective governance models were in place. Continued support and advice for community organisations post transfer.
Joint working with Health	Continued to rebuild effective working relationships at governance and operational levels. Ensured that effective joint service and financial planning was developed. Made clear and persuasive cases for joint funding from new sources of national funding.
Business continuity planning	Reviewed the internal Business Continuity Plans which continue to be progressed as part of the work programme of the Regional Emergency Planning Service. Ongoing plan maintenance.
Changing service resource demands from new legislation including Social Services Wellbeing and Future Generations Act	Ensured that forward planning, forecasting and demand management arrangements were in place. Continued to be aware of and challenge unsustainable national policy proposals which may emerge. Continued to make persuasive, evidenced cases for national funding to meet service cost pressures.

Page 42

The Issue:	What Flintshire did:
Service Resilience in the face of the scale and pace of service portfolio planning	Leadership of evidenced business planning and full and early member engagement on options for change with an earlier annual budget setting process than in earlier years drawing on the forward business plans for services. Effectively allocated the Council's capacity, also using Invest to Save funds well to add capacity. The continued use of the Programme Boards to oversee and manage change programmes.

In addition there were strategic issues which were identified in the Improvement Plan for 2015/16 which are more service-based.

Strategic Issues	
School Modernisation	Developed an effective strategy for change based on the Council's revised Schools modernisation policy. Made additional resource available for project management as required. Planned a scalable and affordable programme of capital investment.
Social Services Market Fragility	Reviewed commissioning fees paid to providers Retention of Council direct provision. Improved national funding and support. Developed new market models in partnership.
Competitiveness of the North East Wales sub-regional economy in a competitive and changing UK market.	Full and active support for the regional strategic work e.g. on business cases for rails infrastructure. Full participation in cross border partnerships and business cases for national growth strategies and bids specifically the Mersey Dee Alliance, the Northern Powerhouse, and the North Wales-Cheshire and Warrington Local Economic Partnership Growth Bids.
Social Housing Provision Delivery e.g. SHARP	Forward strategy and capital planning. Sufficient programme management resourcing. Ensured that Welsh Government capital funding e.g. Major Repairs Allowance (MRA) were retained.

What are the significant governance and strategic issues identified during 2016/17?

The review of the effectiveness of the Council's governance framework has identified the following significant issues that will need to be addressed during 2017/18. These are categorised as:

i) Internal Council Governance issues – those derived from the portfolio annual self assessments that affect the internal governance arrangements of the Council.

ii) Strategic Improvement Plan issues – those that have been identified as part of the Improvement Plan for 2016/17 which remain un-mitigated i.e. a 'Red' risk status.

i) Internal Council Governance issues	Risk	Mitigation
Views and experiences of citizens, service users and organisations of different backgrounds including reference to future needs are taken into account	• Service planning does not take into account service user's needs in the future • Legal and or judicial challenges	Development of an integrated impact assessment approach to inform budget decisions and longer term sustainability of services.
Identifying and managing risks to the achievement of outcomes	• Risks are not mitigated during transitional or implementation phases • Outcomes are under-achieved	Consistent application of the Council's risk management approach across all strategic, operational and partnership working.
Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	• Misalignment of plans and strategies • Missed opportunities for joint and collaborative working	Refresh of business plan approach across all portfolios including contributions to key corporate strategies.
Ensuring capacity exists to generate the information required to review service quality regularly	• Reduction in service quality • Inability to benchmark and compare service quality	Ensure that service reform, succession and workforce planning takes into account information requirements.

Page 43

i) Internal Council Governance issues	Risk	Mitigation
Developing and maintaining an effective workforce plan to enhance strategic allocation of resources.	• Sustainability of service provision • Ineffective allocation of resources	Workforce planning for senior levels within each portfolio assessing workforce demographics, changing requirements and market demand. Development of a succession plan, identifying areas of talent and additional support for growth and continued service delivery.
Effective arrangements for safe collection, storage, use and sharing data	• Legal challenge and fines • Personal confidentiality breached	Provision of clear guidelines, awareness and appropriate training. Oversee and supervision of arrangements by managers.
Ensure there is effective internal financial management in place	• Mismanagement of public funds	Roll out of financial management self-serve, ensuring that all budget areas are risk assessed, all budget managers are appropriately trained and continue to improve the systems and technology that support financial management.

ii) Strategic Issues from the Improvement Plan	Risk	Mitigation
Council funding for adaptations and home loans will not be sufficient to meet demand	• Adaptations are a statutory duty for the Council. Demand in excess of current budgets would create a financial pressure on the capital programme	Monthly management monitoring of budgets and case load. Co-ordination across Council teams to ensure the approach to adaptations makes best use of the available budget.
Fragility and sustainability of the care home sector	• Reduced quality of care, increased difficulties with recruitment and retention of staff and reduced capacity in the care home sector.	Refocus specialisms within in-house provision to fit with changing demands. Continue to monitor capacity in the sector.

Page 45

ii) Strategic Issues from the Improvement Plan	Risk	Mitigation
Council funding for adaptations and home loans will not be sufficient to meet demand	• Adaptations are a statutory duty for the Council. Demand in excess of current budgets would create a financial pressure on the capital programme	Monthly management monitoring of budgets and case load. Co-ordination across Council teams to ensure the approach to adaptations makes best use of the available budget.
Numbers of school places not matching the changing demographics	• High teaching ratios, unfilled places and a backlog of maintenance pressures.	Continuation of School Modernisation Programme will reduce unfilled places, reduce backlog maintenance, and remove unwanted fixed costs and infrastructure
Limited funding to address the backlog of known repair and maintenance work in Education and Youth assets	• Fabric of Education and Youth buildings will continue to decline leading to an increase in health and safety issues and imbalance between surplus and unfilled places.	Condition surveys continue to identify priorities for investment. Implement County Policy for School re-organisation and modernisation.
Available funding for energy efficient measures may fall short of public demand	• Public frustration and reduced funding may impact upon the Council's reputation • Opportunities to reduce household costs and fuel poverty may not be fully realised	All potential sources of external funding proactively targeted for support. Use made wherever possible of innovative forms of finance. Managing public expectation as far as possible.
Funding will not be secured for priority flood alleviation schemes	• Flood alleviation schemes will not be delivered leading to increased risks of damage to infrastructure and community disturbance.	Review our approach to funding capital projects
The scale of the financial challenge	• The Council has insufficient funding to meet its priorities and obligations.	The Council's Medium Term Financial Strategy and efficiency programme. National negotiations on local government funding.

Certification

The review provides good overall assurance that Flintshire County Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework requirements for Local Authorities within Wales.

Opportunities to maintain and develop the Council's governance arrangements have been identified through this review. We pledge our commitment to addressing these issues over the coming year and we will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Flintshire County Council

Colin Everett – Chief Executive   **Cllr. Aaron Shotton – Leader of the Council**

Flintshire County Council Corporate Governance Framework
Principal Statutory Obligations and Organisational Objectives

Behaving with integrity, demonstrating strong commitment to ethical values & respecting the rule of the Law	Ensuring Openness & Comprehensive Stakeholder Engagement	Defining Outcomes in terms of Sustainable Economic, Social & Environmental Benefits	Determining the Interventions to optimise the achievements of the intended outcomes
Developing the Council's capacity, including capability of its leadership & individuals within it	Managing risks & performance through robust internal control & strong financial management	Implementing good practices in transparency, reporting & audit to deliver effective accountability	Assurance Statement

Corporate Governance comprises the systems and processes, cultures and values, by which Flintshire County Council are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

Public Key Documents: Annual Review / Production

- Annual Governance Statement
- Annual Outturn Finance Report
- Annual Performance Report
- Annual Information Governance Statement
- Capital Strategy and Asset Management Plan
- Code of Corporate Governance
- Contract Procedure Rules
- Digital Strategy
- Financial Regulations
- Improvement Plan
- Medium Term Financial Strategy
- Members' Allowance Scheme
- Overview and Scrutiny Annual Report
- Portfolio Business Plans
- Public Services Board Wellbeing Plan
- Statement of Accounts
- Strategic Equality Plan
- Strategic Risk Register
- Treasury Management Strategy

Key Documents: Ad-hoc Review / Production

- Anti-Fraud Work plan
- Business Continuity Plans
- Communications Principles
- Constitution
- Data Protection Policy
- Equality and Diversity Policies
- HR Policies
- Health & Safety Policies
- Internal/External Audit Protocol
- IT Policies
- Members Code of Conduct
- Officers Code of Conduct
- Procurement Strategy
- Social Media Policy
- Welsh Language Standards
- Whistle Blowing Policy

Contributing Processes Regulatory Monitoring

- Appraisal and Supervision
- Attendance management
- Audit Committee
- Budget Monitoring Reports
- Comments, Complaints and Compliments
- Corporate Governance
- Corporate Health & Safety
- Council (Plan) Governance Framework
- Council Meetings
- Engagement and Consultation
- External Audit
- FCC Web site
- Induction
- Inspectorate Reports
- Internal Audit
- Job Descriptions
- Manager Toolkits
- Member Training
- Monitoring Officer
- Partnership Self Assessments
- Performance Management
- Risk Management
- Scrutiny Framework
- Staff induction
- Your Council newsletter

Page 47

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AUDIT COMMITTEE

Date of Meeting	Monday 12 June 2017
Report Subject	External Regulation Assurance
Report Author	Chief Executive

EXECUTIVE SUMMARY

The Council receives reports from various external regulators and inspectors in the normal course of events. It is part of the Terms of Reference of the Audit Committee to ensure that effective processes are in place for setting and monitoring actions arising from these reports.

This summary report provides assurance to the Audit Committee that the reports have been discussed and considered in the appropriate member committees and action taken in response to the recommendations received.

RECOMMENDATIONS	
1	To note how reports by external auditors, other regulators and inspectors have been dealt with during 2016/17.

REPORT DETAILS

1.00	EXPLAINING THE EXTERNAL REGULATORS AND INSPECTIONS REPORT
1.01	The Local Government (Wales) Measure contains various provisions relating to the work of audit committees. Statutory guidance made under Section 85 of the Measure was issued in June 2012. That guidance advised that audit committees should receive and consider reports from external auditors, other regulators and inspectors.

1.02	Since 2014 arrangements have been made that all reports issued by external auditors, regulators and inspectors are tracked and reported to the Audit Committee once a year. This is to assure the Committee that such reports have been considered appropriately by the relevant officers and Scrutiny Committees.
1.03	Where a report by an external auditor, other regulator or inspector contains recommendations, it is important that those recommendations receive proper consideration by both officers and members and are responded to. The responses will, on occasion, require an action plan to implement changes and appropriate procedures need to be in place to oversee the implementation of such action plans.
1.04	It is part of the Terms of Reference of the Audit Committee to ensure that effective processes are in place for setting and monitoring such action plans. Whilst the Audit Committee has the responsibility for ensuring all audit reports issued by the external auditor are implemented, for other reports the Committee's Terms of Reference make clear it is sufficient that it is satisfied that there are effective processes in place. These processes may, for example, include the work of Overview and Scrutiny Committees.
1.05	Appendix 1 shows all the reports received from external regulators during 2016/17, the summary findings and response from the Council, where they were reported and the current status of any actions.

2.00	**RESOURCE IMPLICATIONS**
2.01	There are no direct resource implications related to this report.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	External reports are considered by Chief Officers and senior managers to determine the actions needed. Cabinet and Overview and Scrutiny committees review the findings of reports and the Council's responses.

4.00	**RISK MANAGEMENT**
4.01	The work of the external regulators, and the actions in response to their reports provide assurance to the Council that adequate and effective controls are in place to mitigate risks.

5.00	**APPENDICES**
5.01	Appendix 1: External Audit Report Summary

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None **Contact Officer:** Karen Armstrong, Corporate Business and Communications Executive Officer **Telephone:** 01352 702740 **E-mail:** Karen.armstrong@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	**Wales Audit Office:** works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes. **Improvement Plan:** the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan. **Care and Social Services Inspectorate for Wales (CSSIW):** The powers and functions of CSSIW are enabled through legislation. CSSIW has the powers to review Local Authority social services at a local and national level, to inform the public whether services are up to standard, to promote improvement of services and to help safeguard the interests of vulnerable people who use services and their carers. They provide professional advice to Welsh Ministers and policy makers. **Estyn:** Estyn is the education and training inspectorate for Wales. Estyn is responsible for inspecting primary and secondary schools and nursery schools maintained by, or receiving funding from, local authorities.

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REGULATORY REPORTS 2016/17 OVERVIEW

Regulatory Body	Published date	Name of Report	Findings	Council Response	Timescale for Completion	Responsible Officer	Where Reported & When	Actions Undertaken	Current Status
Wales Audit Office	June 2016	Annual Improvement Report – June 2016 Annual Improvement Report 2016	**Extracts from summary** Despite increasing financial pressures, the Council has continued to improve performance within its priority areas and to strengthen its corporate arrangements. The Auditor General believes that the Council complies with the requirements of the Measure and is likely to comply with the requirements of the Measure and secure improvement during 2016-17. Despite increasing budget pressures the Council continues to make good progress against its priority areas and maintains compliance with the Local Government Measure 2009. 7 proposals for improvement were noted as a continuation from the previous year's Corporate Assessment.	Updated Council response against the 7 Proposals for Improvement. Council response	March 2017	Chief Executive / Karen Armstrong	Cabinet (July 2016) Audit Committee (September 2016)	Action Plan is in place to support all 7 proposals for improvement	GREEN
Wales Audit Office	July 2016	**Annual Improvement Plan audit** Review of the Council's published plans for delivering on improvement objectives	The Council has complied with its statutory improvement planning duties.	None	Not applicable	Chief Executive / Karen Armstrong	Not applicable	None required.	GREEN
Wales Audit Office	August 2016	National Report – The financial resilience of Councils in Wales Financial Resilience - national report	Based on the findings of this audit, the Auditor General has concluded that since the last review local authorities are improving their strategic planning arrangements but are having difficulty in developing and delivering the savings and changes to services at the pace required to ensure future financial resilience. In the report of 2014-15, a number of recommendations for local authorities were made. Many of these recommendations remain relevant and further work is required from authorities to address them in 2016-17.	Not required - FCC not specifically mentioned in the report.	Not Applicable	Chief Executive / Gary Ferguson	Not applicable	Self assessment against national recommendations	GREEN
Wales Audit Office	October 2016	**National Report - Community Safety** **Community Safety**	Based on the findings of this audit, the Auditor General has concluded that complex responsibilities make it difficult for public bodies to co-ordinate a strategic approach	The WAO's review of Community Safety reflected the national position, however	Ongoing	Sian Jones	Regional Safer Communities Board	Regional plan to be developed.	GREEN

REGULATORY REPORTS 2016/17 OVERVIEW

Regulatory Body	Published date	Name of Report	Findings	Council Response	Timescale for Completion	Responsible Officer	Where Reported & When	Actions Undertaken	Current Status
		Wales	to community safety, which weakens collective leadership and accountability and undermines the potential to help people stay safe. The complexities of the lines of accountability means that no single body either leads on or takes responsibility for all aspects of community safety within Wales. Judging how organisations are improving community safety is difficult. There are no statutory indicators or measures for community safety and no single agency has overall responsibility.	many of the recommendations contained in the report have already been introduced and implemented in North Wales (prior to the publication of the review). .			(February 2017)		
Wales Audit Office	November 2016	Annual assessment of performance audit Review of the Council's published performance assessment.	The Council has complied with its statutory improvement reporting duties.	None	Not applicable	Chief Executive / Karen Armstrong	Not applicable	None required	GREEN
Wales Audit Office	January 2017	**Savings Planning** Review of the Council's financial savings arrangements, including how well it is delivering the required savings and whether it has robust approaches to plan, manage and deliver budget savings, at a pace that supports financial resilience. Financial Resilience: Savings Planning	The Council has a sound financial planning framework and it continues to strengthen its financial planning to better support future financial resilience: We came to this conclusion because: Savings achievement 2015-16 - The Council has reported achievement of 83% of its planned 2015-16 savings in year and can demonstrate that individual savings have been delivered Financial planning arrangements - The Council has an effective corporate framework for financial planning and plans to lengthen the term of the MTFS to five years to address the current lack of indicative plans for future years Savings Plan 2016-17 - The Council forecasts that it is will achieve 90% of its 2016-17 revised planned savings but some of its savings proposals are not sufficiently well developed when the budget is approved.	Financial Resilience - Council response	Ongoing	Chief Executive / Gary Ferguson	Cabinet (February 2017) CROSC (March 2017)	All actions identified in the Council response have been followed through.	GREEN

REGULATORY REPORTS 2016/17 OVERVIEW

Regulatory Body	Published date	Name of Report	Findings	Council Response	Timescale for Completion	Responsible Officer	Where Reported & When	Actions Undertaken	Current Status
			Proposal for Improvement: P1: Strengthen financial planning arrangements by ensuring that all savings proposals are sufficiently developed before the start of the financial year in which they are to be implemented.						
Wales Audit Office	To be published	**Good Governance** when determining service changes – report to be received	With the introduction of CIPFA's revised framework for 'Delivering good governance in local government', and the requirement for councils to adopt the sustainable development principle from April 2016, this review will provide councils with a baseline from which to plan improvements to governance	Response to be provided once report received					
Wales Audit Office	To be published	**Corporate Assessment Follow-up**	Review of the actions taken by the Council in response to proposals for improvement in the 2015 corporate assessment report	Response to be provided once report received					

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AUDIT COMMITTEE

Date of Meeting	Monday, 12 June 2017
Report Subject	Annual Review of Strategic Risks
Report Author	Chief Executive

EXECUTIVE SUMMARY

This risk management update provides a position statement on the strategic risks contained within the Council's 2016/17 Improvement Plan.

The Improvement Plan 2016/17 was adopted by the Council in June 2016; this report provides an annual assessment of the strategic risks contained within the Plan.

The 51 strategic risks within the Improvement Plan have been successfully managed with the majority being assessed at the end of the year as minor or insignificant 21 (41%) or moderate 23 (45%) which is an improvement on the initial risk assessment which was minor / insignificant 5 (10%) and moderate 33 (65%). The major (red) risks have reduced from 13 (25%) to 7 (14%) during the year as risk was successfully managed.

RECOMMENDATIONS

1	To note the status for the 2016/17 end of year summary of the strategic risks of the Improvement priorities of the Council; endorsing the successful management of the risks.

REPORT DETAILS

1.00	STRATEGIC RISKS
1.01	Improvement Priorities – Strategic Risks
	The Council adopted the Improvement Plan for 2016/17 in June 2016. The adoption of the plan and its priorities provides the opportunity to

	monitor the strategic risks aligned to those priorities and sub priorities; this is done on a quarterly basis by each of the Overview and Scrutiny Committees and reported to Audit Committee at the mid and end of year point. This end of year report is to assure the Committee that the risk levels are moving in a positive direction and have been successfully managed.
1.02	The Audit Committee's role is to ensure that the process and approach for managing risks is robust. As part of this process the Overview and Scrutiny committees have received quarterly progress reports against the Improvement Plan for 2016/17. These have included a template for each risk capturing: • the nature of each risk; • the gross, net and target RAG status for each risk; • current actions already in place to mitigate the risk; • further activity to mitigate the risk; • risk trend (via arrows).
1.03	A summary of the status of all risks captured in the Improvement Plan is attached at Appendix 1. An analysis has been undertaken of the current net status of the 51 risks measured this quarter. The results are shown in Table 1 and shows the positive change from the initial assessment to the mid-year position. Table 1: Comparative assessment

Net risk status	Initial Assessment	End Year Position
Insignificant: 1 (green)	0 (0%)	11 (21%)
Minor: 2 (yellow)	5 (10%)	10 (19%)
Moderate: 3 (amber)	33 (65%)	24 (46%)
Major : 4 (red)	13 (25%)	7 (14%)
Severe: 5 (black)	0	0

The seven current areas of major (red) risk are described below including two risk areas (marked*) which have increased in significance during the year:

Priority: Housing
Risk: Council funding for adaptations and home loans will not be sufficient to meet demand.*

Demand for Disabled Facilities Grant (DFG) funding has increased as the delivery of DFGs has increased in speed. Although demand has exceeded budget provision savings in other areas of the service have offset this.

Priority: Living Well
Risk: Fragility and sustainability of the care home sector.

A five day summit with Betsi Cadwaldwr University Health Board and the six North Wales Authorities was held to discuss fragility and the impact on admissions into acute hospitals and early discharge. Monthly follow up sessions are taking place in North East Wales to take forward the agreed

actions. Providers are involved in these discussions and, fee setting is ongoing. The project manager has undertaken initial research and identified both 'quick wins' and medium to long term opportunities to support the sector, and is working with new providers to support their entry into the Flintshire market. The pressure on the Welsh Government to increase the cap on day care has resulted in an increase from £60 to £70 per week with incremental progression to £100 per week over time to support the sector. Although progress is being made the level of risk remains red due to the ongoing fragility of the sector.

Priority: Skills and Learning
Risk: Number of school places not matching the changing demographics.

Reducing unfilled school places via school organisation change is an ongoing process. School change projects can take between three and five years from inception to delivery before reductions of unfilled places can be realised. This continues to be an ongoing process linked to the school modernisation programme. To supplement this the Council will continue to work closely with schools to consider innovative ways for reduction in capacity on a school by school basis (i.e. alternative use of school facilities by other groups) with the objective of meeting national targets of circa 10% unfilled places in all school sectors. The recent school organisation change determinations will result in a reduction in unfilled places across both primary and secondary schools. As a snapshot, the Holywell Learning Campus project has reduced unfilled places in this area by around 450 places.

