

# **NORTH WALES RESIDUAL WASTE PARTNERSHIP**

## **NORTH WALES RESIDUAL WASTE TREATMENT PROJECT**

### **STATEMENT OF ACCOUNTS**

**2011-12**



# **C O N T E N T S**

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## EXPLANATORY FOREWORD

### Introduction

The North Wales Residual Waste Treatment Project (NWRWTP) is a partnership of Flintshire County Council (Lead Authority), the Isle of Anglesey County Council, Conwy County Borough Council, Denbighshire County Council, and Gwynedd County Council created in order to seek a solution for residual waste on behalf of the five partner authorities, for a 25 year period.

The partnership is underpinned by a legally binding Inter-Authority Agreement (IAA) that all five partner authorities have signed. This commits the partner authorities to working together throughout the procurement process up until contract award. The North Wales Residual Waste Joint Committee manages the project on behalf of all five partner authorities, and has delegated authority to do so (including de-selection of bidders) up until the Preferred Bidder stage of the procurement process. The North Wales Residual Waste Joint Committee consists of two members from each partner authority, with one member from each partner authority having voting rights at Joint Committee meetings.

The decision to award Preferred Bidder will need to be agreed by all five partner authorities individually and therefore a full approval process will be required within each one (e.g. Scrutiny Committee, Cabinet/Executive and Full Council). The project is at present in dialogue with the two remaining bidders (Sita UK and Wheelabrator) with dialogue expected to be closed at the end of 2012. The Preferred Bidder approvals process within each partner authority is expected to be between April - June 2013 with a planning application to follow after that. The facility is currently expected to be operational in mid 2017.

### The Financial Statements

The Statement of Accounts 2011/12 provide details of the NWRWTP's financial position for the year ended 31st March 2012, and reflects the wholly revenue nature of the activities undertaken. The information presented on pages 4 to 11 is in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2005.

The statements included are :-

- **the movement in reserves statement** – this statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. Nil balances are recorded throughout the statement, linked with the equivalent nil values recorded within those statements referred to below.
- **the income and expenditure statement** – this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. All income and expenditure is shared equally between the five partner authorities.
- **balance sheet** - the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets (assets less liabilities) of the Joint Committee are matched by the reserves held.
- **cash flow statement** - the Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents.

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS –  
NORTH WALES RESIDUAL WASTE TREATMENT PROJECT**

**THE AUTHORITY'S RESPONSIBILITIES**

The Authority is required to :-

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, this is the Head of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

**The Joint Committee's Responsibilities**

- To approve the accounts.

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Lead Officer of North Wales Residual Waste Treatment Project**

**Address -**

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS –  
NORTH WALES RESIDUAL WASTE TREATMENT PROJECT**

continued

**THE HEAD OF FINANCE'S RESPONSIBILITIES**

The Head of Finance is responsible for the preparation of the statement of accounts in accordance with the proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code").

In preparing this statement of accounts, the Head of Finance has :-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Head of Finance has also :-

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Certificate of the Head of Finance as Treasurer of the Joint Committee**

I certify that the statement of accounts give a true and fair view of the financial position of the Joint Committee at 31st March 2012 and its income and expenditure for the year then ended.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Kerry Feather CPFA  
Head of Finance**

**Treasurer of the Joint Committee**

**Address -**

## MOVEMENT IN RESERVES STATEMENT

for the year ended 31st March 2012

### Movements 2011/12

	Capital Receipts Reserve £	Capital Grants Unapplied £	General Balance £	Earmarked Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £
<b>At 31st March 2011</b>	0	0	0	0	0	0	0
Surplus/(deficit) on the provision of services	0	0	0	0	0	0	0
Other comprehensive income and expenditure	0	0	0	0	0	0	0
<b>Total comprehensive income and expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments between accounting and funding basis under regulations	0	0	0	0	0	0	0
<b>Net increase/(decrease) before transfer to earmarked reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers to/(from) earmarked reserves	0	0	0	0	0	0	0
<b>Increase/(decrease) in year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31st March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Movements 2010/11