Priority: Skills and Learning
Risk: Limited funding to address the backlog of known repair and maintenance work in Education & Youth assets.

Continuation of the School Modernisation programme is one of the strategic options available to address the repair and maintenance backlog. The programme continuation will also:

- support a reduction of unfilled places;
- provide a more efficient school estate and concentrate resources on teaching by removal of unwanted fixed costs in infrastructure and leadership; and
- ensure that the condition and suitability of the school estate is improved.

Additionally, in future years capital business cases for improvement and repairs, and maintenance projects in schools will be submitted via the Council's business case process for consideration.

Priority: Poverty
Risk: Available funding for energy efficiency measures may fall short of public demand.*

There remains more demand for energy efficiency measures than the current level of funding allows, in particular for solar panels and external wall insulation. Expectations are being managed as far as possible and other sources of funding to increase the level of provision are being

	actively considered.
	Priority: Environment
	Risk: Funding will not be secured for priority flood alleviation schemes.
	Grant availability continued to be monitored throughout 2016-17 and a capital bid to potentially address flood risk schemes was also developed. The Mold scheme has been raised as a potential National Development Framework project which will provide greater strength when seeking capital. A review of the permitted Mold scheme is also in progress.
	Priority: Modern and Efficient Council
	Risk: The scale of the financial challenge
	The Final Local Government Settlement for 2017/18 was received and is more favourable than the figure projected within the forecast. The annual budget for 2017/18 has now been set. The risks remain high for future budget years.
1.04	Analysis of risk trends shows changes from the initial risk assessment period in April 2016 to the end of year position.
	Eight major (red) risks have reduced in significance during 2016/17:
	Priority: Housing
	Risk: The supply of affordable housing will continue to be insufficient to meet community needs.
	The Council's Strategic Housing And Regeneration Programme (SHARP) continues to progress, with the first scheme of 12 new Council homes completed on the site of the former Custom House School site, Connah's Quay. Work also commenced on The Walks, Flint which will deliver 92 Council (30) and affordable homes (62) and 40 properties at smaller sites at Connah's Quay, Leeswood and Mold. In March 2017, Cabinet approved site feasibility and investigation works on a further 22 site across Flintshire which will potentially deliver a further 363 Council and affordable properties. With these properties, the total programme will comprise 507 homes which includes 277 Council properties, 157 affordable rent properties and 73 affordable purchase properties. The Housing Programmes Team is a statutory consultee to planning applications and ensures the delivery of affordable housing provision on market led schemes in line with planning policy and local needs. This includes developers providing gifted units for affordable rent through NEW Homes Ltd or through Shared Equity where we currently have 285 properties (which excludes those that have been sold). The Council also oversees the delivery of the Social Housing grant (SHG) with local housing association partner. NEW Homes continues to grow with a further 14 affordable properties transferred to the management of the company. A further 12 are scheduled for 2017/18. Affordable properties delivered through the planning system during 16/17 was 46.
	Priority: Housing
	Risk: Customer expectations for the timeliness of adaptations undertaken through disabled facilities grants will not be met due to competing

demands on resources.

Improvements to the adaptation process are currently being made including reducing bureaucracy of the programme, developing a framework for suppliers to speed up procurement, a new IT system to facilitate case management and improving the purchase of frequently used equipment. These measures are expected to bring down the timescale for adaptations.

Priority: Economy and Enterprise
Risk: The Northern Powerhouse and Local Enterprise Partnership (LEP) could present risks to the growth of the Flintshire economy if there is not devolution of powers and freedoms to match those being developed in England.

There has been extensive work to make the case for increased devolution of powers as part of the development of the North Wales Growth Vision. A Growth Deal Bid for North Wales is imminent. The Bid will develop the region's competitive position. Joint work with the Northern Powerhouse, Cheshire and Warrington LEP and the Mersey Dee Alliance is strong. The respective regional developments are complementary.

Priority: Economy and Enterprise
Risk: Infrastructure investment does not keep pace with needs and business is lost to the economy.

Flintshire has worked with partners across North Wales and the North West of England in developing ambitious visions for economic growth for both North Wales and the Cheshire Warrington area. See the commentary in the above priority. Further work is underway to identify barriers to developing the key strategic development sites in Flintshire. Welsh Government has announced major road infrastructure investment in Flintshire and is developing a North Wales Metro in partnership with the regional councils which will modernise transport infrastructure in the region.

Priority: Economy and Enterprise
Risk: Devolved powers in Wales do not match those in England.

There has been extensive work to make the case for increased devolution of powers as part of the development of the North Wales Growth Vision. A Growth Deal Bid for North Wales is imminent. See above.

Priority: Modern and Efficient Council
Risk: The willingness of the workforce and Trade Unions to embrace change.

Detailed work has taken place with employees and trade unions on the asset transfers and the five services that are establishing Alternative Delivery Models. In each case an agreed position has been reached which demonstrates co-operative working.

Priority: Modern and Efficient Council
Risk: Limitations on public funding to subsidise alternative models.

Final diligence work for each of the three new Alternative Delivery Models shows that the level of public funding available in the foreseeable future is adequate to support the new companies.

Priority: Modern and Efficient Council
Risk: The capacity and capability of the organisation to implement necessary changes.

Organisational change programmes are broadly on time and on budget.

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultations with Chief Officers, senior managers and both Internal and external audit (Wales Audit Office) have been undertaken whilst addressing various aspects of this report.

4.00	RISK MANAGEMENT
4.01	The Council's strategic Improvement priority risks are being effectively managed through the Council's adopted risk management approach.

5.00	APPENDICES
5.01	Appendix 1: Improvement Plan 2016/17 summary risk register Appendix 2: Improvement Plan 2016/17 risk report

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Improvement Plan 2016/17 **Contact Officer:** Karen Armstrong, Corporate Business and Communications Executive Officer **Telephone:** 01352 702740 **E-mail:** Karen.armstrong@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
7.01	(1) **Improvement Plan:** the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan. (2) **Wales Audit Office:** works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes. (3) **Risk Management** - the process of **identifying** risks, **evaluating** their potential consequences (<u>impact</u>) and **managing** them. The aim is to reduce the frequency (<u>likelihood</u>) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (<u>impact</u>) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.

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Integrated Risk Manager

A CAMMS SOLUTION

Strategic Risk Report

Flintshire County Council

CYNGOR Sir y Fflint Flintshire COUNTY COUNCIL

Print Date: 01-Jun-2017

Risk Summary

Strategic Risks

Initial Risk Assessment

Minor 9.80% (5)
Moderate 64.71% (33)
Major 25.49% (13)

Current Risk Assessment

Insignificant 21.57% (11)
Minor 19.61% (10)
Moderate 45.10% (23)
Major 13.73% (7)

Strategic Risks

1 Housing

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
IP1.1.1R1	Homelessness will remain a growing area of demand due to the current economic climate.	Strategic Risk	Katie Clubb - Community Support Services Manager	Suzanne Pemberton - Supporting People Manager	Amber	Amber	⬌	Open
ST99	The supply of affordable housing will continue to be insufficient to meet community needs.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Denise Naylor - Customer Services Manager, Melville Evans - Strategic Housing and Regeneration Programme (SHARP) Programme Manager	Red	Amber	⬇	Open
ST100	The increased work programme to deliver the Welsh Housing Quality Standard (WHQS) will not be met due to the scale of the programme.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Sean O'Donnell - Contract Surveyor	Amber	Amber	⬌	Open
ST102	Council funding for adaptations and home loans will not be sufficient to meet demand.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Amber	Red	⬆	Open
ST103	Financial assistance available to repair homes is not taken up by residents.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Amber	Yellow	⬇	Open
ST104	Customer expectations for the timeliness of adaptations undertaken through disabled facilities grants will not be met due to competing demands on resources.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Red	Amber	⬇	Open

2 Living Well

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST105	Fragility and sustainability of the care home sector.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Red	Red	↔	Open
ST107	The quality of care home services will not meet required standards.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Jacque Slee - Performance Lead – Social Services	Amber	Green	↓	Closed
ST108	Children and vulnerable families are not fully supported where multi-agency services and partners do not move toward an early intervention and prevention approach	Strategic Risk	Craig Macleod - Senior Manager, Children's Services & Workforce	Ray Dickson - Children's Fieldwork Services Manager	Amber	Amber	↔	Open
ST109	Demand and aspirations for independent living will not be met.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Susie Lunt - Senior Manager, Integrated Services	Amber	Green	↓	Open
ST110	Funding between Health and the Council does not transfer smoothly e.g. Continuing Health Care (CHC), Intermediate Care Funds (ICF), and Primary Care Funds.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Susie Lunt - Senior Manager, Integrated Services	Amber	Green	↓	Closed
ST111	Service provision is not co-ordinated/integrated.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Susie Lunt - Senior Manager, Integrated Services	Amber	Amber	↔	Open
ST112	Safeguarding arrangements do not meet the requirements of the Social Service and Well-being (SSWB) Act.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Yellow	Green	↓	Open

3 Economy and Enterprise

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST113	The Northern Powerhouse and Local Enterprise Partnership (LEP) could pose risks to the growth of the Flintshire economy if there is not devolution of powers and freedoms to match those being developed in England.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Niall Waller - Enterprise and Regeneration Manager, Rachael Byrne - Enterprise Manager	Red	Amber	↓	Open
ST114	Infrastructure investment does not keep pace with needs and business is lost to the economy.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Niall Waller - Enterprise and Regeneration Manager	Red	Amber	↓	Open
ST115	Support for businesses in Flintshire does not meet needs and fails to encourage investment.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Niall Waller - Enterprise and Regeneration Manager, Rachael Byrne - Enterprise Manager	Amber	Amber	↔	Open
ST116	Devolved powers in Wales do not match those in England.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Niall Waller - Enterprise and Regeneration Manager	Red	Amber	↓	Open

4 Skills and Learning

| Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST117	Local employers and learning providers do not work closely enough to identify and meet the skills based needs of the future	Strategic Risk	Jeanette Rock - Principal Education Officer Inclusion	Claire Homard - Senior Manager - School Improvement	Amber	Amber	↔	Open
ST118	Training places will not match current or future employer aspirations and needs	Strategic Risk	Jeanette Rock - Principal Education Officer Inclusion	Claire Homard - Senior Manager - School Improvement	Amber	Amber	↔	Open

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST119	Timescales of European Social Fund (ESF) programmes will not meet local targets and requirements.	Strategic Risk	Jeanette Rock - Principal Education Officer Inclusion	Claire Homard - Senior Manager - School Improvement	Amber	Amber	↔	Open
ST120	Schools do not receive and/or make best use of the support they need from the Council and Gwasanaeth Effeithiolrwydd (GwE)	Strategic Risk	Claire Homard - Senior Manager - School Improvement	Jeanette Rock - Principal Education Officer Inclusion	Amber	Amber	↔	Open
ST121	Numbers of school places not matching the changing demographics.	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision	Claire Homard - Senior Manager - School Improvement	Red	Red	↔	Open
ST122	Limited funding to address the backlog of known repair and maintenance works in Education & Youth assets	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision	Claire Homard - Senior Manager - School Improvement	Red	Red	↔	Open
ST123	Leadership capacity does not match school needs	Strategic Risk	Claire Homard - Senior Manager - School Improvement	Jeanette Rock - Principal Education Officer Inclusion	Amber	Amber	↔	Open

5 Safe Communities								
Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST124	Lack of sustainable funding to deliver nationally determined community safety priorities.	Strategic Risk	Sian Jones - Public Protection Manager		Amber	Green	↓	Open
ST125	Retention of experienced and skilled staff due to the short term grant funding regime.	Strategic Risk	Sian Jones - Public Protection Manager		Amber	Yellow	↓	Open

6 Poverty

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST126	Demand for advice and support services will not be met.	Strategic Risk	Katie Clubb - Community Support Services Manager	Pam Davies - Housing Options Team Leader	Yellow	Yellow	↔	Open
ST127	Debt levels will rise if tenants are unable to afford to pay their rent.	Strategic Risk	Katie Clubb - Community Support Services Manager	Jen Griffiths - Benefits Manager	Amber	Amber	↔	Open
ST128	The local economy will suffer if residents have less income to spend.	Strategic Risk	Katie Clubb - Community Support Services Manager	Jen Griffiths - Benefits Manager	Amber	Yellow	↓	Open
ST129	Residents do not take up the energy efficiency measures available.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Amber	Yellow	↓	Open
ST130	Available funding for energy efficiency measures may fall short of public demand.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Amber	Red	↑	Open

7 Environment

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST131	Sufficient funding to ensure our highways infrastructure remains safe and capable of supporting economic growth.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Barry Wilkinson - Highways Networks Manager	Amber	Amber	↔	Open
ST132	Sustainable transport options do not remain attractive to users.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Katie Wilby - Transportation and Logistics Manager	Amber	Amber	↔	Open
ST133	Sufficient funding will not be found to continue to provide subsidised bus services.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Katie Wilby - Transportation and Logistics Manager	Amber	Amber	↔	Open

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST134	Reduction of the Single Environment Grant.	Strategic Risk	Andrew Farrow - Chief Officer - Planning and Environment		Amber	Amber	↔	Open
ST135	Recycling programmes are not supported by the public and employees.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Harvey Mitchell - Waste and Ancillary Services Manager	Amber	Green	↓	Open
ST136	Limitations on suitable Council sites with sufficient area for larger scale renewables schemes and suitable connections to the electric grid.	Strategic Risk	Andrew Farrow - Chief Officer - Planning and Environment		Amber	Amber	↔	Open
ST137	Funding will not be secured for priority flood alleviation schemes.	Strategic Risk	Andrew Farrow - Chief Officer - Planning and Environment		Red	Red	↔	Open
ST138	Customer expectations around the delivery of flood alleviation schemes are not effectively managed.	Strategic Risk	Andrew Farrow - Chief Officer - Planning and Environment		Amber	Yellow	↓	Open
ST139	Environmental crime programmes are not supported by the public and employees.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Harvey Mitchell - Waste and Ancillary Services Manager	Amber	Yellow	↓	Open

8 Modern and Efficient Council								
ST140	The capacity and appetite of the community and social sectors.	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Amber	Green	↓	Open

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST141	The willingness of the workforce and Trade Unions to embrace change.	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Red	Green	⬇	Open
ST142	Market conditions which the new alternative delivery models face.	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Amber	Green	⬇	Open
ST143	Limitations on public funding to subsidise alternative models.	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Red	Green	⬇	Open
ST144	Procurement regulations stifling our ability to develop local community and third sector markets	Strategic Risk	Arwel Staples - Strategic Procurement Manager		Yellow	Yellow	⬌	Closed
ST145	Newly established Social Enterprises fail in their early stages of development	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager, Mike Dodd - Social Enterprise Development Lead Officer	Amber	Amber	⬌	Open

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST146	Newly established Community Asset Transfers fail in their early stages of development	Strategic Risk	Neal Cockerton - Chief Officer - Organisational Change 2	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Amber	Green	⬇	Open
ST147	The scale of the financial challenge.	Strategic Risk	Gary Ferguson - Corporate Finance Manager	Sara Dulson - Finance Manager	Red	Red	⬌	Open
ST148	The capacity and capability of the organisation to implement necessary changes.	Strategic Risk	Sharon Carney - Lead Business Partner		Red	Amber	⬇	Open
ST149	The pace of procurement collaborations and our limited control over their development.	Strategic Risk	Gareth Owens - Chief Officer - Governance	Arwel Staples - Strategic Procurement Manager	Yellow	Yellow	⬌	Open
ST150	Public attitude to accessing services on-line.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Rebecca Jones - Customer Services Team Leader	Yellow	Yellow	⬌	Open

Integrated Risk Manager

A CAMMS SOLUTION

Risk Report

Flintshire County Council

CYNGOR
Sir y Fflint
Flintshire
COUNTY COUNCIL

Print Date: 26-May-2017

Risk Summary

Strategic Risks

Initial Risk Assessment

- Minor 9.80% (5)
- Moderate 64.71% (33)
- Major 25.49% (13)

Current Risk Assessment

- Insignificant 21.57% (11)
- Minor 19.61% (10)
- Moderate 45.10% (23)
- Major 13.73% (7)

Page 76

Strategic Risks

<div style="background-color:green; color:white;">**1 Housing**</div>

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
IP1.1.1R1	Homelessness will remain a growing area of demand due to the current economic climate.	Strategic Risk	Katie Clubb - Community Support Services Manager	Suzanne Pemberton - Supporting People Manager	Amber	Amber	↔	Open

Potential Effects: An increase in demand by potentially homeless clients would have an impact on capacity within the service. The lack of available housing to meet this demand would result in an increase for temporary housing.

Lead Supporting Officer Comments: The service has completed a forecasting model which highlights the areas of greatest risk and includes an action plan to mitigate against them. The action plan includes activities to increase availability and reduce barriers to finding suitable and affordable accommodation.
The roll out of full service universal credit and the local housing allowance cap present further risks to numbers presenting as homeless and finding suitable housing options which will be reflected in the forecasting model.

Last Updated: 15-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST99	The supply of affordable housing will continue to be insufficient to meet community needs.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Denise Naylor - Customer Services Manager, Melville Evans - Strategic Housing and Regeneration Programme (SHARP) Programme Manager	Red	Amber	↓	Open

Potential Effects: Impact would increase pressure on housing solutions and homelessness services.

Page 77

Lead Supporting Officer Comments: The Council's Strategic Housing And Regeneration Programme (SHARP) continues to progress, with the first scheme of 12 new Council homes completed on the site of the former Custom House School site, Connah's Quay. Work also commenced on The Walks, Flint which will deliver 92 Council (30) and affordable homes (62) and 40 properties at smaller sites at Connah's Quay, Leeswood and Mold. In March 2017, Cabinet approved site feasibility and investigation works on a further 22 site across Flintshire which will potentially deliver a further 363 Council and affordable properties. With these properties, the total programme will comprise 507 homes which includes 277 Council properties, 157 affordable rent properties and 73 affordable purchase properties.

The Housing Programmes Team is a statutory consultee to planning applications and ensures the delivery of affordable housing provision on market led schemes in line with planning policy and local needs. This includes developers providing gifted units for affordable rent through NEW Homes Ltd or through Shared Equity where we currently have 285 properties (which excludes those that have been sold).

The Council also oversees the delivery of the Social Housing grant (SHG) with local housing association partner.

NEW Homes continues to grow with a further 14 affordable properties transferred to the management of the company. A further 12 are scheduled for 2017/18.

Affordable properties delivered through the planning system during 16/17 was 46.

Last Updated: 25-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST100	The increased work programme to deliver the Welsh Housing Quality Standard (WHQS) will not be met due to the scale of the programme.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Sean O'Donnell - Contract Surveyor	Amber	Amber	⬌	Open

Potential Effects: Contractors under performing against targets may have an adverse effect on budgets

Lead Supporting Officer Comments: The risk remains low as both Year 1 and Year 2 of the capital programme were delivered in full.

Year 3 surveys / scoping works have already commenced and the majority of contracts have now commenced the delivery works onsite.

All work streams are progressing well with many of the contracts anticipated to be completed and finalised in Quarter 3.

A review of the journey to date is to be undertaken by the Capital Works Manager with the Programme being refreshed to capture and incorporate any Acceptable Fails (Tenant Refusals etc.) thus further improving the delivery programme in terms of completing the works as soon as possible rather than resulting in a large 'pepper pot' programme later in the final year.

A revised structure has also been approved with the recruitment progress currently at 90% with only 5 positions left to advertise and fill.

Last Updated: 24-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

Page 78

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST102	Council funding for adaptations and home loans will not be sufficient to meet demand.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Amber	Red	⬆	Open

Potential Effects: Adaptations are a statutory duty for the Council. Demand in excess of current budgets would create a financial pressure on the Capital Programme.

Lead Supporting Officer Comments: Demand for DFG funding has increased as the delivery of DFGs has increased in speed. Although demand has exceeded budget provision savings in other areas of the service have offset this.

Last Updated: 28-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST103	Financial assistance available to repair homes is not taken up by residents.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Amber	Yellow	⬇	Open

Potential Effects: Available resources will not be fully utilized and the programme may not realise its full impact in bringing quality homes into Flintshire.

Lead Supporting Officer Comments: The budget for repairs to homes has been fully utilised this year.

Last Updated: 28-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST104	Customer expectations for the timeliness of adaptations undertaken through disabled facilities grants will not be met due to competing demands on resources.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Red	Amber	⬇	Open

Potential Effects: The Council has a statutory duty to deliver Disabled Facilities Grants (DFGs) and failure to do so in a timely manner risks challenge and reputational impact.

Page 79

Lead Supporting Officer Comments: Improvements to the adaptation process are currently being made including reducing bureaucracy of the programme, developing a framework for suppliers to speed up procurement, a new IT system to facilitate case management and improving the purchase of frequently used equipment. These measures are expected to bring down the timescale for adaptations.