	Capital Receipts Reserve £	Capital Grants Unapplied £	General Balance £	Earmarked Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £
<b>At 31st March 2010</b>	0	0	0	0	0	0	0
Surplus/(deficit) on the provision of services	0	0	0	0	0	0	0
Other comprehensive income and expenditure	0	0	0	0	0	0	0
<b>Total comprehensive income and expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments between accounting and funding basis under regulations	0	0	0	0	0	0	0
<b>Net increase/(decrease) before transfer to earmarked reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers to/(from) earmarked reserves	0	0	0	0	0	0	0
<b>Increase/(decrease) in year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31st March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**  
for the year ended 31st March 2012

	<b>2012</b>	<b>2011</b>
	£	£
<b>Expenditure</b>		
<b>Note 2</b>		
(a) Employees	244,959	229,796
Transport	1,357	3,343
(b) Supplies & Services	613,235	761,488
(c) Support Services	138,373	134,202
	<hr/>	<hr/>
Gross Expenditure	<b><u>997,924</u></b>	<b><u>1,128,829</u></b>
<b>Income</b>		
(d) Grants and Contributions	<u>(997,924)</u>	<u>(1,128,829)</u>
Total Income	<b><u>(997,924)</u></b>	<b><u>(1,128,829)</u></b>
<b>Net (Surplus)/Deficit</b>	<b><u>0</u></b>	<b><u>0</u></b>



**BALANCE SHEET**  
as at 31st March 2012

	Note	2012 £	2011 £
<b>NON-CURRENT ASSETS</b>		0	0
<b>CURRENT ASSETS</b>			
Short term debtors	3	864,784	779,374
<b>CURRENT LIABILITIES</b>			
Short term creditors	4	<u>864,784</u>	<u>779,374</u>
<b>NET CURRENT ASSETS</b>		0	0
<b>NET ASSETS</b>		<u>0</u>	<u>0</u>
<b>TOTAL RESERVES</b>		<u>0</u>	<u>0</u>

**CASH FLOW STATEMENT**  
for the year ended 31st March 2012

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Net surplus or (deficit) on the provision of services	0	0
Net cash (outflow)/inflow from returns on investments and servicing of finance	0	0
Net cash outflow from capital expenditure	<u>0</u>	<u>0</u>
<b>Net increase or decrease in cash and cash equivalents</b>	0	0
Cash and cash equivalents at start of year	<u>0</u>	<u>0</u>
Cash and cash equivalents at end of year	<u>0</u>	<u>0</u>

Note: There are no individual entries in the summary cash flow statement as entries at the more detailed level sum to zero.

# NOTES TO THE CORE FINANCIAL STATEMENTS

for the year ended 31st March 2012

## 1. STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with the requirements of the 2011/12 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) - based on International Financial Reporting Standards (IFRSs) - issued by CIPFA, supported by guidance notes on the application of accounting standards.

### Debtors and Creditors

The revenue accounts of the Joint Committee are prepared on an accruals basis. Sums are included in the final accounts to cover income or expenditure attributable to the year of account for goods received or work done, but for which payment has not been received/made by 31st March 2012.

### Government Grants and Contributions

Grant receipts in support of revenue expenditure are accounted for on an accruals basis.

### Overheads

The costs of centrally provided support services and administrative buildings have been charged to services in line with the Service Reporting Code of Practice (SeRCOP), which replaced the previous Best Value Accounting Code of Practice with effect from 1st April 2011.

### Value Added Tax

The Council receives reimbursement for the net cost of value added tax incurred. The accounts have been prepared exclusive of tax, in accordance with SSAP 5.

## 2. INCOME AND EXPENDITURE ACCOUNT

	2012	2011
	£	£
(a) <b>Employees</b>		
Contractor payments - Project Director *	161,490	142,000
Salaries	64,038	67,598
Social Security costs	5,010	5,124
Other Pension costs	14,409	15,074
Agency Staff	12	0
	<u>244,959</u>	<u>229,796</u>

\* see note 5 on page 10.