Last Updated: 28-Apr-2017

Page 80

2 Living Well

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST105	Fragility and sustainability of the care home sector.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Red	Red	⬌	Open

Potential Effects: Reduced quality of care, increased difficulties with recruitment and retention of staff, and reduced capacity in the care home sector.

Lead Supporting Officer Comments: A five day summit with Betsi Cadwaldwr University Health Board and the six North Wales Authorities was held to discuss fragility and the impact on admissions into acute hospitals and early discharge. Monthly follow up sessions are taking place in North East Wales to take forward the agreed actions. Providers are involved in these discussions and, fee setting is ongoing. The project manager has undertaken initial research and identified both 'quick wins' and medium to long term opportunities to support the sector, and is working with new providers to support their entry into the Flintshire market. The pressure on the Welsh Government to increase the cap on day care has resulted in an increase from £60 to £70 per week with incremental progression to £100 per week over time to support the sector. Although progress is being made the level of risk remains red due to the ongoing fragility of the sector.

Last Updated: 25-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST107	The quality of care home services will not meet required standards.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Jacque Slee - Performance Lead – Social Services	Amber	Green	⬇	Closed

Potential Effects: Negative impact on reputation of the Council.

Lead Supporting Officer Comments: The roll out of "Progress for Providers" continues; one page profiles and the welcome pack have been implemented in 16 residential homes and 3 nursing homes. Contract officers are now implementing further person centred tools, with bespoke training delivered for staff. Care homes will start assessing themselves against the new Flintshire standards from April 2017.   This risk has been mitigated to Green and is now closed.

Last Updated: 27-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST108	Children and vulnerable families are not fully supported where multi-agency services and partners do not move toward an early intervention and prevention approach	Strategic Risk	Craig Macleod - Senior Manager, Children's Services & Workforce	Ray Dickson - Children's Fieldwork Services Manager	Amber	Amber	⬌	Open

Potential Effects: High re-referral rates, statutory requirement to provide Information, Advice and Assistance not met, escalation of needs and high cost intervention, duplication of effort across agencies

Lead Supporting Officer Comments: Project arrangements for developing an Early Intervention Hub are in place with appropriate governance and delivery infrastructure. Specific work streams have been developed and lead officers identified to take them forward. Within Social Services there is a high demand for targeted support and early intervention services. Management decisions are being made on how finite resources can be best deployed based on individual circumstances and presenting/associated risk. Additional funding has been identified through the Intermediate Care Fund to facilitate support to children, young people and families with complex needs, through targeted support to help prevent their problems from escalating.

Last Updated: 24-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST109	Demand and aspirations for independent living will not be met.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Susie Lunt - Senior Manager, Integrated Services	Amber	Green	⬇	Open

Potential Effects: Insufficient capacity within existing extra care provision

Lead Supporting Officer Comments: Flint Extra Care scheme – to be known as Llys Raddington – is under construction and remains on track to complete in the spring of 2018. The site is at the heart of the town and will provide 73 apartments, with a mix of 1-bed and 2-bed apartments. There is specific provision for people living with dementia.
The development of a new Extra Care scheme in Holywell is now progressing well. A preferred site has been identified at the vacant Ysgol Perth y Terfyn school near the town centre. The Council are working closely with Wales & West Housing Association to complete outline designs and prepare a full planning application by July 2017. Successful planning processes will enable construction to commence with a target completion in the first half of 2019.
With positive progress on both projects, this risk is now decreasing.

Last Updated: 08-May-2017

Page 82

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST110	Funding between Health and the Council does not transfer smoothly e.g. Continuing Health Care (CHC), Intermediate Care Funds (ICF), and Primary Care Funds.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Susie Lunt - Senior Manager, Integrated Services	Amber	Green	⬇	Closed

Potential Effects: Increased costs to the Council

Lead Supporting Officer Comments: £227K has been reclaimed as a result of the work on tracing Continuing Healthcare Care (CHC) funding.
Work is continuing on producing a set of operational standards with Betsi Cadwaladwr University Health Board (BCUHB); these will form the basis of a North Wales regional workshop to agree operational standards for health & social care. In terms of Intermediate Care Fund (ICF), meetings with BCUHB are regularly held to agree ongoing and new funding arrangements. This risk is now closed.

Last Updated: 25-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST111	Service provision is not co-ordinated/integrated.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Susie Lunt - Senior Manager, Integrated Services	Amber	Amber	⬌	Open

Potential Effects: Ineffective joint services

Lead Supporting Officer Comments: Betsi Cadwaladr University Health Board (BCUHB) successfully recruited to two key management positions within the organisation which has created some collaborative stability this year.

There is BCUHB management attendance at the Health, Wellbeing and Independence Board which meets every quarter. The BCUHB/FCC Strategic Partnership continues to meet quarterly chaired by Flintshire County Council (FCC) Chief Executive.

Partnership Friday is held monthly and is attended by BCUHB managers and FCC Chief Officers; BCUHB managers also attend Heads meetings as relevant to discuss specific issues. Discussions are taking place regionally and locally in relation to how best to take forward the development of pooled budgets. The level of risk remains amber due to the Council's ability to achieve this by 2018 as required by the Act.

Last Updated: 08-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST112	Safeguarding arrangements do not meet the requirements of the Social Service and Well-being (SSWB) Act.	Strategic Risk	Neil Ayling - Chief Officer - Social Services	Jane M Davies - Senior Manager, Safeguarding & Commissioning	Yellow	Green		Open

Potential Effects: Criticism from Regulator

Lead Supporting Officer Comments: A specific module on safeguarding in line with the act has been delivered to employees in Social Services. Safeguarding procedures are being amended in line with the Act, and training will be delivered on these. E-learning modules on Safeguarding are now available on Flintshire Acadami. Interactive half day workshops will be delivered June 2017.

Last Updated: 25-May-2017

Page 84

3 Economy and Enterprise

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST113	The Northern Powerhouse and Local Enterprise Partnership (LEP) could pose risks to the growth of the Flintshire economy if there is not devolution of powers and freedoms to match those being developed in England.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Niall Waller - Enterprise and Regeneration Manager, Rachael Byrne - Enterprise Manager	Red	Amber	⬇	Open

Potential Effects: If a significant growth deal package is agreed for Cheshire / Warrington area then it will bring the local partners the ability to manage the economy locally with new investment as well as devolved powers that allow a responsive approach to meeting local needs. This has the potential to make the area more attractive to new business investment and to enable the maximum benefits from economic growth to reach local people.

Lead Supporting Officer Comments: There has been extensive work to make the case for increased devolution of powers as part of the development of the North Wales Growth Vision. There have been positive discussions with Welsh Government in relation to the future role of the Economic Ambition Board and the emerging approach to regional working as an alternative to Local Government Reorganisation which may help with this process.

Last Updated: 28-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST114	Infrastructure investment does not keep pace with needs and business is lost to the economy.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Niall Waller - Enterprise and Regeneration Manager	Red	Amber	⬇	Open

Potential Effects: The potential impact would include businesses choosing not to locate in Flintshire, existing businesses finding it harder to justify remaining in the area and a worsening quality of life where, for example, traffic congestion increases.

Lead Supporting Officer Comments: Flintshire has worked with partners across North Wales and the North West of England in developing ambitious visions for economic growth for both North Wales and the Cheshire Warrington area. Both visions set out the economic benefits that can be realised in the region and the infrastructure needed to deliver them. These have been submitted to the UK Government for consideration. Further work is also underway to identify barriers to developing the key strategic development sites in Flintshire. Welsh Government has announced major road infrastructure investment in Flintshire and is developing a North Wales Metro which will modernise transport infrastructure in the region.

Last Updated: 28-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST115	Support for businesses in Flintshire does not meet needs and fails to encourage investment.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Niall Waller - Enterprise and Regeneration Manager, Rachael Byrne - Enterprise Manager	Amber	Amber	↔	Open

Potential Effects: i) Lower level of investment ii) Lower level of employment iii) Failure to realise wider benefits to the county from business investment

Lead Supporting Officer Comments: The Council has been working closely with potential investors and the rate of conversion remains high. Flintshire Business Week 2016 was very successful with a number of well attended events and remains a popular and cost effective way of engaging with and supporting the business community, enabling them to network and trade together. Despite the small size of the Flintshire service responses and support from businesses is very positive.

Last Updated: 28-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST116	Devolved powers in Wales do not match those in England.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Niall Waller - Enterprise and Regeneration Manager	Red	Amber	↓	Open

Potential Effects: Areas with a greater range of devolved powers have the potential to manage their economy in a more responsive manner and are able to take decisions quickly across a wide range of service areas. This gives them a considerable advantage in creating the conditions for successful business growth and neighbouring areas are likely to struggle to compete for new business investment.

Lead Supporting Officer Comments: There has been considerable progress in the development of a growth bid for North Wales and positive discussions with both UK and Welsh Government about the next steps in its development. Cross border partnership working is extremely strong and Welsh Government have welcomed the development of cross border elements for the vision.

Last Updated: 28-Apr-2017

Page 86

4 Skills and Learning

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST117	Local employers and learning providers do not work closely enough to identify and meet the skills based needs of the future	Strategic Risk	Jeanette Rock - Principal Education Officer Inclusion	Claire Homard - Senior Manager - School Improvement	Amber	Amber	⬌	Open

Potential Effects: Flintshire residents are not appropriately skilled to meet the labour market requirements.

Lead Supporting Officer Comments: Labour Market Intelligence is feeding into the forums to provide further evidence of employee skill needs for the future. The Construction Industry Training Board (CITB) have just started a pilot project which creates direct links between local schools and construction companies to develop awareness of the range of future employment opportunities and the associated skills required.

Last Updated: 23-Feb-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST118	Training places will not match current or future employer aspirations and needs	Strategic Risk	Jeanette Rock - Principal Education Officer Inclusion	Claire Homard - Senior Manager - School Improvement	Amber	Amber	⬌	Open

Potential Effects: Flintshire residents will not have access to a suitable range of qualifications which will facilitate successful recruitment within the local area.

Lead Supporting Officer Comments: Labour Market Intelligence generated by the North Wales Economic Ambition Board is circulated to providers to raise awareness of training requirements. Discussions around the information are taking place through the existing forums.

Last Updated: 29-Nov-2016

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST119	Timescales of European Social Fund (ESF) programmes will not meet local targets and requirements.	Strategic Risk	Jeanette Rock - Principal Education Officer Inclusion	Claire Homard - Senior Manager - School Improvement	Amber	Amber	⬌	Open

Page 87

Potential Effects: Reduced time to make best use of the ESF funding resulting in low project impact on young people who are at risk of disengagement and becoming NEET (Not in Education, Employment or Training).

Lead Supporting Officer Comments: A training session has been held with school-based staff to review TRAC eligibility and systems. This has facilitated a greater understanding for the purpose of the project along with processes that need to be undertaken to access and exit the provision. The full employee complement and greater process awareness should facilitate increased participant involvement.

Last Updated: 17-Feb-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST120	Schools do not receive and/or make best use of the support they need from the Council and Gwasanaeth Effeithiolrwydd (GwE)	Strategic Risk	Claire Homard - Senior Manager - School Improvement	Jeanette Rock - Principal Education Officer Inclusion	Amber	Amber	⬌	Open

Potential Effects: Schools are less well informed about developments and what their actions to ensure continued improvement should be. Progress in improving outcomes for learners is reduced.

Lead Supporting Officer Comments: Schools considered to pose a risk because there is evidence they are not making best use of the support provided by the Council or GwE will be targeted as part of the School Performance Monitoring Group and challenged to engage. Persistent failure to engage could result in the issuing of a Warning Notice by the Chief Officer to the school under the Schools Causing Concern guidance from Welsh Government

Last Updated: 26-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST121	Numbers of school places not matching the changing demographics.	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision	Claire Homard - Senior Manager - School Improvement	Red	Red	⬌	Open

Potential Effects: Higher teaching ratios, unfilled places, backlog maintenance pressures

Page 88

Lead Supporting Officer Comments: Reducing unfilled school places via school organisation change is an ongoing process. School change projects can take between three and five years from inception to delivery before reductions of unfilled places can be realised. This continues to be an ongoing process linked to the school modernisation programme. To supplement this the Council will continue to work closely with schools to consider innovative ways for reduction in capacity on a school by school basis (i.e. alternative use of school facilities by other groups) with the objective of meeting national targets of circa 10% unfilled places in all school sectors. The recent school organisation change determinations will result in a reduction in unfilled places across both primary and secondary schools. As a snapshot, the Holywell Learning Campus project has reduced unfilled places in this area by around 450 places.

Last Updated: 17-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST122	Limited funding to address the backlog of known repair and maintenance works in Education & Youth assets	Strategic Risk	Damian Hughes - Senior Manager, School Planning & Provision	Claire Homard - Senior Manager - School Improvement	Red	Red	↔	Open

Potential Effects: Schools unable to operate effectively, potential school down time, negative impact on curriculum delivery

Lead Supporting Officer Comments: Continuation of the School Modernisation programme is one of the strategic options available to address the repair and maintenance backlog. The programme continuation will also:
i) Support a reduction of unfilled places
ii) Provide a more efficient school estate and concentrate resources on teaching by removal of unwanted fixed costs in infrastructure and leadership
iii) Ensure that the condition and suitability of the school estate is improved.
Additionally, in future years capital business cases for improvement and repairs, and maintenance projects in schools will be submitted via the Council's business case process for consideration.

Last Updated: 17-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

Page 89

ST123	Leadership capacity does not match school needs	Strategic Risk	Claire Homard - Senior Manager - School Improvement	Jeanette Rock - Principal Education Officer Inclusion	Amber	Amber	⬌	Open

Potential Effects: Flintshire learners do not leave with suitable qualifications to enable them to progress into further education or employment. Overall school standards decrease with an increase in schools entering into an Estyn category and requiring significant levels of intervention to improve.   **Lead Supporting Officer Comments:** All schools in Flintshire currently have appropriate leadership arrangements in place. Out of 64 primary schools there are two Acting Head positions - one in relation to potential school reorganisation and one in relation to the temporary secondment of the substantive Head to the Regional School Improvement Service. In the secondary sector where there are 12 schools, two have interim Headteacher posts to cover vacancies, which will be advertised to secure substantive appointments.   Last Updated: 19-Dec-2016

Page 90

5 Safe Communities

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST124	Lack of sustainable funding to deliver nationally determined community safety priorities.	Strategic Risk	Sian Jones - Public Protection Manager		Amber	Green	⬇	Open

Potential Effects: Unable to deliver services

Lead Supporting Officer Comments: All external grants were received during 2016/17 and appropriate financial claims and monitoring information were provided to the funders.

Last Updated: 16-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST125	Retention of experienced and skilled staff due to the short term grant funding regime.	Strategic Risk	Sian Jones - Public Protection Manager		Amber	Yellow	⬇	Open

Potential Effects: Staff shortages may impact on service delivery.

Lead Supporting Officer Comments: The Community Safety Partnership received continued funding during 2016/17 that enabled the services they commission to be continued.

Last Updated: 03-May-2017

Page 91

6 Poverty

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST126	Demand for advice and support services will not be met.	Strategic Risk	Katie Clubb - Community Support Services Manager	Pam Davies - Housing Options Team Leader	Yellow	Yellow	↔	Open

Potential Effects: Service providers with insufficient resources to meet demand will quickly build up long waiting lists and residents will not be able to access timely advice that prevents problems from escalating to ones that require more costly specialist interventions.

Lead Supporting Officer Comments: From October 2016, the Council's Welfare Rights Team have been based in the Citizen Advice Flintshire Mold office. The collaboration with Citizen Advice Flintshire was introduced to maximise the efficient use of service resources and increase the number of households helped to access correct entitlement of social security benefits. In addition, the Advice and Housing Support Gateways have continued to help providers to manage demand from households experiencing social welfare problems as a result of the ongoing transformation of the social security system.

Last Updated: 15-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST127	Debt levels will rise if tenants are unable to afford to pay their rent.	Strategic Risk	Katie Clubb - Community Support Services Manager	Jen Griffiths - Benefits Manager	Amber	Amber	↔	Open

Potential Effects: In 2018, the reductions to the financial support provided by welfare benefits to help low-income tenants pay their housing costs and the expansion of the Universal Credit Full Service across Flintshire will increase the number of households accruing rent arrears. In addition, some households, e.g., single people aged under 35, will find that wef April 2018; their social housing property is no longer an affordable housing option.

Page 92

Lead Supporting Officer Comments: Due to the continued, slow introduction of Universal Credit within Flintshire in 2016/17, the number of claimants who are also tenants remains low and there was little increase in the number of Universal Credit claimants during the year. The Advice and Housing Support Gateways refer cases to the Specialist Debt Officer where necessary and the personal budgeting service delivered by Citizen Advice Flintshire has coped with the demand from Universal Credit claimants.

Last Updated: 15-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST128	The local economy will suffer if residents have less income to spend.	Strategic Risk	Katie Clubb - Community Support Services Manager	Jen Griffiths - Benefits Manager	Amber	Yellow	⬇	Open

Potential Effects: The welfare reforms will reduce income levels in Flintshire by an average of £500 per working age adult pa by 2018. This will have a wider knock-on effect for the Flintshire economy given households (particularly lower-income households) will have less money to spend on local goods and services.

Lead Supporting Officer Comments: In 2016/17 Flintshire residents received specialist advice and support to access ongoing social security benefits worth £1,579,380 increasing the spending power of these households within the local economy.

Last Updated: 15-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST129	Residents do not take up the energy efficiency measures available.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Amber	Yellow	⬇	Open

Potential Effects: i) Available resources not used to their full potential ii) Household energy bills higher than needed iii) Fuel poverty remains higher than needed

Lead Supporting Officer Comments: There has been a strong level of demand for energy efficiency measures and in particular for the external wall insulation offered in Deeside. All available resources have been fully used.

Last Updated: 28-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST130	Available funding for energy efficiency measures may fall short of public demand.	Strategic Risk	Niall Waller - Enterprise and Regeneration Manager		Amber	Red	⬆	Open

Potential Effects: i) Public frustration, and reduced funding may impact on the Council's reputation. ii) Opportunities to reduce household costs and fuel poverty may not be fully realised.

Lead Supporting Officer Comments: There remains more demand for energy efficiency measures than the current level of funding allows, in particular for solar panels and external wall insulation. Expectations are being managed as far as possible and other sources of funding to increase the level of provision are being actively considered.

Last Updated: 28-Apr-2017

Page 94

7 Environment

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST131	Sufficient funding to ensure our highways infrastructure remains safe and capable of supporting economic growth.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Barry Wilkinson - Highways Networks Manager	Amber	Amber	⬌	Closed

Potential Effects: A lack of sufficient funding would result in a worsening condition of the highway infrastructure across Flintshire.

Lead Supporting Officer Comments: Preventative and corrective work has been completed across a number of improvement and maintenance schemes of the highest ranked sites within the network as planned, in accordance with received funding.

Last Updated: 26-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST132	Sustainable transport options do not remain attractive to users.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Katie Wilby - Transportation and Logistics Manager	Amber	Amber	⬌	Open

Potential Effects: Increase in individual car usage. Increase in deteoriation of the highway. Not meet the requirements of the Active Travel Wales bill.

Lead Supporting Officer Comments: Work is ongoing with Welsh Government and regional partners through the Local, Regional and National Transport Plans looking at transport interventions such as integrated ticketing, quality partnerships, vehicle quality standards, infrastructure improvements and development of alternative services such as community based transport services.

Last Updated: 17-Feb-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

Page 95

| ST133 | Sufficient funding will not be found to continue to provide subsidised bus services. | Strategic Risk | Stephen Jones - Chief Officer - Streetscene and Transportation | Katie Wilby - Transportation and Logistics Manager | Amber | Amber | ⬌ | Open |

Potential Effects: Decrease in bus services to residents, particularly in rural areas.

Lead Supporting Officer Comments: Work is ongoing to make existing services more sustainable and provide support for the bus industry in partnership with Welsh Government with a Bus Summit held on 23.01.2017. The Bus Summit was facilitated by Welsh Government and aimed to bring together industry users, providers, and policy makers in devising a forward looking sustainable strategy for the bus industry in Wales.
Existing supported bus services are operating within current financial levels for 2016-2017.

Last Updated: 17-Feb-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST134	Reduction of the Single Environment Grant.	Strategic Risk	Andrew Farrow - Chief Officer - Planning and Environment		Amber	Amber	⬌	Open

Potential Effects: Potential reduction in future service provision

Lead Supporting Officer Comments: Reduction of the Single Environment Grant remains a risk as Welsh Government have continued with a reduced settlement for 2017-18. This has been raised as a budget pressure for 2017-18.

Last Updated: 19-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST135	Recycling programmes are not supported by the public and employees.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Harvey Mitchell - Waste and Ancillary Services Manager	Amber	Green	⬇	Open

Potential Effects: Decreasing income from resale of recyclates. Increased infraction charges. Carbon reduction targets not met.

Page 96

Lead Supporting Officer Comments: Recycling tonnages have improved on the previous year. A Countywide education campaign was carried out prior to Christmas to inform residents of an increase in the range and type of materials we collect. Further food specific campaigns are planned for March. This will continue to be monitored given the increase in what can be recycled and that the public are becoming more aware of the range of materials that can now be collected.

Last Updated: 23-Feb-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST136	Limitations on suitable Council sites with sufficient area for larger scale renewables schemes and suitable connections to the electric grid.	Strategic Risk	Andrew Farrow - Chief Officer - Planning and Environment		Amber	Amber	⬌	Open

Potential Effects: Unable to generate power through FCC controlled renewables sources. Continue to pay market prices for energy.

Lead Supporting Officer Comments: A list of potential sites has been generated in partnership with the Green Growth Wales team, these are being reviewed and a programme for each will established during 2017-18.

Last Updated: 19-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST137	Funding will not be secured for priority flood alleviation schemes.	Strategic Risk	Andrew Farrow - Chief Officer - Planning and Environment		Red	Red	⬌	Open

Potential Effects: Flood schemes will not be delivered

Lead Supporting Officer Comments: Grant availability continued to be monitored throughout 2016-17 and a capital bid to potentially address flood risk schemes was also developed. The Mold scheme has been raised as a potential National Development Framework project which will provide greater strength when seeking capital. A review of the permitted Mold scheme is also in progress.

Last Updated: 19-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

Page 97

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST138	Customer expectations around the delivery of flood alleviation schemes are not effectively managed.	Strategic Risk	Andrew Farrow - Chief Officer - Planning and Environment		Amber	Yellow	⬇	Open

Potential Effects: Flood schemes will not be delivered

Lead Supporting Officer Comments: The customer expectation (which is improving) is that flood risk can be eliminated or managed through the delivery of flood alleviation schemes by the Local Authority. This may not always be possible due to technical, environmental, financial or other constraints. Potential schemes must be able to demonstrate positive benefit cost ratios and then be considered and prioritised on a national risk based approach. Considering the current pressures on public funding, the money available for addressing flood risk is unlikely to be adequate and pressures will only increase with the rising future risk brought about by further development and a changing climate. As such flood risk management and local resilience will need to be improved by everyone working together and by those at risk from flooding taking responsibility to protect and help themselves.

Last Updated: 19-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST139	Environmental crime programmes are not supported by the public and employees.	Strategic Risk	Stephen Jones - Chief Officer - Streetscene and Transportation	Harvey Mitchell - Waste and Ancillary Services Manager	Amber	Yellow	⬇	Open

Potential Effects: Continued problems with littering, graffiti and loss of environmental quality

Lead Supporting Officer Comments: In Quarter 3 the introduction of a pilot scheme carrying out environmental enforcement using a specialist contractor has so far been successful with the number of FPN's issued exceeding 2,800.
There is anecdotal evidence suggesting that there has been a reduction in the amount of litter being dropped in our town centres.

Last Updated: 17-Feb-2017

8 Modern and Efficient Council

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST140	The capacity and appetite of the community and social sectors.	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Amber	Green	⬇	Open

Potential Effects: No increase in the number and strength in community and social sectors which in turn will limit the capacity for communities to assist in community asset transfer and other programmes.

Lead Supporting Officer Comments: For 2016/17 we have ten Community Asset Transfers that are either complete or nearing legal completion (plus an additional 3 that are not quite at this stage but will be soon and an additional 2 that have been completed with schools and communities as Transfer of Control Agreements rather than Asset Transfers, if these are included it makes a total of 15 in 2016/17). In addition 5 services have now been agreed by Cabinet to progress into 3 Alternative Delivery Models. This demonstrates the capacity and appetite of the community and social sectors to work with the council to sustain important services for local communities.

Last Updated: 26-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST141	The willingness of the workforce and Trade Unions to embrace change.	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Red	Green	⬇	Open

Potential Effects: Organisational change objectives cannot be met.

Lead Supporting Officer Comments: Detailed work has taken place with staff and trade unions on the asset transfers and the five services that are establishing Alternative Delivery Models. In each case an agreed position has been reached with staff and trade unions which demonstrates their appetite to work co-operatively on this agenda.

Last Updated: 26-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST142	Market conditions which the new alternative delivery models face.	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Amber	Green	⬇	Open

Potential Effects: New Alternative Delivery Models will see a decrease in income and ultimately be un-sustainable.

Lead Supporting Officer Comments: Final diligence on all 5 services establishing ADM's is nearing completion. This has included final market assessments which demonstrate each of the three new ADM's can compete and co-operate in the markets they are entering.

Last Updated: 25-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST143	Limitations on public funding to subsidise alternative models.	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Red	Green	⬇	Open

Potential Effects: Alternative Delivery Models become unsustainable as it cannot meet costs with reduced funding from the Council..

Lead Supporting Officer Comments: Final diligence work for each of the three new Alternative Delivery Models shows that the level of public funding available in the foreseeable future is adequate to support the new companies.

Last Updated: 26-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status

Page 100

| ST144 | Procurement regulations stifling our ability to develop local community and third sector markets | Strategic Risk | Arwel Staples - Strategic Procurement Manager | | Yellow | Yellow | ⬌ | Closed |

Potential Effects: Unlikely increase in spend with Small and Medium Enterprises (SMEs) and third sector suppliers

Lead Supporting Officer Comments: A new corporate procurement strategy has been developed. The strategy has now been approved and one of the key outcomes is local supplier development, increased use of community benefits, and increased spend with Social Enterprises.
A number of Training Workshops have been undertaken to promote the new Strategy.
The introduction of the Commissioning Form will also facilitate consideration of SME and Third Sector friendly procurement initiatives for individual projects. As a result there should be greater opportunities for the local and third sector markets due to relevant lotting of tenders as well as making tender documents more market friendly.

Last Updated: 18-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST145	Newly established Social Enterprises fail in their early stages of development	Strategic Risk	Ian Bancroft - Chief Officer - Organisational Change 1	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager, Mike Dodd - Social Enterprise Development Lead Officer	Amber	Amber	⬌	Open

Potential Effects: New social enterprises are not sustainable and go into liquidation

Page 101

Lead Supporting Officer Comments: Work on Alternative Delivery Models and Community Asset Transfers will result by early 2017 in four new large social enterprises operating in Flintshire. These include: Cambrian Aquatics, Holywell Leisure Centre, Flintshire Leisure and Libraries, HF Trust. These organisations strengthen the social enterprise sector in Flintshire and will enable through their learning and sharing of co-operative practice the sector to deal with issues in early stages of social enterprise start up. This will add to the work of the social enterprise sector working group which has a plan to support the sector during 2017.

Last Updated: 26-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST146	Newly established Community Asset Transfers fail in their early stages of development	Strategic Risk	Neal Cockerton - Chief Officer - Organisational Change 2	Dawn Holt - Alternative Delivery Models and Transforming Social Services Programme Manager	Amber	Green	⬇	Open

Potential Effects: New social enterprises are not sustainable and go into liquidation

Lead Supporting Officer Comments: Monitoring of Community Asset Transfer (CAT) achievements in their first year has started. This includes meeting with each organisation discussing their financial situation and achievement of community benefits. At this stage no significant risks of failure has been identified.

Last Updated: 15-May-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST147	The scale of the financial challenge.	Strategic Risk	Gary Ferguson - Corporate Finance Manager	Sara Dulson - Finance Manager	Red	Red	↔	Open

Potential Effects: The Council does not have sufficient funding to meet it's priorities and obligations.

Lead Supporting Officer Comments: The Final Local Government Settlement for 2017/18 has since been received and is more favourable than the figure projected within the forecast. The annual budget for 2017/18 has now been set. The risks remain high for future budget years.

Last Updated: 24-Apr-2017

Page 102

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST148	The capacity and capability of the organisation to implement necessary changes.	Strategic Risk	Sharon Carney - Lead Business Partner		Red	Amber	⬇	Open

Potential Effects: Organisational change objectives cannot be met.

Lead Supporting Officer Comments: Organisational change programmes are broadly on time and on budget.

Last Updated: 29-Nov-2016

Risk Action Title	Lead Officer	Start Date	End Date	Percentage Complete	Progress Comments
Detailed workforce plans for each portfolio	Sharon Carney- Lead Business Partner	03-Apr-2017	31-Mar-2018	80	Each portfolio has completed a high level workforce plan for their senior management teams and the next two or three tiers. The next step is for portfolio's to assess the future broader workforce requirements taking into account any future changes that will impact upon the staffing within the respective service areas.

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST149	The pace of procurement collaborations and our limited control over their development.	Strategic Risk	Gareth Owens - Chief Officer - Governance	Arwel Staples - Strategic Procurement Manager	Yellow	Yellow	↔	Open

Potential Effects: Procurement efficiencies will not be realised.

Lead Supporting Officer Comments: The National Procurement Service (NPS) has increased the pace of procurement collaboration delivery with 30+ framework agreements in place and further projects identified. The work programme delivery is being closely monitored.

However actual benefits to the Council from the NPS framework agreements is varied, therefore further monitoring of actual benefits is required going forward.
Further meetings have been held with the National Procurement Service to develop an Action Plan to determine if tangible efficiencies can be obtained from collaborative framework agreements already delivered.

Last Updated: 18-Apr-2017

Risk Ref.	Risk Title	Risk Type	Lead Officer	Supporting Officers	Initial Risk Rating	Current Risk Rating	Risk Trend	Risk Status
ST150	Public attitude to accessing services on-line.	Strategic Risk	Clare Budden - Chief Officer - Community and Enterprise	Rebecca Jones - Customer Services Team Leader	Yellow	Yellow		Open

Potential Effects: Targeted efficiencies to be achieved through people switching to accessing services will not be met.

Lead Supporting Officer Comments: The new Customer Service Strategy has been approved by Cabinet and sets out the Council's plan to transform customer access to Council services over the next five years; this will include a review of how customers currently access Council services and opportunities to modernise all face to face, telephone and digital access channels. In quarter 4, the Council continued to see the number of online digital transactions rise with 11,142 customers choosing to correspond with the Council online via the website. There was also a 19% increase in the number of people using the Council's website. Customer Support Services continue to work closely with ICT to prioritise services for transformation.

Last Updated: 10-May-2017

CYNGOR
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Flintshire
COUNTY COUNCIL

AUDIT COMMITTEE	

Date of Meeting	Monday, 12 June 2017
Report Subject	Internal Audit Annual Report
Cabinet Member	Not Applicable
Report Author	Interim Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

The Internal Audit Manager is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual report must incorporate

- The opinion
- A summary of the work that supports the opinion; and
- A statement on conformance with the Public Sector Internal Audit Standards (PSIAS) and the results of the quality assurance and improvement programme (QAIP).

This report fulfils that requirement. The audit opinion is that Flintshire has an adequate and effective framework of governance, risk management and control. Audit work undertaken throughout the year is summarised within the report. A self-assessment against the PSIAS, including a review of QAIP was undertaken and reported to the committee in March 2017. This showed that Internal Audit generally conforms to the Standards and the QAIP is in operation and effective in promoting continual improvement.

The report and opinion has been used to inform the Annual Governance Statement, presented in another paper to this committee.

RECOMMENDATIONS	
1	The committee is requested to consider the report and receive the internal audit annual opinion.

REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	The Internal Audit Manager is required to prepare a report giving the annual internal audit opinion and summarising the outcome of all internal audit work undertaken during the year. This is part of the framework of assurances that assist the Council in preparing the Annual Governance Statement.
1.02	It also aids the Audit Committee in its role to review the effectiveness of the Authority's systems of corporate governance, internal control and risk management systems, and to make reports and recommendations to the County Council on the adequacy and effectiveness of those arrangements.
1.03	The report outlines the role of the internal audit team and the professional standards it must meet. It includes a statement that the team generally conforms to the PSIAS. It then gives the annual audit opinion.
1.04	The report gives the level of coverage of the audit team during the year and summarises the work undertaken in 2016/17. Summary information by Portfolio is provided on the assurance levels given to the reviews together with the categorisation and number of agreed actions to address control weakenesses.
1.05	The work on investigations and advisory work is outlined, together with the fraud awareness work that was completed during the year.
1.06	The overall performance of the team throughout the year against targets is then given.

2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	Internal Audit operate to a risk-based plan designed to enable the annual opinion to be delivered. The report includes an opinion on risk management within the Council.

5.00	APPENDICES
5.01	Appendix A – Internal Audit Annual Report.

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	None.

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7.00	**GLOSSARY OF TERMS**
7.01	**PSIAS, Public Sector Internal Audit Standards**: a set of standards that all Internal Audit teams working in the public sector must comply with. **Corporate Governance:** the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes. **Risk Management:** the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation. **CAMMS:** an integrated planning, risk management and programme/project management and reporting system.

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Internal Audit
Annual Report

2016/17

CYNGOR
Sir y Fflint
Flintshire
COUNTY COUNCIL

Contents

1   Introduction

1.1   The Definition and Role of Internal Audit

The definition of Internal Auditing in the Public Sector Internal Audit Standards (PSIAS) is as follows:

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

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

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

1.2   Professional Standards

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

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

- Ongoing monitoring of the performance of the Internal Audit activity; and
- Periodic self-assessments

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

A self-assessment against the Standards has been completed and the results reported to the Audit Committee in March 2016. The Internal Audit Service was self-assessed as being generally conforming. The assessment included a review of the QAIP showing actions taken from the previous year and to maintain continuous improvement against the QAIP components.

An external assessment of Flintshire's Internal Audit Service against the Standards has been undertaken in March 2017 by the Chief Internal Auditor, Ceredigion County Council. The final external assessment report will be presented to audit committee in June 2017.

The external assessment advised that the Internal Audit Service is currently conforming to 329 standards, with four partial conformance and one non-conformance and five suggestions for further improvement. The area of non-conformance had already been identified during the

internal self-assessment, as the need to undertake assurance mapping within the Council, and reported to senior management and Audit Committee in March 2017.   As a consequence the impact of the non-conformance is not considered to be significant and the Internal Audit Service of Flintshire County Council complies with the Standards in all significant areas and operates independently and objectively.

The QAIP has subsequently been updated to reflect the findings of the external assessment. This will be presented to audit committee as part of the external assessment report in June 2017 and within Appendix C of this report.

Overall internal and external assessment concluded:

Following both the internal self-assessment and the external assessment, the Internal Audit Service Generally Conforms to the Standards.

That means that the relevant structures, policies and procedures of the department, as well as the processes by which they are applied, comply with the requirements of the standards and of the Code of Ethics in all material respects.

General Conformance does not require complete/perfect conformance, the ideal situation, etc.

2   Internal Audit Assurance for 2016/2017

2.1   Context

The Internal Audit Service to Flintshire County Council is required to provide the Council (through the Audit Committee) with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving that opinion it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

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

There have been no limitations made on the scope of Internal Audit coverage during the year.

2.2   Resources

At the start of the year in April 2016, whilst the department was fully staffed, one of the Principal Auditors commenced flexible retirement reducing their hours from full time to three days per week. In October 2016 the then Internal Audit Manager and a part time Senior Auditor left the department. The role of the Internal Audit Manager was appointed on an interim basis to the full time Principal Auditor. This post was not backfilled, however the part time Principal Auditor did work additional hours to provide support for a period of time. The Senior Auditor position was advertised and the post occupied in January 2017. Overall therefore there was a slight shortfall in resources during the year against the original plan, and this was reported to Audit Committee in September 2016, however sufficient work was undertaken in order for me to draw a reasonable conclusion on the adequacy and effectiveness of Flintshire County Council's arrangements.

Page 112

2.3   Internal Audit Opinion

For the year ending 31 March 2017, based on the work we have undertaken, my opinion is that Flintshire County Council has an adequate and effective framework of governance, risk management and control.

Four audits were given a 'red' assurance level during the year (2015/16 six audits), where an urgent system revision was required. These audits were spread across a range of portfolios indicating that weaknesses are not concentrated in any one area. Whilst these audits indicated areas where controls needed to be improved, they are not significant in the context of the Authority's whole control environment.

2.4   Scope of the Internal Audit Opinion

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

- The results of all internal audits undertaken during the year ended 31 March 2017 (see Appendix B for a summary of audits);
- The results of follow-up action taken in respect of audits from previous years;
- The appropriateness of the proposed action by management to address control weaknesses and consequent risks;
- Matters arising from previous reports or other assurance providers to the Audit Committee and/or Council;
- No limitations have been placed on the scope of Internal Audit;
- No resource constraints have been imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- Where weaknesses have been identified I am happy that appropriate action plans are in place to address those weaknesses.

2.5   The Basis of the Opinion

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

Governance

A Corporate Governance Working Group operated during the year, charged with updating and co-ordinating the annual governance self-assessment and preparation of the annual governance statement in line with the seven new principals from the CIPFA/SOLACE guidance on 'delivering good governance' in Local Authorities in Wales released in 2016.

The group was chaired by the Corporate Business & Communications Officers, and members included the Interim Internal Audit Manager, Democratic Service Manager, Strategic Performance Lead and a Principal Accountant. The group updated the Council's Code of Corporate Governance, then prepared and drafted the Annual Governance Statement. To do so the group issued corporate governance self-assessment assurance questionnaires to Chief Officers and Chairs of Overview and Scrutiny Committees, reviewed and challenged the responses and reported the results. This process provided an opportunity for senior officers to consider the effectiveness of governance arrangements. The group also considered the overall assurance framework. The Statement explains how Flintshire County Council complies with its own Code of Corporate Governance, in line with the new seven principals and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014.

Page 113

During 2014/15 Wales Audit Office completed a Corporate Assessment of Flintshire as part of its four year cycle of corporate assessments of improvement authorities in Wales. The assessment covered the following

- Performance and Outcomes
- Vision and Strategic Direction
- Governance and Accountability
- Use of Resources
- Collaboration and Partnerships
- Managing Improvement

The Auditor General 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.'

In their Annual Improvement Report 2015-16 Wales Audit office state that:

'The Council has made good progress in addressing the governance-related proposals for improvement arising from our 2015 corporate assessment report.'

The Annual Improvement Report for 2016/17 is due to be presented to audit committee in July 2017. Verbal feedback from WAO has confirmed that there are no significant issues arising which would raise concern.

Risk Management

A revised Risk Management Policy and Strategy were issued during 2015/16, with an enhanced risk matrix and format of reporting. Quarterly progress reports against the Improvement Plan have been presented to Overview and Scrutiny Committees. Internal Audit reviewed risk management towards the end of the year of 2015/16, focusing on the progress in implementing the new corporate operating model and electronic performance management system, CAMMS. The report gave an Amber/Green assurance level – key controls in place but some fine tuning required. All strategic risks have been input into CAMMS and it is anticipated that it will be used for operational and project risks. These are reported to Programme Boards. The WAO Annual Improvement Report stated that 'The Council has strengthened its approach to risk management, to promote greater consistency, and has plans to introduce further improvements during 2016/17 and 2017/18.

The opinion is also informed by the total of risk based audit assignments completed during the year.

The Internal Audit review of Risk Management for 2016/17 is currently in progress with the primary focus reviewing operational and project risks.

Internal Control

Audits were carried out in all areas of the Council during the year. The overall level of control found in audit assignments this year was good. 62% of audits resulted in a 'green' or 'amber +' assurance level. No area stood out as being worse than the others. In all cases the findings were reported to the Audit Committee. During 2016/17, 277 actions were raised to improve the internal control, risk management and governance arrangements across the authority. Implementation of actions continue to show a high degree of compliance within the agreed timescale. Summary results are given in Appendix B, together with definitions of the assurance levels.

Page 114

2.6   Level of audit coverage during the year

The number of audit days spent in each area compared to the original and revised plan is given in the table below

Audit Coverage	Planned days	Revised Plan days	Actual Days
Community and Enterprise	95	80	81
Corporate	85	75	22
Education and Youth	125	120	107
Governance	95	40	76
Organisational Change 1	35	30	60
Organisational Change 2	45	45	48
People and Resources	120	95	115
Planning and Environment	60	60	83
Social Services	80	45	74
Streetscene and Transportation	85	70	75
Follow Ups	15	10	13
External	45	45	17
Advisory and Consultancy	65	65	79
Investigations	200	200	137
Provisions (Development)	40	0	0
Total	**1190**	**980**	**987**

The original annual plan showed 50 audits to be completed in 1190 days. This was changed in September 2016 to 46 audits in 980 days. However during the year there have been additional requests for audits. Overall 16 audits were removed from the plan in September due to vacancies and in total 12 audits were added to the plan at the request of management during the year.

There is always a time lag in terms of the dates of audits, with the audit plan for any year will not be completed at the end of March but in the first quarter. Additions and deferrals also make comparison of actual work completed against the plan more difficult. However, within 2016/17, 51 final reports were brought to the Audit Committee and at the time of this report a further 12 reports were near completion or draft awaiting finalisation. Two major areas within the plan were completed without reports being produced, Corporate Governance and North Wales Residual Waste Partnership. In overall terms, this shows that the plan was substantially achieved.

All the deferred audits were considered during the planning meetings for the 2017/18 to 2020/21 audit strategic plan and included as part of the risk assessment when forming the strategy.

2.7   Assurance Levels

The definitions for the assurance levels are given in Appendix A of this report. The tables in Appendix B show the assurance levels and number of agreed actions made in 2016/17.

2.8   Other Internal Audit Work

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

Area of Work	Comments
Schools Control Risk Self-Assessment (CRSA)	CRSA Self-Assessment carried out. Responses received from 60 Primary schools and 13 Secondary Schools
Schools Audits	9 school audits
Investigations	See 2.9 below
National Fraud Initiative	35 days on work relating to National Fraud Initiative
Advisory work	79 days on advisory work in the year
Grant audits	1 audit of grants (Education Improvement Grant)

2.9   Investigations

At the start of the year there were five live investigations. During the year five more were started and six were completed, leaving four ongoing investigations at the end of the year.