## NOTES TO THE CORE FINANCIAL STATEMENTS

continued

	2012	2011
	£	£
<b>(b) Supplies and Services</b>		
<b>Advisor costs</b>		
Technical and Communications	245,313	406,172
Legal	235,664	151,792
Financial	108,021	110,872
Insurance	1,121	1,984
Other	12,950	83,786
	<u>603,069</u>	<u>754,606</u>
<b>Advertising/Publicity</b>	<u>6,261</u>	<u>3,000</u>
<b>Audit Fee</b>	<u>3,905</u>	<u>3,882</u>
<b>Total Supplies and Services</b>	<u><b>613,235</b></u>	<u><b>761,488</b></u>
	<b>2012</b>	<b>2011</b>
	£	£
<b>(c) Support Services -</b>		
<b>Finance, Technical, Legal &amp; Procurement Support</b>		
Lead Authority Personnel		
Finance	35,735	38,000
Legal	28,984	23,472
Procurement	0	405
	<u>64,719</u>	<u>61,877</u>
Isle of Anglesey County Council Personnel	37,000	30,432
	<u>101,719</u>	<u>92,309</u>
<b>Office services</b>		
IT/ Telephones	1,630	1,290
Software	4,020	0
Stationery/Printing	2,622	161
Translation	2,511	2,686
Status enquiries	0	127
Remote document managements system	0	11,511
Joint Working	0	4,000
	<u>10,783</u>	<u>19,775</u>
<b>Accommodation</b>	<u>25,871</u>	<u>22,118</u>
<b>Total Support Services</b>	<u><b>138,373</b></u>	<u><b>134,202</b></u>
	<b>2012</b>	<b>2011</b>
	£	£
<b>(d) Income -</b>		
<b>Contribution from participating Local Authorities</b>		
Conwy County Borough Council	(199,584)	(185,766)
Denbighshire County Council	(199,585)	(185,766)
Flintshire County Council	(199,585)	(185,766)
Gwynedd Council	(199,585)	(185,766)
Isle of Anglesey County Council	(199,585)	(185,765)
	<u>(997,924)</u>	<u>(928,829)</u>
<b>Grants</b>		
Welsh Government RCAF Grant	0	(200,000)
<b>Total Income</b>	<u><b>(997,924)</b></u>	<u><b>(1,128,829)</b></u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

continued

### 3. DEBTORS

	2012 £	2011 £
Local authorities	783,223	755,346
Other entities and individuals	81,561	24,028
	<u>864,784</u>	<u>779,374</u>

### 4. CREDITORS

	2012 £	2011 £
Local authorities	804,330	691,719
Other entities and individuals	60,454	87,655
	<u>864,784</u>	<u>779,374</u>

### 5. OFFICERS' REMUNERATION

Regulation 7A of the Accounts and Audit (Wales) Amendment Regulations 2010 requires disclosure (in £5,000 bandings) of the number of employees whose remuneration – all sums paid to or receivable by the employee, expense allowances chargeable to tax, and the money value of benefits - exceeded £60,000.

One employee meets the disclosure requirement – the Project Director, a contracted employee :-

Remuneration Band	2012	2011
	No.	No.
£140,000 - £144,999	0	1
£145,000 - £149,999	0	0
£150,000 - £154,999	0	0
£155,000 - £159,999	0	0
£160,000 - £164,999	1	0
	<u>1</u>	<u>1</u>

### 6. EXTERNAL AUDIT COSTS

The 2011/12 audit fee charges in relation to the Statement of Accounts amounted to £3,905 (£3,882 2010/11). External audit services were provided by Wales Audit Office.

## **NOTES TO THE CORE FINANCIAL STATEMENTS**

continued

### **7. RELATED PARTIES**

The Joint Committee is required to disclose material transactions with related parties i.e. bodies or individuals that have the potential to control or influence the Committee or to be controlled or influenced by the Committee; there were no such transactions during 2011/12 (as was the position in 2010/11).

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORTH WALES RESIDUAL WASTE JOINT COMMITTEE**

I have audited the accounting statements and related notes of the North Wales Residual Waste Joint Committee for the year ended 31<sup>st</sup> March 2012 under the Public Audit (Wales) Act 2004. The North Wales Residual Waste Joint Committee's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the independent auditor**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, set out on pages 2 to 3, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the North Wales Residual Waste Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NORTH WALES  
RESIDUAL WASTE JOINT COMMITTEE**

continued

**Opinion on the accounting statements of the North Wales Residual Waste Joint Committee**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the North Wales Residual Waste Joint Committee as at 31<sup>st</sup> March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

**Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

**Matters on which I report by exception**

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

**Certificate of completion of audit**

I certify that I have completed the audit of the accounts of the North Wales Residual Waste Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Anthony Barrett**  
**Wales Audit Office**  
24 Cathedral Road  
Cardiff  
CF11 9LJ



# ANNUAL GOVERNANCE STATEMENT

for the year ended 31st March 2012

This statement has the following five sections:-

1. Scope of Responsibilities.
2. The Purpose of the Governance Framework.
3. The Governance Framework.
4. Review of Effectiveness
5. Significant Governance Issues.