Of the five new investigations, two was Organisational Change, one related to Education and Youth, one to Social Services and one to Community and Enterprise. There is no pattern to the subjects of the investigations. The Education and Youth investigation started as a result of a whistleblow.

2.10   Advisory / Consultancy work

This includes work that, in some cases, does not result in an audit report and or assurance opinion however adds value to the Authority by contributing to working groups or providing advice. Examples include:

- Advice on Fleet Management Project
- Advice on the Flying Start initiative
- Membership of the Corporate Governance Working Group
- Membership of Contract Procedure Rules and Procurement Strategy Working Group
- Membership of Accounts Governance Group
- Guidance and advise over Provider Overpayments
- Advice on Alternative Delivery models and Community Asset Transfers

It should be noted that the number of days spent on advisory work (79 days for 2016/17) has increased progressively over the last three years (increase of 46 days from 2015/16) reflecting the change in emphasis of the role of Internal Audit; to become involved in emerging issues and working with the organisation to ensure a robust control environment.

2.11   Fraud Awareness

All fraud related policies; Whistleblowing, Anti-fraud and Corruption Strategy and Fraud Response Plan are published on the infonet. The policies are reviewed every other year and are scheduled for review in 2017/18.

Page 116

2.12   Internal Audit Performance

The performance of the department against performance measures and targets is set out below.

Performance against target is reported to each quarterly Audit Committee, and is summarised in the table below. Most targets were met or within 20% of the target as reported in the quarterly performance reports.

Performance has been affected by the temporary loss of staffing resources and reallocation of duties. One of the Principal Auditors has taken flexible retirement, the other full time Principal Auditor is acting as Internal Audit Manager and this post has not been back filled. This has resulted in Senior Auditors carrying out peer reviews of audit projects reducing time spent on project work. Additionally one of the Senior Auditors left the section and there was a delay in recruiting a replacement (4 months).

There has been a decline in the time taken for departments to return draft reports. This however is more a reflection of the detailed work undertaken and greater stakeholder involvement and should not be seen negatively. The PI 'Days for departments to return draft reports' target has been revised for 2017/18 to ensure a more realistic target is set.
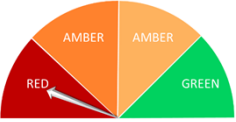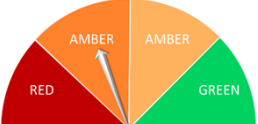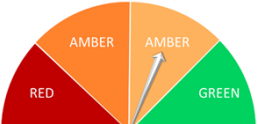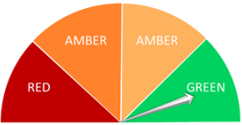
Internal Audit Performance Indicators

Performance Measure	Q1	Q2	Q3	Q4	16/17 Total	16/17 Target
Audits completed within planned time	60%	81%	75%	71%	**72%**	80%
Average number of days from end of fieldwork to debrief meeting	21	15	13	19	**17**	20
Average number of days from debrief meeting to the issue of draft report	2	7	4	4	**4**	3
Days for departments to return draft reports	3	9	7	17	**9**	3
Average number of days from response to issue of final report	2	1	2	0	**1**	2
Total days from end of fieldwork to issue of final report	28	42	35	34	**34**	32
Productive audit days	74%	67%	68%	74%	**71%**	75%
Client questionnaires responses as satisfied	100%	100%	100%	100%	**100%**	95%
Return of client satisfaction questionnaires	63%	50%	50%	67%	**58%**	70%

Page 117

Levels of Assurance – Standard Audit Reports   Appendix A

The audit opinion is the level of assurance that Internal Audit can give to managements and all other stakeholders on the adequacy and effectiveness of controls within the areas audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Red** assurance audits will be reported to the Audit Committee.

Level of Assurance	Explanation
Red – Limited	**Urgent system revision required (one or more of the following)** • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. Conclusion: a lack of adequate or effective controls.
	Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.
Amber Red – Some	**Significant improvement in control environment required (one or more of the following)** • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. Conclusion: key controls are generally inadequate or ineffective.
	Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.
Amber Green – Reasonable	**Key Controls in place but some fine tuning required (one or more of the following)** • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments Conclusion: key controls generally operating effectively.
	Follow Up Audit: 51-75% of actions have been implemented. All high priority actions have been implemented.
Green – Substantial	**Strong controls in place (all or most of the following)** • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.
	Follow Up Audit: 75%+ of actions have been implemented. All high priority actions have been implemented.

Categorisation of Actions	Actions are prioritised as High, Medium or Low 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.

Page 118

Internal Audit Opinions and Recommendations 2016/17

Appendix B

Auditable Area	Number of Reports & Audit Opinions						Priority & Number of Agreed Actions			
	Red	Amber -	Amber +	Green	No Opinion Given	In Total	High	Medium	Low	In Total
Community & Enterprise	0	2	2	2	0	6	3	10	16	29
Corporate	0	0	1	0	1	2	0	3	7	10
Education & Youth	0	2	0	1	1	4	3	10	2	15
Governance	1	2	1	2	0	6	5	8	11	24
Organisational Change 1 & 2	0	0	3	1	3	7	1	10	14	25
People & Resources	0	5	4	2	1	11	4	29	32	65
Planning & Environment	2	0	0	0	0	2	6	10	7	23
Social Services	1	1	4	0	2	7	16	28	12	56
Streetscene & Transportation	0	0	1	0	3	4	1	15	5	21
External	0	0	2	0	0	2	0	3	6	9
Total	**4**	**12**	**18**	**8**	**9**	**51**	**39**	**126**	**112**	**277**

PSIAS –Quality Assurance Improvement Programme (QAIP)   Appendix C

Actions from assessment December 2016 and External Assessment Mar 2017 – questions not scored as conforming

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Responsible	Timescale	Comment
3.4	Does the QAIP include both internal and external assessments?	Partial Compliance	Continue internal assessments, external assessment to be completed by 2017/18.	LB	Ongoing	Ongoing. Internal assessments completed annually, again in March 2016. Agreed with Chair of AC and COG for external assessment due to take place 27th March 2017.
4.1	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Non Compliance	Assurance mapping to be completed in 2015.	LB	Mar 18	Not achieved. Due to a change in Management this will take place by March 2018.
4.2	Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities?	Partial Compliance	Review as part of CGWG – review of Code of Corporate Governance.	LB	Ongoing	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

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Responsible	Timescale	Comment
						of risk and control information.
1220.A2	Where appropriate audit engagements are supported by appropriate tools, including reporting within information systems, interrogation techniques and other CAATT's	Partial Compliance	Further develop the level of expertise and use of CAATT's within Internal Audit.	LB	Mar 18	Two additional members of staff identified for training in the use of CAATT's (IDEA).
1000	The internal audit charter does not define the term 'senior management', for the purposes of the internal audit activity.	Partial Compliance	The Service could insert a definition in the Independence & Authority (para 6, point 5) of the IA Charter, or revise the Charter by inserting a catch-all statement such as "For the purposes of Internal Audit activity the Audit Committee is equivalent to the 'Board' and the Chief Officers' Team constitutes 'Senior	LB	Mar 18	The Charter will be amended to define the term of the Senior Management.
1100	The regular rotation of work between officers has not been documented in the Service's Charter.	Suggestion	The Service could insert an additional statement under the 'Independence and Authority' section of the Charter confirming	LB	Ongoing	Whilst the Audit Charter will be updated to address this point, it should be acknowledged that ensuring independence and objectivity is a priority within the team however in some instances a

Page 121

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Responsible	Timescale	Comment
			regular rotation of work is usually adhered to in order to further enhance independence and objectivity.			conscious decision has been made to use the same auditor for key system reviews to develop expertise and specialism within the team as this adds value to the audit and reduces resources.
1100	The Service does not currently stipulate that "advice / recommendations are provided without prejudice to the right of Internal Audit to review and make further recommendations at a later date" after providing a consultation service in an area that may be later audited.	Suggestion	The Service could consider using the suggested statement in reports to clarify to clients that request a consultation service that the assurance provided is not absolute and it does not exempt them from a future audit in the same area of work.	LB	Ongoing	This statement will be included in any future consultancy report.
1300	Quality Assurance and Improvement Programme The annual internal self-assessment and resulting improvement plan are currently reported to the Audit Committee together, although the PSIAS state that the results of the QAIP and progress	Suggestion	Although it is acknowledged that it may cause duplication of work, the Section should consider including the self-assessment improvement plan in its Annual Report along with the other performance targets and	LB	Jul 18	Whilst I feel this is duplication since the improvement plan has already been reported to the AC, reference will be made in the Annual plan.

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Responsible	Timescale	Comment
	against any improvement plans must be reported in the "annual report".		measures that are currently in place to monitor Internal Audit's activities to give a full picture of its QAIP.			
2100	It is acknowledged that audit reviews have been based on related work areas, but a specific audit of ethics has not been undertaken by the Service.	Partial Compliance	The Service needs to undertake a review to evaluate the design, implementation and effectiveness of the Council's ethics related objectives, programs & activities.	LB	Mar 18	This was identified within the Internal Assessment and included within the QAIP Improvement plan.
2100	ICT projects are included in the audit plan, which, together with other ICT assurances, support the organisation's strategies and objectives. However, this is not currently noted in the Annual Report.	Suggestion	To support the annual opinion further, the Section could consider noting the assurance gained from the ICT audit work undertaken during the year in the 'Governance' section of the Annual Report.	LB	Mar 18	Reference to external assurance will be made in the Annual Report
2300	The Service has its own documentation retention policy which is currently a stand-alone document.	Suggestion	The Section could consider inserting the audit retention policy in full in the Audit Manual which is the document	LB	Jul 18	The document retention policy will be referenced to and included as an appendix within the Audit Manual.

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Responsible	Timescale	Comment
			that ensures that all internal audit staff are adequately informed on the Service's methodology, policies and procedures			
2400	Communicating Results

The Service cited a benefit of allowing one of the 'timing' performance indicators to run over the set target. | Suggestion | The Service should consider reviewing the performance indicator to ensure it is meaningful | LB | Jun 17 | This has already been highlighted at the last Audit Committee as an action and included within the Audit Committee Action sheet to bring back to Committee in June 2017. |

AUDIT COMMITTEE

Date of Meeting	Monday, 12 June 2017
Report Subject	Internal Audit Progress Report
Cabinet Member	Not Applicable
Report Author	Interim Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

Internal Audit produces a progress report for the Audit Committee every quarter. This shows the position of the team against the plan, changes to the plan, final reports issued, action tracking, performance indicators and current investigations. This meets the requirements of the Public Sector Internal Audit Standards, and also enables the committee to fulfil the Terms of Reference with regards to Internal Audit.

The current report is attached.

RECOMMENDATIONS	
1	To consider and accept the report.

REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT PROGRESS REPORT
1.01	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.
1.02	All reports finalised since the last committee meeting are shown in Appendix A. The level of audit assurance for standard audit reviews is detailed within Appendix B. No reports have been issued during this quarter with a red / limited assurance opionion. Copies of all final reports are available for members if they wish to see them.

1.03	The automatic tracking of actions continues using the integrated audit software. All actions are tracked automatically and the system allows Managers and Chief Officers to monitor their own teams' outstanding actions and confirm they are being implemented. E-mail alerts are generated by the system and sent to the responsible officer and their manager before the action is due. E-mails are also sent to them and copied to Chief Officers if actions are not completed on time. Monthly reports are also sent to Chief Officers informing them of outstanding actions for their teams. The system was rolled out from the 4th January 2016, including requiring all managers and Chief Officers to register. It included all actions from reports issued since April 2015, along with outstanding actions previously tracked. As such there was a large backlog of actions which have been completed and closed on the system. Appendix C shows the current situation. Of 504 actions entered into the system 420 have been cleared. Of the remaining live 86 actions, 14 are currently overdue. Appendix D provides the reasons for overdue actions, along with a note on how the risk is being managed before the action is complete. In accordance with the wishes of the Committee in September, Appendix E lists all actions with a revised due date of six months from the original due date is listed and a note on how the risk is being managed. For each revised due date entered onto the system, the officer is required to provide a reason to support this change.
1.04	Appendix F shows the status of current investigations into alleged fraud or irregularities. The table includes the start dates of the investigations.
1.05	Appendix G shows the range of performance indicators for the department. Within the last three quarters there has been an improvement in the number of audits completed within budget and for the few targets that did not improve they were green. There has been a decline in the time taken for departments to return draft reports however this is more a reflection of the detailed work undertaken and greater stakeholder involvement and shouldn't be seen negatively. A review of the Internal Audit PI's has been undertaken at the end of the financial year, two PI's have been changed to accurately reflect the time taken to complete key aspects of the audit process. These being: • **Average number of days from debrief meeting to the issue of draft report** This target has been increased from 3 working days to 5 working days. This is to take into account the part time working arrangements in place within the Internal Audit Service. • **Days for departments to return draft reports** This target has been increased from 3 working days to 7 working days. This increase in target is more a reflection of the detailed work undertaken and greater stakeholder involvement and should not be seen

		negatively.
	1.06	These targets will continue to be monitored through out the financial year.
	1.07	Appendix H provides an update on audit reviews that are finalised, in progress or where changes have been made to the 2016/17 plan since the last Audit Committee meeting in March 2017.
	1.08	Appendix I shows the current position with regards to the 2017/18 plan.

2.00	RESOURCE IMPLICATIONS
2.01	None as a direct result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None required.

4.00	RISK MANAGEMENT
4.01	The work of Internal Audit provides assurance to the Council that adequate and effective controls are in place to mitigate risks.

5.00	APPENDICES
5.01	Appendix A – Final Reports Issued Since March 2017 Appendix B – Levels of Audit Assurance Appendix C – Action Tracking – Portfolio Statistics Appendix D – Actions Beyond Due Date Appendix E – Actions with Revised Due Date Six Months Beyond Original Due Date Appendix F – Investigation Update Appendix G – Performance Indicators Appendix H – Operational Plan 2016/17 (Carry Forward) Appendix I – Operational Plan 2017/18

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. **Contact Officer:** Lisa Brownbill, Interim Internal Audit Manager **Telephone:** 01352 702231 **E-mail:** Lisa.brownbill@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	**Wales Audit Office:** works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.

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

Wales Chief Auditors Group: An informal meeting group of Chief Auditors to discuss items of mutual interest.

Operational Plan: the annual plan of work for the Internal Audit team. |

Flintshire
Internal Audit

Progress Report

June 2017

Contents

1 | P a g e

Appendix A

Final Reports Issued since March 2017

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	Audit Type	Level of Assurance	Actions		
				High	Med	Low
13-2016/17	Care Leavers	Risk Based	Amber Green	1	8	6
36-2016/17	Corporate Grants	Risk Based	Amber Green	0	2	5
24-2016/17	Pensions Administration	System Based	Amber Green	0	2	2
34-2016/17	Flint High School	Risk Based	Amber Green	0	7	6
31-2016/17	Ysgol Terrig	Risk Based	Amber Green	0	6	*4*
26-2016/17	Ysgol Nannerch	Risk Based	Amber Green	0	3	3
37-2016/17	Family Information Service	Risk Based	Amber Red	0	5	4
23-2016/17	Payroll	System Based	Amber Red	1	8	6
35-2016/17	Compulsory Redundancy & Early Voluntary Retirement	Risk Based	Amber Red	0	5	4
N/A	Alternative Delivery Model – Facility Services	Advisory & Consultancy	No Opinion	0	0	0

Page 131

Levels of Assurance – Standard Audit Reports   Appendix B

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Red** assurance audits will be reported to the Audit Committee.

Level of Assurance	Explanation
Red – Limited	**Urgent system revision required (one or more of the following)** • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. Conclusion: a lack of adequate or effective controls.
	Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.
Amber Red – Some	**Significant improvement in control environment required (one or more of the following)** • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. Conclusion: key controls are generally inadequate or ineffective.
	Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.
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	Follow Up Audit: 51-75% of actions have been implemented. All high priority actions have been implemented.
Green – Substantial	**Strong controls in place (all or most of the following)** • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.
	Follow Up Audit: 75%+ of actions have been implemented. All high priority actions have been implemented.

Categorisation of Actions	Actions are prioritised as High, Medium or Low 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.

Action Tracking – Portfolio Performance Statistics

Appendix C

Portfolio	May 2017 Stats			Live Actions - As at May 2017		
	Number of Actions Raised **Since** January 2016	Actions Implemented since 04.01.2016 *(including Actions No Longer Valid)*	% of Actions Cleared To Date	Live Actions	Actions Beyond Due Date *(excludes Actions with a revised due date)*	Actions with a Revised Due Date
Corporate	34	29		5	2	5
Community & Enterprise	61	55		6	1	4
Education & Youth	29	29		0	0	0
Governance	68	55		15	2	12
Organisational Change 1	22	10		9	0	6
Organisational Change 2	35	30	**83%**	5	0	3
People & Resources	87	78		9	0	3
Planning & Environment	14	3		14	9	10
Social Services	74	58		16	0	3
Streetscene & Transportation	56	49		7	0	7
Individual Schools	24	24		0	0	0
Total	**504**	**420**		**86**	**14**	**53**

Internal Audit Actions Beyond Due Dates

Appendix D

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
Corporate	Risk Management - 15/16 : Updates to Programme Board efficiency tracker risk registers Chief Officers to ensure any changes to risk mitigation actions, arising out of the review of the efficiency tracker actions, are updated within Programme Board risk registers at the time they are noted. URN 369	High (Red)	30/05/2016 31/03/2017	11	Karen Armstrong	The CAMMS system is being developed to ensure that all Efficiency / Programme Boards are able to use the CAMMS system. Once this is completed, risk management will be integral to efficiency reporting.	Monitoring of efficiencies is being managed and tracked manually until the agreed efficiency tracker is managed within CAMMS.
Corporate	Risk Management - 15/16 : Update roll out plan for project risks Review the roll out plan for recording Project risks within CAMMS, initially for Business Plan projects and SHARP When these projects are ready to be transferred to CAMMS determine a process for translating any non CAMMS based risk matrices and output to the CAMMS methodology. URN 1376	Low (Green)	30/09/2016 31/03/2017	6	Karen Armstrong	The CAMMS project system has recently been upgraded. We are working with the CATS and ADM teams to ensure that all our required information works appropriately as part of the new upgrade. Various services / portfolios are looking to use CAMMS as their main action planning / business planning tool. Some of these will include using the project module.	Any risk is being managed by application of existing project methodologies.

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
Community & Enterprise	Housing Allocations 15/16 : Procedures The current SARTH policy is under review. Following this, any required changes to procedural notes will be implemented. URN 1616	Medium (Amber)	31/03/2017	2	Katie Club	A review of the regional policy will be presented to Cabinet in the autumn. A full re-write of the procedures will follow that.	Working practices have been amended and restrictions placed on IT systems to limit risks. Case file reviews of allocations are carried out.
Governance	CPRs 15/16 : Declaration of Interests A register of declarations to pick up wider declarations other than procurement related shall be in place in each portfolio area. Chief Officer (Governance) will produce further guidance to other Chief Officers. URN 174	Medium (Amber)	31/03/2016 30/04/2017	13	Arwel Staples	Rather than have multiple paper systems I have asked IT to design a single electronic system that records declarations of interest for all officers and the register of interest for senior officers. Ideally this will sit on I-Trent. This work will be done in October and then it will be rolled out via portfolio DMT meetings Work in Progress. Further scoping needs to be undertaken to determine how Declarations in general are managed and also where the Register of Declarations are stored for accessibility. An initial meeting has been held	Any declarations are to be reported to line management until the IT solution is finalised.

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
						to scope out the options. Chief Officer (Governance) is tasked with consulting with fellow Chief Officers on options.	
Governance	Staff do not have the most recent or up to date information available to them. The guidelines should be updated and reflect the current and most up to date information available to staff. URN 1675	Low (Green)	31/03/2017	3	Dave Barnes	Working group established to addressed the issues following the audit	Old procedures remain in place whilst new procedures are formulated. Risk considered to be low.
Planning & Environment	Section 106 - 15/16 : Update of LPGN 23, Education contributions A cross directorate working group will be established to address the issues identified in the audit report. The working group will be chaired by the Chief Officer (Planning and Environment) and is likely to include representation from Planning, Education, Leisure, Finance, Legal and other services areas as appropriate. The working group will be time limited, and will consider;	High (Red)	30/06/2016 31/03/2017	9	Andy Farrow	First meeting of group scheduled for February 2017 following the adoption of revised LPG 23 in January	The updated Supplementary Planning Guidance Note 23, Developer Contributions to Education, was adopted by the Council in January 2017. The updated guidance provides greater flexibility of spend, in particular allowing contributions to be spent on 'facilities and associated resources' thus addressing the

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
	• Section 106 linkages across the Authority, the information needs of each service area, and the information currently held by service areas to determine where there is scope for efficiencies through the sharing of information (including the scope for sharing information on the Planning DEF database). • The adequacy of the processes in place for effectively managing those balances which must be spent within certain time frames or returned to the developer. • The scope for utilising contributions held to ensure we maximise the benefit to the Authority (specifically Education contributions which cannot currently be spent under the terms of existing s106 agreements). • The requirement for corporate oversight of the s106 processes and the robustness of the reporting structures to ensure appropriate overall control of s106 monies. URN 317						primary risk.
Planning & Environment	Section 106 - 15/16 : Monitoring reports	Low (Green)	30/06/2016 31/03/2017	9	Andy Farrow	We are continuing to use our in house monitoring	The in house monitoring system

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
	See action as 317 above URN 320					system due to uncertainties about the DEF software raised by other local authorities who use it. The cross portfolio working group is due to meet in October 2016. Chief Officer Planning & Environment to chair it. We continue to use our in-house spreadsheet system for monitoring. I am not aware that the in-house S106 group has met. I will review the DEF software in the next financial year	(S106 spreadsheet) is still maintained pending further consideration by the cross portfolio working group around process and flow of information.
Planning & Environment	Section 106 - 15/16 : Completeness of fields within s106 database Planning will consider whether the s106 database is brought up to date and used to populate the new DEF system, or whether the data is entered directly onto the DEF system. The cross directorate working group will consider how information can be shared across the Authority to ensure the	Low (Green)	31/07/2016 31/03/2017	8	Mandy Lewis	The original Agreed Action assumed that the S106 database would be replaced by the new DEF system, with the X directorate working group considering how information could be shared across the Authority to ensure the accuracy of the data fields within the DEF system (on this basis the action was allocated to	No additional controls have been put in place. This was identified as a low level risk in the original audit and will continue to be managed through existing processes in place within the Planning Enforcement team.

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
	accurate population of the data fields within the database. URN 322					Andy Roberts). A subsequent decision was made not to go ahead with the new DEF system and AR doesn't know what the current situation is with regards to continuing use of the original s106 database as this is under the control of Planning Enforcement. AR confirmed that a 'briefing discussion' will be required with Mandy Lewis (Planning Enforcement) as she will not be aware of this audit recommendation. She is on annual leave this week (w/e 2.6.17). Revised due date included of 31.7.17, responsible officer should be Mandy Lewis. Note that to date the x directorate working group has only met once, with a second meeting scheduled for 19.6.17.	

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
Planning & Environment	Section 106 - 15/16 : Accounting treatment of s106 balances See action 317 above. URN 324	Medium (Amber)	30/06/2016 31/03/2017	9	Andy Farrow	Group to meet in February following LPG23 adoption at January 2017 Cabinet	Finance ensure the appropriate accounting treatment of all new S106 monies, based on the supporting legal agreement. The cross portfolio working group will focus on process and the 'flow' of information to ensure the robustness of the processes currently in place. Finance are satisfied that going forward the risk is being appropriately managed.
Planning & Environment	Section 106 - 15/16 : Interest due on unspent commuted sums Review of s106 legal agreements by Finance has confirmed that there are only a very small number of agreements which could be give rise to a repayment to the developer. However the cross directorate working group will consider; • Section 106 linkages across the Authority, the information needs	Medium (Amber)	30/06/2016 31/03/2017	9	Andy Farrow	Enforcement team now tracking end dates of 106 agreements. Will be formally addressed at Working Group.	Finance have confirmed that based on their review of the legal agreements supporting the S106 monies held there are only a small number of agreements which provide for interest on unspent commuted sums, as such they consider the risk to the Council to be low.

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
	of each service area, and the information currently held by service areas to determine where there is scope for efficiencies through the sharing of information (including the scope for sharing information on the Planning DEF database). • The adequacy of the processes in place for effectively managing those balances which must be spent within certain time frames or returned to the developer. • The scope for utilising contributions held to ensure we maximise the benefit to the Authority (specifically Education contributions which cannot currently be spent under the terms of existing s106 agreements). • The requirement for corporate oversight of the s106 processes and the robustness of the reporting structures to ensure appropriate overall control of s106 monies. URN 327						
Planning & Environment	Section 106 - 15/16 : Inclusion of 'early payments' on s106 database Early payments will be added to the s106 database.	Medium (Amber)	30/06/2016 31/03/2017	9	Andy Farrow	Enforcement team made aware of this change and will be followed up at the first working group.	Upfront payments are now being recorded on the database, addressing the

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
	There is potentially scope for links between the Flair system and Masterpiece to ensure all early payments are appropriately identified. Planning and Finance will need to explore this as part of the cross directorate working group. URN 335					Upfront payments are now being recorded on the database. Discussions are still continuing between Planning and Finance to finalise a comprehensive process between departments. This will continue to be refined and monitored as the process proceeds.	identified risk.
Planning & Environment	Greenfield Valley: Update of Financial Records If management of Greenfield Valley remains with the Trust they will need to ensure; • Appointment to the permanent Admin Assistant role is progressed. • Bank account reconciliations are prepared for each bank account at each month end to ensure the accuracy and completeness of transactions posted to the financial accounting system. • Bank account reconciliations identify any discrepancies between bank account movements and accounting movements, and these are appropriately investigated.	Medium (Amber)	31/03/2017	2	Andy Farrow	A temporary contractor has been in place since 2016 and a permanent post is currently being progressed as part of the service review. An 'Interim Policy - Financial Authorisation and Arrangements' was agreed in January 2017.	The appointment of a temporary contractor into the Admin Assistant role has addressed the immediate risks around financial management.

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
	• There is appropriate division of duty to ensure staff responsible for authorising bank account payments are not involved in the preparation and monitoring of bank account reconciliations. • Income reconciliations are reinstated to ensure the completeness of cash banked and to ensure the accuracy of income figures recorded on Sage. • Petty cash reconciliations are carried out at regular intervals to ensure all amounts paid out can be accounted for and are correctly recorded in the financial records. • Effective financial controls are developed (including segregation of duties) to ensure transparency, accountability and good financial stewardship. URN 1575						
Planning & Environment	Greenfield Valley: Electronic Banking If management of Greenfield Valley is to remain with the Trust there will be a requirement for full electronic banking to be implemented in accordance with the agreement previously made with the Council.	Medium (Amber)	31/03/2017	2	Andy Farrow	The 'Interim Policy – Financial Authorisation and Arrangements' was agreed in January 2017. The policy makes reference to the controls to be put in place around electronic banking,	In advance of the full implementation of electronic banking the Trust continue to use traditional banking services supported by Sage Accounting.

Portfolio	Audit and Action	RAG	Original and Revised Due Dates	Age of Original Action	Responsible Officer	Current Position	How Risk is Being Managed
	URN 1576					confirming that full internet banking will only be implemented when a direct link with Sage Accounts has been established, in line with Charity Commission Guidelines.	
Planning & Environment	Greenfield Valley: Credit Card Payments If management of Greenfield Valley is to remain with the Trust an agreed scheme of delegation will need to be put in place around use of the credit card, with spend limits defined, and agreement in place around the type and value of spend which should be discussed with the Treasurer and / or Trustees before it is incurred. There will also be a need to restrict the number of employees able to use the corporate credit card. URN 1580	Low (Green)	31/03/2017	2	Andy Farrow	The 'Interim Policy – Financial Authorisation and Arrangements' was agreed in January 2017. The interim policy document includes an agreed scheme of delegation, and makes reference to use of the corporate credit card.	The Interim financial policy addresses the risks identified in the audit report and will remain in place until a Final policy is agreed.

Actions with a Revised Due Date Six Months Beyond Original Due Date

Appendix E

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
Corporate	266	Income From Fees & Charges -: Fees & Charges Policy	High (Red)	30/12/2015	30/06/2017	Significant work is ongoing in relation to this area and a review of all current fees and charges for 2016/17 and 2017/18 has been undertaken as part of the portfolio business planning process which has informed the respective budget process. Following on from this staged development of a wider corporate income policy with possible changed or new fees and charges from 2018/19 is under development and external expertise, advice and national data on charges has been commissioned as part of this work.	In view of the significant work undertaken on income strategy (past and current) the risk is deemed manageable.
Corporate	1377	Risk Management: Training for Members	Medium (Amber)	30/06/2016	30/09/2017	Following local elections Member training is being undertaken as i) part of induction training and ii) through briefing sessions before a specific Scrutiny committee. Audit Committee members	The training programme for new and existing members will cover risk management.

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						are receiving an overview of risk management as part of their induction training (May/June)	
Governance	175	CPRs : Scheme of Delegation	Medium (Amber)	31/08/2016	31/12/2017	I suggest that the due date is amended for recommendation 175 , since the roll-out of e-sourcing has had to be put on hold due to ill-health of a key member of our team who was responsible for Proactis e-sourcing training. However the new Contract Procedure Rules have been amended which now stipulates that the scheme of delegation now mirrors the values aligned to spend authorisation limits for individual users in P2P, hence part of the recommendation has been completed. Therefore, I suggest that the due date is amended to 31st December 2017 to allow sufficient time for the Proactis Portal implementation roll-out to be undertaken to all remaining service areas, but a caveat is incorporated into	The users of the Proactis Purchase-to-Pay System (P2P) will have their spend authorisation reviewed and updated to reflect recent service re-structures. Once these changes have been incorporated within the next 6-8 weeks on the P2P system then as per the changes to the Contract Procedure Rules already in place, the CPR scheme of delegation for various approvals will mirror the spend limits on P2P.

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						the update about the scheme of delegation having been implemented in the new CPR's.	
Governance	271	Main Accounting - AP & P2P : There is a high amount of retrospective ordering on the P2P system which is contrary to FPR.	High (Red)	30/09/2016	30/09/2017	The Procurement function is going through an organisational re-structure in DCC. Once the new structure has been implemented then the category workflow can be expanded. Timescales have been delayed due to resource capacity issues within both the Account Payables section and the Corporate Procurement Team in being able to enforce the new No PO No Payment Policy.	A "No PO No Payment" Policy notification has been circulated to officers with a reminder notification. However, the enforcement of the policy has been delayed due to resource capacity issues. However, an Action plan has been developed in conjunction with a Proactis consultant to commence the enforcement of the policy, by initially returning invoices which do not have an upfront P2P Purchase Order back to suppliers. Also management information reports will be circulated to COT and service managers to identify officers within each service areas that are not complying with the policy going forward.
Governance	1574	Consultancy Follow Up - Guidance Notes	Low (Green)	30/09/2016	30/09/2017	IT is responsible for the development of the new Microsoft Database which will manage the Consultancy Business Plans. Steve has indicated that the initial demo of the new system will be ready mid September,	Guidance notes already exisit and just required a minior amendment therefore consider low risk as reflected in the priority of the action.

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						further work will then be required to complete the database ready for use. Update 31.3.17 - still waiting for IT to progress this. Once the database is completed and operational the guidance notes will be amended, and the issues identified in the audit will be addressed in the updated guidance. Update at 30.11.16: Meeting took place with IT earlier this week to discuss the progression of the database. IT have stated that they will not be in a position to progress the database until January 2017 so the database is likely to be in place by the end of the financial year. there is no point in updating the guidance notes until the database is in place.	
Organisational Change 2	20	Asset Management – Technology Forge. It is not known whether the Tf system contains all land and property	Medium (Amber)	31/10/2015	30/06/2017	The relates to configuration of the Geographical Interface Module (GIS) within Technology Forge and system configuration issues which have now been	Information from land registry is being used to inform Council land ownership when necessary and in this context the risks presented are low. The issue is more one of reconciliation of data sets

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
		owned by FCC				resolved. This will now permit exploration, purchase and uploading of GIS land ownership information from Land Registry	between records on Tf and those held at Land Registry. Matters relating to land issues are addressed on a transactional basis through legal searches at that stage in the process.
Organisational Change 2	21	Asset Management – Technology Forge. The TF system is not used to its full potential	Medium (Amber)	20/09/2015	03/06/2017	There are a relatively small number of items which whilst held on other systems are not sitting within the Tf system. This matter continues to be addressed as surveys are undertaken with Tf now used as a central deposit for such property related information.	As noted whilst data is held already it is not in one central point. This matter is being addressed when new surveys are undertaken or as an interim through the provision of links to the location of such data.
Organisational Change 2	333	CCTV – Draft CCTV Policy	Medium (Amber)	30/07/2016	30/06/2017	The document has been revised and has been supported by Chief Officers. Trade Union colleagues have suggested that there needs to be clarification around CCTV system used in FCC vehicles	A separate document which does not deal exclusively with public realm CCTV systems is being developed to clarify the position with vehicle based system which are in the main deployed on our waste collection vehicles. In reality these systems are used as enhanced health and safety features in such vehicles.
People & Resources	128	Payroll: Budget Codes	Medium (Amber)	31/03/2016	31/09/2017	The due date has been amended because we are currently investigating ways of reducing code errors at source instead of	The original recommendation was that code validation be switched on in Itrent which would mean that any invalid code combination would be rejected by Itrent on

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						implementing costing validation.	input. Due to the additional administration of this which would be resource intensive the following actions have been undertaken as an alternative solution.
							Financial Systems identified that the majority of the coding errors came from education in relation to schools staff and work with the department has led to an improvement to the data held at source via Eteach which has significantly reduced the number of errors – Completed 2016
							Currently, the situation is being managed by the Financial Systems team identifying and resolving coding issues prior to transfer into Masterpiece. This is currently a manual task though a more automated approach is being sought to implement a nightly download into iTrent from Masterpiece – Manual Process Completed monthly – Automated solution will be sought once server migration is complete in Masterpiece.
							The timesheets are mainly used by Leisure and Catering, of which both are transferring out the

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
							Council as ADMs. There will be further changes to Leisure centre codes and the approach will need to be further automated, this will need to be reviewed following the Leisure ADM.
Planning & Environment	313	Section 106 : Play equipment specification	Medium (Amber)	31/07/2016	30/06/2017	A working group is now in place to complete the drafting of this guidance note and will finish the work by 31st March 2017. The working group met in February will receive a draft of the guidance note at its next meeting in April with the intention of agreeing this subject to consideration by Planning Strategy group on 29th June which becomes the revise deadline for this work. Planning will then formally consult on the revised guidance note. Email from Ian Bancroft 2.5.17: First stage of the work completed by Play and Leisure in providing necessary advice to Planning and work now taking place on revising Planning Guidance. This also provides logic for	Responsibility for the specification of play equipment lies with the Play Unit. They continue to negotiate equipment specifications directly with developers. The revised Local Planning Guidance Note will only make explicit the processes which are currently in place, and provide additional advice around the specifications, as such this is considered to be low risk, with the risk managed through existing process.

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						the slippage in dates in that the first stage as originally envisaged is now complete and the revised date allows for second stage completion of the work. On the basis of the email SG has now amended the responsible officers to Andy Farrow and Andy Roberts. 31.5.17 Andy Roberts confirmed that due to long term sickness absence the revised LPGN will not go to the Planning Strategy Group on 29.6.17 as previously advised by Ian Bancroft, with a new revised date of 30.10.17 now included on the Action Tracking system. It is recognised that some liaison is still required between Play and Planning and it is hoped that the X Directorate working group will facilitate this (to date it has only met once).	
Planning & Environment	314	Section 106 : Use of Management Companies for maintenance of public open spaces	Low (Green)	31/07/2016	31/05/2017	This is tied to the overall review of the Supplementary Planning Guidance (SPG) note relating to the provision of open space, which has not progressed as we are still	We can't refuse developers who want to use management companies for the maintenance of public open spaces. The updated LPGN will include options to make these management companies

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						waiting for accurate and up to date assessments of the cost of maintaining open space. Research is ongoing into alternative ways of providing for the future maintenance of play facilities. This can and will be reported to Planning Strategy Group either as an update to the SPG, and/or as a specific paper to that Group. Need to obtain costings from Streetscene in terms of current maintenance costs, and/or seek costs from other sources e.g. neighbouring local authorities. Continue research and prepare a paper to PSG in May 2017. 31.5.17 Andy Roberts confirmed that due to long term sickness absence the revised LPGN will not go to the Planning Strategy Group on 29.6.17 as previously advised by Ian Bancroft, with a new revised date of 30.10.17 now included on the Action Tracking system. It is recognised that some liaison is still required between Play	more 'secure' for residents and more 'palatable' for members considering the planning applications, but will not seek to prevent the use of Management Companies. In advance of the implementation of the new planning guidance the risk will continue to be managed through existing process.

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						and Planning and it is hoped that the X Directorate working group will facilitate this (to date it has only met once).	
Planning & Environment	315	Section 106: Open Space requirements, trigger points / staging of payments	Low (Green)	31/07/2016	31/05/2017	We are continuing to use our in house monitoring system due to uncertainties about the DEF software raised by other local authorities who use it. The cross portfolio working group is due to meet in October 2016. Chief Officer Planning & Environment to chair it. We will maintain our spreadsheet system for monitoring S106. 31.5.17 Andy Roberts confirmed that due to long term sickness absence the revised LPGN will not go to the Planning Strategy Group on 29.6.17 as previously advised by Ian Bancroft, with a new revised date of 30.10.17 now included on the Action Tracking system. It is recognised that some liaison is still required between Play and Planning and it is hoped that the X Directorate working	This was a green finding so the risk is considered to be low, and will continue to be managed through existing process.

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						group will facilitate this (to date it has only met once).	
Planning & Environment	1435	Section 106: Update of LPGN 13	Medium (Amber)	30/06/2016	30/06/2017	A working group is now in place to complete the drafting of this guidance note and will finish the work by 31st March 2017. This will be addressed by the working group looking at the planning guidance note and due to complete its work at the Planning Strategy Group meeting on 29th June. The working group met in February will receive a draft of the guidance note at its next meeting in April with the intention of agreeing this subject to consideration by Planning Strategy group on 29th June which becomes the revise deadline for this work. Planning will then formally consult on the revised guidance note. Email from Ian Bancroft 2.5.17: First stage of work completed by Play and Leisure in providing necessary advice to Planning and work now taking place on revised Planning	LPGN 13 remains in place, whilst it is acknowledged that some update is required, and work is ongoing to address this, the existence of the current Planning Guidance ensures that risks are managed in the meantime.

Portfolio	Ref:	Audit	Priority	Original Action Due Date	Revised Due Date	Reason for Revised Due Date	How Risk is Being Managed
						Guidance. This also provides logic for the slippage in dates in that the first stage as originally envisaged is now complete and the revised date allows for second stage completion of the work. 31.5.17 Andy Roberts confirmed that due to long term sickness absence the revised LPGN will not go to the Planning Strategy Group on 29.6.17 as previously advised by Ian Bancroft, with a new revised date of 30.10.17 now included on the Action Tracking system. It is recognised that some liaison is still required between Play and Planning and it is hoped that the X Directorate working group will facilitate this (to date it has only met once).	

Investigation Update   Appendix F

Ref	Date Referred	Investigation Details
1.	**New Referral**	
1.1	11/03/2017	An anonymous whistleblow has been received concerning procurement practices in one of the Portfolios. An investigation is ongoing.

Ref	Date Referred	Investigation Details
2.	**Reported to Previous Committees and still being Investigated**	
2.1	18/05/2016	A referral was received concerning the use of monies on a grant funded scheme. The investigation has been concluded and a report has been issued. This is now the subject of a Police investigation and further information has been provided.
2.2	05/01/2017	A whistleblow was received concerning Flintshire's use of a framework agreement. The referral concerns the terms of the agreement. The investigation is ongoing.
2.3	16/02/2017	An allegation has been received concerning the potential use of Council resources for personal gain. The investigation is ongoing.

Ref	Date Referred	Investigation Details
3.	**Investigation has been Completed**	
3.1	01/02/2017	Following the referral of a potential irregularity in the use of a petty cash account; Internal Audit carried out an investigation into the issue and found monies were unaccounted for. The disciplinary process was invoked and a subsequent disciplinary hearing resulted in the dismissal of a member of staff.
3.2	16/03/2017	An anonymous referral was received concerning the use of Council electricity for charging a privately owned vehicle. Internal Audit carried out preliminary investigations; the case was then referred to the relevant Portfolio to deal with the issue. Action has subsequently been taken to address the issue.

Internal Audit Performance Indicators   Appendix G

Performance Measure	16/17	Qtr 1 17/18	Target	RAG Rating	
Audits completed within planned time	72%	71%	80%	A	⬇
Average number of days from end of fieldwork to debrief meeting	17	17	20	G	➡
Average number of days from debrief meeting to the issue of draft report	4	5	5*	G	➡
Days for departments to return draft reports	9	10	7*	R	⬇
Average number of days from response to issue of final report	1	1	2	G	➡
Total days from end of fieldwork to issue of final report	34	39	34	A	⬇
Productive audit days	71%	79%	75%	G	⬆
Client questionnaires responses as satisfied	100%	100%	95%	G	➡
Return of Client Satisfaction Questionnaires	58%	66%	70%	A	⬆

Key					
R	Target Not Achieved	A	Within 20% of Target	G	Target Achieved
⬆	Improving Trend	➡	No Change	⬇	Worsening Trend

* Changes to Performance Indicators

Following a review of the Internal Audit PI's at the end of the financial year, two target PI's have been changed to accurately reflect the time taken to complete key aspects of the audit process. There are:

PI : Average number of days from debrief meeting to the issue of draft report.

This target has been increased from 3 working days to 5 working days. This is to take into account the part time working arrangements in place within the Internal Audit Service

PI : Days for departments to return draft reports

This target has been increased from 3 working days to 7 working days. This increase in target is more a reflection of the detailed work undertaken and greater stakeholder involvement and should not be seen negatively.

Internal Audit Operational Plan 2016/17 (Carryforward Audits)   Appendix H

This appendix only provides an update on those reviews finalised, those reviews currently in progress and any changes made to the plan since the last Audit Committee meeting in March 2017.

Audit	Audit Type	IA Priority Rating	Original Plan Days	Revised Plan Days	Actual Days	Status
Corporate						
Safeguarding (including schools)	Risk Based	A	20	20	6	In Progress
Performance Indicators	Risk Based	G	10	10	7	In Progress
Risk Management	Risk Based	G	10	10	6	In Progress
Community and Enterprise						
Disabled Facilities Grant	System Based	R	20	20	0	Deferred until June
Community First	Follow Up		10	10	2	No Longer Relevant
Education and Youth						
Risk based thematic reviews across all schools including central controls	Risk Based	A	40	40	74	Final / Draft (number of reports)
Youth Justice	System Based	A	15	15	3	In Progress
School Funding Formula	Advisory	A	15	15	0	No Longer Relevant
School Funds	Follow Up		5	5	0	In Progress
Governance						
Network Security	Risk Based	R	See Note #	-	-	In Progress
Procurement	Risk Based	A	30	30	36	Draft
Data Protection	Risk Based	G	15	10	1	Deferred until June
Organisational Change 1						
Alternative Delivery Models	VFM	R	30	30	7	Final & Ongoing
Organisational Change 2						
Corporate Asset Strategy	Risk Based	A	15	15	1	In Progress
People and Resources						
Payroll	System Based	A	20	20	12	Final
Compulsory & Early Voluntary Redundancy	Risk Based	A	15	15	12	Final
Corporate Grants	Risk Based	A	15	10	4	Final
Planning and Environment						

Audit	Audit Type	IA Priority Rating	Original Plan Days	Revised Plan Days	Actual Days	Status
Building Control (*Combined)	System Based	R	20	20	*	Draft
Planning Enforcement (*Combined)	System Based	A	20	20	30*	Draft
Social Services						
Family Information Services	Risk Based	A	15	15	12	Final
Care Leavers	Risk Based	A	15	15	26	Final
Streetscene and Transportation						
Enforcement	Risk Based	R	30	30	12	In Progress
Fleet Management	Risk Based	R	20	20	0	Defer until July
Alltami Stores	System Based	A	15	10	11	Draft
External						
Pensions Administration	System Based	A	15	15	7	Final
Pensions Investments	System Based	A	15	15	0	In progress
Clwyd Theatre Cymru	System Based	A	10	10	0	Defer until July
Notes: # External technical support my be required for this audit * Audit has been combined with another and one audit report will be produced						

Audits Deffered since the last Audit Committee in March 2017

- Four audits have been deferred until 17/18 due to operational and resource issues within the service department. All reviews have been carried over into the 2017/18 audit plan.

- One audit, school funding formula, was no longer required. This was requested at the time the audit plan for support with the funding formula however this support was no longer required.

Internal Audit Operational Plan 2017/18

Appendix I

Audit	Internal Audit Priority Rating	Status of Work	Proposed Quarter	Supporting Narrative
Corporate				
Income from Fees and Charges / Efficiency Savings	H		2	
Use of Consultants	Advice & Consultancy		3	
Corporate Governance	Annual	Ongoing	Ongoing	Member of the Corporate Governance Working Group
Community & Enterprise				
Single Access Route to Housing (SARTH)	H	In Progress	1	
Strategic Housing and Regeneration Project (SHARP)	H		2	
Welsh Housing Quality Standard	H		2	
Housing Rent Arrears	M		3	
Transient Travellers	M		4	
Disabled Facilities Grant	C/F 16-17		2	Carried forward into 17/18 as the request of the Service
Council Tax & NNDR	Annual	In progess	3	Developing the Control Risk Self assessment (CRSA)
Housing Benefit	Annual	In progress	3	Developing the Control Risk Self assessment (CRSA)
Education & Youth				
School Closure (John Summers High Schools)	H	In Progress	1	
IT Procurement in schools	M		2	
Education Grants: Including Education Improvement Grant (EIG) & Professional Development Grant (PDG)	Annual		2	
Control and Risk Self-Assessment	Annual		2	
Risk based thematic reviews across all schools including central controls	Annual		2/3	
Governance				
Procurement - Contract Monitoring (Joint Review)	H		2	
Procurement - Aggregated Spend (Joint Review)	H		3	
Joint Procurement Arrangement (Joint Review)	H		4	

Audit	Internal Audit Priority Rating	Status of Work	Proposed Quarter	Supporting Narrative
Community Benefits	M		3	
Legal Case Management	M		4	
Information Security Policies	Advice & Consultancy		1	New request for IA involvement
Digitisation / Digital Strategy	Advice & Consultancy			
Data Protection	Annual & C/F 16-17		2	To include work carried forward from 16/17. Additional work wllbe required in 17/18 due to new General Data Protection Rules (GDPR)
Organisational Change 1				
Post Transfer - Leisure, Libraries & Museum Services	H		4	
ADM - Facility Services, Leisure & Libraries, Work Opportunities	Advice & Consultancy	In progress	1	
Libraries	M		2	
Clwyd Theatre Cymru (CTC)	M & C/F 16-17		3	Due to the other priorities within Organational Change 1, the CTC review will carried forward to 17/18
Future ADM : Bailey Hill, Museums & Archives and any emerging ADMs	Advice & Consultancy			
Organisational Change 2				
Community Asset Transfer - Holywell Swimming Pool	H			
Post ADM Transfer - Facilities Services	H		3	Agreed timescale with NEWydd
County Hall Campus	M		3	
CCTV	M		3	
Community Asset Transfer - Contract Management - Connah's Quay Swimming Pool	M		4	
Property Maintenance	M		4	
Community Asset Transfer - New	Advice & Consultancy			
People & Resources				
Working Time Regulations	H	In progress	1	
IR35 Compliance	H		2	
Occupational Health Unit	M		2	New request for audit work
Appraisals	M		3	
Payroll	Annual		4	

Audit	Internal Audit Priority Rating	Status of Work	Proposed Quarter	Supporting Narrative
E-Teach (Supply Staff) – Payroll and Recruitment	Advice & Consultancy	Ongoing	Ongoing	
Treasury Management	M		4	
Main Accounting – Accounts Payable (AP) / P2P	Annual	In Progress	3	Developing the Control Risk Self assessment (CRSA)
Main Accounting – General Ledger (GL)	Annual		3	Developing the Control Risk Self assessment (CRSA)
Main Accounting – Accounts Receivable (AR)	Annual		3	Developing the Control Risk Self assessment (CRSA)
Collaborative Planning (CP)	Advice & Consultancy	Ongoing	Ongoing	
Masterpiece Migration & ADM Financial Solution Project	Advice & Consultancy	Ongoing	Ongoing	
Finance Modernisation Programme – AR	Advice & Consultancy	Ongoing	Ongoing	
Accounts Governance Group	Advice & Consultancy	Ongoing	Ongoing	
Planning & Environment				
Greenfield Valley Heritage Park	H		2	
Pollution Control	H		2	
Pest Control	M		3	
Section 106 Agreements – Follow Up	M		4	
Planning Enforcement – Follow Up	M		4	
Section 106 Agreements	Advice & Consultancy	Ongoing	Ongoing	
Social Services				
Social Services Financial Processes (Including Provider Payments)	Commissioned Work		1	
Commissioning and Contracts	H	In progress	1	
Safeguarding - Adults at Risk	H		2	
Substance Misuse	M		3	
Deferred Payments on Properties	M		4	
Streetscene & Transportation				
Bereavement Services	H	In progress	1	
Integrated Transport Unit (ITU)	H		2	
Community Transport	M		2	
Highways - Cost Recovery	M		3	
Regional Transport	M		4	

Audit	Internal Audit Priority Rating	Status of Work	Proposed Quarter	Supporting Narrative
Fleet Management	C/F 16-17		2	At the request of the service department this review has been carried forward into 17/18
Accounting for Highways Assets Infrastructure	Advice & Consultancy	Ongoing	Ongoing	
ITU Project Working Group	Advice & Consultancy	Ongoing	Ongoing	
Pensions Administration	Annual	-	4	
North West Residual Waste Partnership	Advice & Consultancy	Ongoing	Ongoing	
Investigations, Provisions and Developments				
Investigations	Investigation	Ongoing	Ongoing	Four investiations – Appendix F
Proactive Fraud	Training	In progress	2	• Whistleblowing Training to Social Services • Review of Counter Fraud Policies
Audit Development : Control Risk Self Assessment	Development	In progress	Ongoing	
Audit Development : Computer Assisted Audit Tools Techniques Software (CAATTs)	Development			
Audit Development : Root Cause Analysis	Development	In progress	Ongoing	

Glossary	
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.
Annual (System 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.
Advice & Consultanct	Participation in various projects and developments in order to ensure that controls are in place.
VFM (Value For Money)	Audits examining the efficiency, effectiveness and economy of the area under review.
Follow Up	Audits to follow up actions from previous reviews.
Addition to Plan	Audits added to the plan at the request of management, time used from the provision for requests.

Cyngor **Sir y Fflint**
Flintshire
COUNTY COUNCIL

AUDIT COMMITTEE

Date of Meeting	Monday, 12 June 2017
Report Subject	External Assessment - Public Sector Internal Audit Standards (PSIAS)
Cabinet Member	Not Applicable
Report Author	Interim Internal Audit Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

Internal Audit must conform to the Public Sector Internal Audit Standards (PSIAS). There must be an assessment every year which must be reported to the Audit Committee. These assessments are normally carried out internally as self-assessments, but there must be an external assessment every five years.

Internal assessments have been carried out every year since the standards were introduced and an external assessment has been carried out this year in March 2017. This report shows the results of the external assessment, to ensure compliance with the components of the standards. Appendix A.

The requirement for external assessments can be met by an external assessor validating an internal assessment. They can be carried out as peer reviews, providing that the reviews are not reciprocal and the reviewer is sufficiently independent. In order to minimise costs, within the Wales Chief Auditors Group the Chief Auditors for 18 Councils in Wales have agreed to follow this route, each one reviewing the other Council. The Chief Internal Auditor from Ceredigion assessed Flintshire Internal Audit on 27th March 2017 and this report shows the results of the external assessement. Actions highlighted as a result of the assessment have been incorporated in the Internal Audit Quality Assurance Improvement Plan (QAIP) at Appendix B and also as part of the Internal Audit Annual Report.

RECOMMENDATIONS	
1	The committee is requested to note the report.

REPORT DETAILS

1.00	**EXPLAINING THE EXTERNAL ASSESSMENT REPORT**
1.01	In December 2012 the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) published new Public Sector Internal Audit Standards (PSIAS) for internal audit across the public sector. The Standards 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 Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government published in 2006. The standards are based on the CIIA standards and came into force on 1st April 2013 and updated in 2016 and 2017.
1.02	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.
1.03	PSIAS includes 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 with the PSIAS.
1.04	There is a requirement within the PSIAS for a Quality Assurance and Improvement Programme (QAIP). The requirement is for the Internal Audit Manager to develop and maintain a QAIP to enable the audit activity to be assessed against the PSIAS, this assessement has been carried out each year since the introduction of the standard and following the external assessment (Appendix B).
1.05	External assessment outcomes: The Internal Audit service was assessed against the PSIAS best practice requirements (there are 334 requirements). It was assessed that Flintshire conform with 329 of the requirements, partially conforms with 4 and there was 1 non-conformance. The review also identified 6 suggestions for further improvement. Section 1.07 briefing highlights the findings from the external assessment. Detailed information to support these findings can be found within the external report, Appendix A and the QAIP, Appendix B
1.06	The one non-conformance reported in the external assessement had already been identified in the annual internal self-assessment and is included in the QAIP action plan following this assessment. This was recognised by the assessor and it was stated that the non-conformance was not considered significant.
1.07	**None Conformance** • Undertake Assurance Mapping within the Authroity

	Partial Conformance • Audit Charter to make reference to Senior Management • Chief Executive to contribute or review appraisal of Internal Audit Manager • Undertake a specific audit on Ethics **Suggestions for Improvement** • Consider rotation of work between Auditors • Covering statement to be included within reports for any Consultancy work • QAIP to be included within the Internal Audit Annual Report • Reference to external assurance within the Annual Report • IA's Document retention policy to be included within the manual and not stand alone document. • Consider reviewing Internal Audit performance indicators to ensure they are meaningful
1.08	Overall the general themes of the findings (partial-conformance and suggestion for further improvement) concern minor changes to documentation and operating procedures, these will be addressed through the QAIP but are not significant in terms of the PSIAS. The external assessor stated that 'Flintshire County Council complies with the standards in all significant areas and operates independently and objectively'.

2.00	**RESOURCE IMPLICATIONS**
2.01	None.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	None.

4.00	**RISK MANAGEMENT**
4.01	Internal Audit is part of the governance framework for the Council. It is important that it meets the required operational standards to give assurance to the Council that it is functioning properly. This paper shows the results of the assessment of the department against those standards.

5.00	**APPENDICES**
5.01	Appendix A – External Assessment Report Appendix B – QAIP Action Plan

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**

6.01	None. **Contact Officer:** Lisa Brownbill, Interim Internal Audit Manager **Telephone:** 01352 702231 **E-mail:** Lisa.brownbill@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
7.01	None.

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INTERNAL AUDIT SERVICE

External Quality Assessment of Flintshire County Council's Internal Audit Service
Self-Assessment with Independent Validation

External Quality Assessment of Flintshire County Council's Internal Audit Service

Self-Assessment with Independent Validation

Introduction

The Public Sector Internal Audit Standard (PSIAS) became effective from 1st April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation.

The two possible approaches to external assessments outlined in the standard included either a full external assessment or an internal self-assessment which is validated by an external reviewer.

Members of the WCIAG elected to adopt the self-assessment approach, with another member of the WCIAG undertaking the validation.

Purpose

The purpose of the external assessment is to help improve delivery of the audit service to an organisation. The assessment is designed to be a supportive process that identifies opportunities for development which ultimately help to enhance the value of the audit function to the authority.

I would like to take this opportunity to thank Lisa Brownbill and Dave Stephens for their ready assistance and co-operation during the course of the review.

Results

In summary, there are 334 best practice requirements within the PSIAS. A self-assessment review of conformance against the PSIAS was undertaken during 2016/17 by Flintshire County Council's Interim Internal Audit Manager. The self-assessment and corresponding improvement plan was presented to the Audit Committee in March 2017.

Following the external validation of the self-assessment, it is considered that the Internal Audit Service is currently conforming to 329 of the requirements, with partial conformance with 4 and non-conformance with 1. The table overleaf summarises the outcome.

1

| Standard | Conformance | | | Total |
	GC*	PC*	NC*	
1. Definition of Audit Risk	3	0	0	3
2. Code of Ethics	13	0	0	13
3. Attribute Standards				
1000 Purpose, Authority and Responsibility	22	1	0	23
1100 Objectivity and Independence	27	2	0	29
1200 Proficiency and Due Professional Care	21	0	0	21
1300 Quality Assurance & Improvement Programme	27	0	0	27
4. Performance Standards				
2000 Managing the Internal Audit Activity	45	0	1	46
2100 Nature of Work	30	1	0	31
2200 Engagement Planning	58	0	0	58
2300 Performing the Engagement	22	0	0	22
2400 Communicating Results	55	0	0	55
2500 Monitoring Progress	4	0	0	4
2600 Communicating the Acceptance of Risks	2	0	0	2
Total	329	4	1	334
	98.5%	1.2%	0.3%	100%

* GC – Generally Conforms, PC – Partially Conforms, N – Non-conformance

The identified areas of non-compliance and partial compliance are noted below, along with the other suggested areas for further improvement that were discussed during the review which did not have an impact on compliance.

1 Standard 1000: Purpose, Authority and Responsibility

1.1 The Internal Audit Service has an Internal Audit Charter which defines its role, scope, independence, authority and responsibility. The current Charter was reviewed to reflect the changes to the PSIAS in 2016 and was approved by the Audit Committee in September 2016.

The Charter states: "Within Flintshire the Audit Committee fulfils most of the roles of the Board" and specifies its responsibilities. A similar statement has not been inserted regarding 'Senior Management', as required by the PSIAS.

(Partial Conformance)

2 Standard 1100: Independence and Objectivity

2.1 Independence and objectivity can be enhanced within procedures by the regular rotation of work between officers.

This practice is usually applied within the Internal Audit Service (although key control audits are occasionally undertaken by the same auditor two years

2

running for consistency purposes); however, this practice has not been documented in the Service's Charter.

(Suggestion for further improvement)

2.2 Consultation work is undertaken by the Internal Audit Service in areas which may later be subject to audit, e.g. the introduction of a new system. Auditors are usually rotated in these circumstances; however, the Service does not stipulate that "advice / recommendations are provided without prejudice to the right of Internal Audit to review and make further recommendations at a later date" in their consultation report.

(Suggestion for further improvement)

2.3 The Interim Internal Audit Manager reports administratively to the Chief Officer Governance (who is also the Council's Monitoring Officer), and a member of the Chief Officers Team and reports directly to the Chief Executive.

The PSIAS specifically require the Chief Executive to undertake, countersign, contribute feedback to or review the Audit Manager's performance appraisal (PSIAS 1110 – S/A point 6) and it is required that feedback is also sought upon the appraisal from the Chair of the Audit Committee (PSIAS 1110 – S/A point 7).

The Charter states that: "To further ensure the independence of the Internal Audit Manager, the Chief Executive and Chair of the Audit Committee provide feedback into his/her annual appraisal". However, a new system has since been introduced whereby the Chief Officer Governance is responsible for performing the Internal Audit Manager's performance appraisal and the Chair of Audit Committee does not provide feedback on the appraisal.

In accordance with the PSIAS, this has been reported as a partial conformance. The issue has been discussed with the Interim Internal Audit Manager and it is acknowledged that due to the governance structure of the Authority the current procedure has been deemed sufficient given the Chief Officer Governance and the Chief Executive attend each Audit Committee meeting. Direct contact is also in place between the Interim Internal Audit Manager with the Chief Officer, Governance, the Chief Executive and the Chair and Vice Chair of the Audit Committee. Any performance issues would be addressed immediately rather than wait for a formal appraisal. In relation to the appointment of the Interim Internal Audit Manager, the Chair of the Audit Committee, Chief Executive, and Chief Officer, Governance were involved.

(Partial Conformance x 2)

3

3   Standard 1300: Quality Assurance and Improvement Programme

3.1   A Quality Assurance and Improvement Programme (QAIP) has been developed
      by Internal Audit which covers all aspects of the Service's activity and it enables
      conformance with all requirements of the Standards to be evaluated.

      The annual internal Self-Assessments form part of the QAIP whose results and
      identified improvements are currently reported to the Audit Committee together,
      although the PSIAS state that the results of the QAIP and progress against any
      improvement plans, must be reported in the "annual report".

      (Suggestion for further improvement)

4   Standard 2000: Managing the Internal Audit Activity

4.1   To avoid the duplication of work, the Service places assurance upon external
      assessments where appropriate, e.g. ICT assessments.

      The PSIAS require the Service's risk based audit plan to take into account the
      Authority's assurance framework and include the approach to using other
      sources of assurance and any work that may be required to place reliance upon
      those sources. The Internal Audit Manager is required to formalise and fully
      document the Service's assurance mapping process as part of identifying and
      determining the approach to using other sources of assurance.

      (Non-Conformance)

5   Standard 2100: Nature of Work

5.1   The PSIAS require the internal audit activity to evaluate the design,
      implementation and effectiveness of the Authority's ethics-related objectives,
      programs and activities.

      It is acknowledged that audit work has been based on the Authority's objectives
      and priorities and has covered some of the areas in the Code of Corporate
      Governance such as organisational performance management and
      communication of risk and control information, and that it is intended to
      incorporate the Future Generations Wellbeing Act into future audits. However, a
      specific audit of ethics has not been undertaken by the Service.

      (Partial Conformance)

5.2   The PSIAS also require the Internal Audit Service to assess whether the
      organisation's information technology governance supports the organisation's
      strategies and objectives.

4

The Interim Internal Audit Manager is a member of the Corporate Governance Working Group which supports the work to provide assurance on all aspects of corporate governance arrangements within the Council, to include ICT.

ICT projects are included in the audit plan, to include network security, electronic document management, ICT security policies, etc, which, together with other ICT assurances, support the organisation's strategies and objectives. However, this is not currently noted in the Annual Report.

(Suggestion for further improvement)

6   Standard 2300: Performing the Engagement

6.1   The Service has its own documentation retention policy which has been compiled in line with the Council's corporate retention policy. It is currently a stand-alone document.

The Audit Charter states: "Evidence retained on audit files will be subject to FCC's retention guidelines."

(Suggestion for further improvement)

7   Standard 2400: Communicating Results

7.1   Evidence in the self-assessment supported the statement that communications are accurate, objective, clear, concise, constructive and complete. When testing for 'timeliness' it was noted that three of the performance indicators relevant to this requirement had not been achieved according to the March 2017 Progress Report.

It is acknowledged that the main indicator was affected due to the auditee taking more time than expected to respond to the Service. This has not been of great concern to the Service as it is often the case that giving the auditee more time often ensures a more meaningful and though-out response.

(Suggestion for further improvement)

5

Impact of non-compliance and steps to be taken to ensure compliance

The area of non-conformance with the Standards and the impact has already been disclosed to senior management and the Audit Committee in the Service's self-assessment.

The Service has also included this issue and intended corrective action in its respective improvement plan. The impact of the non-conformance is therefore not considered to be significant, and the Internal Audit service of Flintshire County Council complies with the Standards in all significant areas and operates independently and objectively.

Amanda Roberts, Chief Internal Auditor,
Cyngor Sir Ceredigion County Council
Peer Assessor
22 May 2017

Action Plan

No	Conformance with the Standard	Suggested Improvement Action	Responsibility for Action	Actions Proposed by Management	Timescale
1.1	**1000: Purpose, Authority and Responsibility** The internal audit charter does not define the term 'senior management', for the purposes of the internal audit activity. (Partial Conformance)	The Service could insert a definition in the Independence & Authority (para 6, point 5) of the IA Charter, or revise the Charter by inserting a catch-all statement such as "For the purposes of Internal Audit activity the Audit Committee is equivalent to the 'Board' and the Chief Officers' Team constitutes 'Senior Management'".	Lisa Brownbill	The Charter will be amended to define the term of the Senior Management.	March 2017
2.1	**1100: Independence and Objectivity** The regular rotation of work between officers has not been documented in the Service's Charter. (Suggestion for further improvement)	The Service could insert an additional statement under the 'Independence and Authority' section of the Charter confirming regular rotation of work is usually adhered to in order to further enhance independence and objectivity.	Lisa Brownbill	Whilst the Audit Charter will be updated to address this point, it should be acknowledged that ensuring independence and objectivity is a priority within the team however in some instances a conscious decision has been made to use the same auditor for key system reviews to develop expertise and specialism within the team as this adds value to the audit and reduces resources.	Ongoing

No	Conformance with the Standard	Suggested Improvement Action	Responsibility for Action	Actions Proposed by Management	Timescale
2.2	1100: Independence and Objectivity The Service does not currently stipulate that "advice / recommendations are provided without prejudice to the right of Internal Audit to review and make further recommendations at a later date" after providing a consultation service in an area that may be later audited. (Suggestion for further improvement)	The Service could consider using the suggested statement in reports to clarify to clients that request a consultation service that the assurance provided is not absolute and it does not exempt them from a future audit in the same area of work.	Lisa Brownbill	This statement will be included in any future consultancy report.	Ongoing
2.3	1100: Independence and Objectivity The PSIAS specifically require the Chief Executive to undertake, countersign, contribute feedback to or review the Audit Manager's performance appraisal (PSIAS 1110 – S/A point 6) and it is required that feedback is also sought upon	The issue has been discussed with the Interim Internal Audit Manager and it is acknowledged that due to the governance structure of the Authority the current procedure has been deemed sufficient. However, this may be re-addressed to achieve full conformance with the	Lisa Brownbill	The current procedure has been deemed sufficient given the Chief Officer Governance and the Chief Executive attend each Audit Committee meeting. Direct contact is also in place between the Interim Internal Audit Manager with the Chief Officer, Governance, the Chief Executive and the Chair and Vice Chair of the Audit Committee. Any	Ongoing

No	Conformance with the Standard	Suggested Improvement Action	Responsibility for Action	Actions Proposed by Management	Timescale
	the appraisal from the Chair of the Audit Committee (PSIAS 1110 – S/A point 7). (Partial Conformance x 2)	PSIAS in future.		performance issues would be addressed immediately rather than wait for a formal appraisal. However, this point will be picked up for future appraisals. In relation to the appointment of the Interim Internal Audit Manager, the Chair of the Audit Committee, Chief Executive, and Chief Officer, Governance were involved.	
3.1	1300: Quality Assurance and Improvement Programme The annual internal self-assessment and resulting improvement plan are currently reported to the Audit Committee together, although the PSIAS state that the results of the QAIP and progress against any improvement plans must be reported in the "annual report". (Suggestion for further improvement)	Although it is acknowledged that it may cause duplication of work, the Section should consider including the self-assessment improvement plan in its Annual Report along with the other performance targets and measures that are currently in place to monitor Internal Audit's activities to give a full picture of its QAIP.	Lisa Brownbill	Whilst I feel this is duplication since the improvement plan has already been reported to the AC, reference will be made in the Annual plan.	July 2017

9

No	Conformance with the Standard	Suggested Improvement Action	Responsibility for Action	Actions Proposed by Management	Timescale
4.1	**2000: Managing the Internal Audit Activity** The Service does not formally document its method of determining how it places assurance upon external assessments. (Non-Conformance)	The Internal Audit Manager needs to carry out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance.	Lisa Brownbill	This was identified by the previous Audit Manager and included within the QAIP Improvement plan. A revised date has been set for March 2018	March 2018
5.1	**2100: Nature of Work** It is acknowledged that audit reviews have been based on related work areas, but a specific audit of ethics has not been undertaken by the Service. (Partial Conformance)	The Service needs to undertake a review to evaluate the design, implementation and effectiveness of the Council's ethics related objectives, programs & activities.	Lisa Brownbill	This was identified within the Internal Assessment and included within the QAIP Improvement plan.	March 2018
5.2	**2100: Nature of Work** ICT projects are included in the audit plan, which, together with other ICT assurances, support the organisation's strategies and objectives. However, this is not currently noted in the Annual Report.	To support the annual opinion further, the Section could consider noting the assurance gained from the ICT audit work undertaken during the year in the 'Governance' section of the Annual Report.	Lisa Brownbill	Reference to external assurance will be made in the Annual Report	March 2018

10

No	Conformance with the Standard	Suggested Improvement Action	Responsibility for Action	Actions Proposed by Management	Timescale
	(Suggestion for further improvement)				
6.1	2300: Performing the Engagement The Service has its own documentation retention policy which is currently a stand-alone document. (Suggestion for further improvement)	The Section could consider inserting the audit retention policy in full in the Audit Manual which is the document that ensures that all internal audit staff are adequately informed on the Service's methodology, policies and procedures.	Lisa Brownbill	The document retention policy will be referenced to and included as an appendix within the Audit Manual.	July 2018
7.1	2400: Communicating Results The Service cited a benefit of allowing one of the 'timing' performance indicators to run over the set target. (Suggestion for further improvement)	The Service should consider reviewing the performance indicator to ensure it is meaningful.	Lisa Brownbill	This has already been highlighted at the last Audit Committee as an action and included within the Audit Committee Action sheet to bring back to Committee in June 2017.	June 2017

11

Quality Assurance and Improvement Plan – 2016/17   Appendix B

Actions from assessment December 2016 and External Assessment Mar 2017 – questions not scored as conforming

Ref	Conformance with the Standard	Compliance	Planned Actions	Person Responsible	Timescale	Comment
3.4	Does the QAIP include both internal and external assessments?	Partial	Continue internal assessments, external assessment to be completed by 2017/18.	LB	Ongoing	Ongoing. Internal assessments completed annually, again in March 2016. Agreed with Chair of AC and COG for external assessment due to take place 27th March 2017.
4.1	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Non compliance	Assurance mapping to be completed in 2015.	LB	Mar 18	Not achieved. Due to a change in Management this will take place by March 2018.
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.	LB	Ongoing	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.
4.2	Has the internal audit activity evaluated the potential for fraud and also how the	Partial	Improve awareness of fraud. Collect data on fraud risk.	LB	Ongoing	Ongoing. Anti-Fraud and Corruption Strategy and Fraud Response

June 17

		organisation itself manages fraud risk?					Plan reviewed, updated and launched on Infonet.

Separate work programme on fraud related question used for each audit. |
1220.A2	Where appropriate audit engagements are supported by appropriate tools, including reporting within information systems, interrogation techniques and other CAATT's	Partial	Further develop the level of expertise and use of CAATT's within Internal Audit.	LB	Mar 18	Two additional members of staff identified for training in the use of CAATT's (IDEA).
2110.A1	Internal Audit reviews the activities in place that manage and monitor the effective implementation of the organisation's ethics and values	Partial	Develop a standard template for use on every review to assess the organisation's implementation of ethics and values	LB	Mar 18	The template (when developed) will be attached within the audit management system MKInsight.
1000	The internal audit charter does not define the term 'senior management', for the purposes of the internal audit activity.	Partial	The Service could insert a definition in the Independence & Authority (para 6, point 5) of the IA Charter, or revise the Charter by inserting a catch-all statement such as "For the purposes of Internal Audit activity the Audit Committee is equivalent to the	LB	Mar 18	The Charter will be amended to define the term of the Senior Management.

June 17

			'Board' and the Chief Officers' Team constitutes 'Senior			
1100	The regular rotation of work between officers has not been documented in the Service's Charter.	Suggestion	The Service could insert an additional statement under the 'Independence and Authority' section of the Charter confirming regular rotation of work is usually adhered to in order to further enhance independence and objectivity.	LB	Ongoing	Whilst the Audit Charter will be updated to address this point, it should be acknowledged that ensuring independence and objectivity is a priority within the team however in some instances a conscious decision has been made to use the same auditor for key system reviews to develop expertise and specialism within the team as this adds value to the audit and reduces resources.
1100	The Service does not currently stipulate that "advice / recommendations are provided without prejudice to the right of Internal Audit to review and make further recommendations at a later date" after providing a consultation service in an area that may be later audited.	Suggestion	The Service could consider using the suggested statement in reports to clarify to clients that request a consultation service that the assurance provided is not absolute and it does not exempt them from a future audit in the same area of work.	LB	Ongoing	This statement will be included in any future consultancy report.
1100	The PSIAS specifically require	Partial	The issue has been	LB	Ongoing	The current procedure has

	the Chief Executive to undertake, countersign, contribute feedback to or review the Audit Manager's performance appraisal (PSIAS 1110 – S/A point 6) and it is required that feedback is also sought upon the appraisal from the Chair of the Audit Committee (PSIAS 1110 – S/A point 7).		discussed with the Interim Internal Audit Manager and it is acknowledged that due to the governance structure of the Authority the current procedure has been deemed sufficient. However, this may be re-addressed to achieve full conformance with the PSIAS in future			been deemed sufficient given the Chief Officer Governance and the Chief Executive attend each Audit Committee meeting. Direct contact is also in place between the Interim Internal Audit Manager with the Chief Officer, Governance, the Chief Executive and the Chair and Vice Chair of the Audit Committee. Any performance issues would be addressed immediately rather than wait for a formal appraisal. However, this point will be picked up for future appraisals. In relation to the appointment of the Interim Internal Audit Manager, the Chair of the Audit Committee, Chief Executive, and Chief Officer, Governance were involved
1300	Quality Assurance and Improvement Programme The annual internal self-assessment and resulting improvement plan are currently reported to the Audit Committee together, although the PSIAS state that the results of the QAIP and progress against any improvement plans must be reported in the "annual	Suggestion	Although it is acknowledged that it may cause duplication of work, the Section should consider including the self-assessment improvement plan in its Annual Report along with the other performance targets	LB	Jul 18	Whilst I feel this is duplication since the improvement plan has already been reported to the AC, reference will be made in the Annual plan.

	report".		and measures that are currently in place to monitor Internal Audit's activities to give a full picture of its QAIP.				
2100	It is acknowledged that audit reviews have been based on related work areas, but a specific audit of ethics has not been undertaken by the Service.	Partial	The Service needs to undertake a review to evaluate the design, implementation and effectiveness of the Council's ethics related objectives, programs & activities.	LB	Mar 18	This was identified within the Internal Assessment and included within the QAIP Improvement plan.
2100	ICT projects are included in the audit plan, which, together with other ICT assurances, support the organisation's strategies and objectives. However, this is not currently noted in the Annual Report.	Suggestion	To support the annual opinion further, the Section could consider noting the assurance gained from the ICT audit work undertaken during the year in the 'Governance' section of the Annual Report.	LB	Mar 18	Reference to external assurance will be made in the Annual Report
2300	The Service has its own documentation retention policy		The Section could consider inserting	LB	Jul 18	The document retention policy will be referenced to and

	which is currently a stand-alone document.		the audit retention policy in full in the Audit Manual which is the document that ensures that all internal audit staff are adequately informed on the Service's methodology, policies and procedures			included as an appendix within the Audit Manual.
2400	Communicating Results The Service cited a benefit of allowing one of the 'timing' performance indicators to run over the set target.	Suggestion	The Service should consider reviewing the performance indicator to ensure it is meaningful	LB	Jun 17	This has already been highlighted at the last Audit Committee as an action and included within the Audit Committee Action sheet to bring back to Committee in June 2017.

AUDIT COMMITTEE

Date of Meeting	Monday, 12 June 2017
Report Subject	Action Tracking
Cabinet Member	Not Applicable
Report Author	Interim Internal Audit Manager
Category	Advisory

EXECUTIVE SUMMARY

The report shows the action points from previous Audit Committee meetings and the progress made in completing them. The majority of the requested actions have been completed, with some still outstanding. They will be reported back to a future meeting.

RECOMMENDATIONS
1	The committee is requested to accept the report.

REPORT DETAILS

1.00	EXPLAINING THE ACTION TRACKING REPORT
1.01	In previous meetings requests for information, reports or actions 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. Full action tracking details within Appendix A.

2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Action owners contacted to provide an update on their actions.

4.00	RISK MANAGEMENT
4.01	None as a result of this report.

5.00	APPENDICES
5.01	Appendix A – Action Points.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. **Contact Officer:** Lisa Brownbill, Interim Internal Audit Manager **Telephone:** 01352 702231 **E-mail:** lisa.brownbill@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	None.

AUDIT COMMITTEE - ACTION SHEET

Presented Wednesday, 15th March 2017

16th MARCH 2016				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
63	Internal Audit Progress Report	To consider how best to report PIs on future reports	Internal Audit Manager	Reviewed. Temporary adjustments made to targets and these are reported within the performance report to Audit Committee in June until all vacancies are occupied

13th JULY 2016				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
6	Draft Statement of Accounts	Part 2 report on all School Balances to be scheduled for a future meeting, to include the views of the Education and Youth OSC and School Budget Forum	Internal Audit Manager	Update provided to March meeting

13th JULY 2016				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
11	Certification of Grant Claims	An interim report on progress with the action plan to be received in the Autumn. Periodic updates to be shared with WAO	Corporate Finance Manager	Verbal update provided at January meeting and formally reported to March meeting

25th September 2016				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
26	Contract Procedural Rules	To schedule a twice yearly update on CPRs on the Committee's Forward Work Programme	Lisa Brownbill	Action included within the Audit Committee's Forward Work Programme for January and September 2017 and March and November 2018
-	-	To provide a position statement on the Internal Audit Manager position at the January Meeting	Gareth Owens / Colin Everett	A verbal update presented at the January Meeting and further update to be presented at the June meeting

11th January 2017				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
40	Treasury Management Strategy 2017/18	To share examples of debt rescheduling including repayments and savings	Liz Thomas	Examples included within the Treasury Management Quarter 4 Update Report and presented at the March meeting
47	Greenfield Valley Heritage Park	An informal update to be given to the Committee on the outcome	Colin Everett	A verbal update to be provided at the June meeting

15th March 2017				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
51	School Balance	To present to audit committee an annual report on School Balances	Clare Homard / Lucy Morris	Included within the Forward Work Programme for March 2018
56	IA Progress Report	To provide an update to audit committee once the police investigation has reached a conclusion	Lisa Brownbill	An update will be provided to audit committee once the police investigation has reached a conclusion
56	IA Progress Report	To include information in the next progress report on how risks are being managed prior to the implementation of actions by the revised due date.	Lisa Brownbill	This additional information has been included within the IA Progress report

15th March 2017				
Agenda Item No.	**Report**	**Action Required**	**Responsible Officer**	**Action Taken**
59	IA Strategic Plan	To include in the IA Progress report details of any uncompleted high priority audits during the year	Lisa Brownbill	The IA Progress report will include this information where applicable

AUDIT COMMITTEE

Date of Meeting	Monday, 12 June 2017
Report Subject	Forward Work Programme
Cabinet Member	Not Applicable
Report Author	Interim Internal Audit Manager
Category	Advisory

EXECUTIVE SUMMARY

The Audit Committee presents an opportunity for Members to determine the Forward Work programme of the Committee of which they are Members. By reviewing and prioritising the Forward Work Programme Members are able to ensure it is Member-led and includes the right issues. A copy of the Forward Work Programme is attached at Appendix A for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for the Audit Committee.

RECOMMENDATION	
1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Interim Internal Audit Manager, in consultation with the Chair and Vice-Chair of the Committee be authorised to vary the Forward Work Programme between meetings, as the need arises.

REPORT DETAILS

1.00	EXPLAINING THE FORWARD WORK PROGRAMME
1.01	Items feed into a Committee's Forward Work Programme from a number of sources. Many items are standard every quarter, six months or annually, and Members can also suggest topics for review by the Committee. Items can also be referred by the Cabinet, County Council or Chief Officers.

1.02	In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows: 1. Will the review contribute to the Council's priorities and/or objectives? 2. Is it an area of major change or risk? 3. Are there issues of concern in governance, risk management or internal control? 4. Is it relevant to the financial statements or financial affairs of the Council? 5. Is there new Government guidance or legislation? 6. Is it prompted by the work carried out by Regulators/Internal Audit?
1.03	Following the inclusion of an additional meeting in November 2017, the Forward Work Programme has been updated and progress reports realigned to fit with the reporting periods. Section 1.04 below provides details of the movement within the forward work programme.

1.04	Title	Original Date	Moved To	Reason
	Treasury Management	June	July	Qtr 1 doesn't end until the end of June
	Annual Improvement Report	June	July	At the request of WAO
	Financial Procedural Rules	June	July	At the request of the CFO
	Supplementary Financial Information to Draft Statement of Accounts	September	Removed	Same as the Supplementary Financial Information to Draft Statement of Accounts report – July meeting
	Audit of Financial Statements (WAO)	September	Removed	Already part of the Statement of Account- July meeting
	Treasury Management mid-year review	January	November	Better aligned with committee dates

2.00	**RESOURCE IMPLICATIONS**
2.01	None as a result of this report.

3.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
3.01	Publication of this report constitutes consultation.

4.00	**RISK MANAGEMENT**
4.01	None as a result of this report.

5.00	**APPENDICES**
5.01	Appendix A - Draft Forward Work Programme

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	None. **Contact Officer:** Lisa Brownbill Interim Internal Audit Manager **Telephone:** 01352 702231 **E-mail:** lisa.brownbill@flintshire.gov.uk

7.00	**GLOSSARY OF TERMS**
	WAO, Wales Audit Office works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that the public bodies in Wales understand how to improve outcomes. **PSIAS, Public Sector Internal Audit Requirements** A set of standards that all Internal Audit teams working in the public sector must comply with.

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AUDIT COMMITTEE - FORWARD WORK PROGRAMME 2017/18

Presented to Committee - Wednesday, 12th June 2017

Meeting Date	Agenda Item	Author
12th June 2017	Risk Management Update	Karen Armstrong
	Annual Report on External Inspections	Karen Armstrong
	Draft Annual Governance Statement	Karen Armstrong
	Asset Disposals and Capital Receipts	Neal Cockerton
	Internal Audit Annual Report	Lisa Brownbill
	Internal Audit Progress Report	Lisa Brownbill
	External Assessment - PSIAS Compliance	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
	Position Statement over Internal Audit Managers role	Gareth Owens / Colin Everett
19th July 2017	Annual Improvement Report (WAO)	Karen Armstrong

Meeting Date	Agenda Item	Author
	Financial Procedure Rules	Sara Dulson
	Treasury Management 2017/18 Q1 Update and Annual Report 2016/17	Liz Thomas
	Supplementary Financial Information to Draft Statement of Accounts 2016/17	Liz Thomas
27th September 2017	Statement of Accounts 2016/17	Gary Ferguson
	Corporate Governance Report	Karen Armstrong
	Contract Procedural Rules update	Gareth Owens
	Internal Audit Progress Report	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
22nd November 2017	Treasury Management 2017/18 – Mid Year Report	Liz Thomas
	Use of Consultancy Report	Lisa Brownbill
	Internal Audit Progress Report	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill

Meeting Date	Agenda Item	Author
24th January 2018	Risk Management update	Karen Armstrong
	Corporate Governance Report	Karen Armstrong
	Treasury Management 2017/18 Q3 Update and 2018/19 Strategy	Liz Thomas
	Annual Audit Letter	WAO
	Certification of Grants Comparative Statistics	WAO
	Internal Audit Progress Report	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
21st March 2018	Audit Plan (WAO)	WAO
	Annual Improvement Report (WAO)	Karen Armstrong
	Treasury Management 2017/18 Q4 Update	Liz Thomas
	School Reserves – Annual Report on School Balances	Clare Homard / Lucy Morris
	Contract Procedural Rules update	Gareth Owens
	Certification of Grants and Returns Report (WAO)	Gary Ferguson
	Internal Audit Progress Report	Lisa Brownbill

Meeting Date	Agenda Item	Author
	Internal Audit Strategic Plan 2018/2021	Lisa Brownbill
	PSIAS Compliance (Internal)	Lisa Brownbill
	Audit Committee Self-Assessment	Lisa Brownbill
	Audit Committee Action Tracking	Lisa Brownbill
	Forward Work Programme	Lisa Brownbill
	Private Meeting (WAO and Internal Audit)	