## 1. SCOPE OF RESPONSIBILITY

The North Wales Residual Waste Partnership is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used appropriately and effectively.

In discharging this overall responsibility, the North Wales Residual Waste Partnership should maintain proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and the management of risk.

Each Partner Authority has approved and adopted a Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Delivering Good Governance in Local Government : A Framework.

Flintshire County Council is the Partnership's lead council and its Code of Corporate Governance is included in Flintshire County Council's Constitution and a copy is also available from Flintshire's Democracy & Governance Manager in Legal and Democratic Services.

This Statement explains how the North Wales Residual Waste Partnership has complied with the Code and also meets the requirements of the Accounts and Audit (Wales) (Amendment) Regulations 2010.

## 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework brings together the systems and processes, staff, other resources, culture and values by which the Partnership is managed and controlled and the activities through which it accounts to, engages with and leads the community. The framework enables the Partnership to monitor achievement against its strategic objectives and to be assured whether public services are well-designed, provided and resourced in pursuit of those objectives.

The system of internal control is a significant part of that framework and is designed to manage risks and challenges to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide proportionate and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Partnership's policies, priorities, aims and objectives, to evaluate the likelihood of those risks and challenges occurring and to evaluate the impact if they do; to manage risks efficiently, effectively and economically.

# ANNUAL GOVERNANCE STATEMENT

continued

The governance framework has been in place at the North Wales Residual Waste Partnership for the year ended 31st March 2012 and up to the date of approval of the annual statement of accounts.

## 3. THE GOVERNANCE FRAMEWORK

### Code of Corporate Governance

The key elements of each Partner's governance arrangements are reflected in their individual Codes of Corporate Governance. Codes apply to all aspects of each Authority's business. Members and employees are required to conduct themselves in accordance with the high standards expected by the citizens of North Wales and the six core principles set out within the revised CIPFA / SOLACE Framework:-

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

### Inter Authority Agreement

The key elements of the Partnership's governance arrangements are reflected in the Inter-Authority Agreement. The Inter-Authority Agreement is a legally binding document signed by all Partners on 24<sup>th</sup> June 2010, which outlines the Joint Committee's terms of reference, formalises the respective roles and responsibilities in relation to the joint working arrangements for the procurement of the Project for the Partners, and appoints Flintshire County Council as the lead council.

Copies of the Inter-Authority Agreement are available by contacting Flintshire County Council's Head of Finance.

### Partnership Structure

Section 6 of the Inter-Authority Agreement sets out the procedures for making decisions during the procurement phase of the Project. The Councils have approved 3 categories together with the means by which decisions will be taken; 'Project Board Matter', 'Joint Committee Matter' and a 'Matter Reserves to the Councils'. A list of procurement stages called 'Procurement Milestones' along with the decision making category allocated to each milestone is included in Schedule 1 of the Inter-Authority Agreement.

### Project Board

The Project Board consists of the Chief Executive of the lead council, one director or senior office representative from each of the other four Councils, the Project Director, the Project Section 151 Officer (of the lead council), the Monitoring Officer (of the lead council) and other external parties as appropriate. The quorum necessary for Project Board Meeting is a Senior Officer Representative from each Council. The Chair of the Project Board is appointed by the Project Board from time to time. The Project Board strives to reach a consensus but decisions at meetings are taken by a simple majority vote with each Council having one vote only.

# ANNUAL GOVERNANCE STATEMENT

continued

The purpose of the Project Board is to implement the Procurement Milestones and the day-to-day management and monitoring of the procurement process. The Project Board has the powers to make decisions and make recommendations as set out in Schedule 3 of the Inter-Authority Agreement.

## Joint Committee

Each Council appoints two elected members of their executive or cabinet, one of whom is a voting member, as their representatives to the Joint Committee. The Chair and Vice Chair of the Joint Committee are elected executive members of a Council who are elected by the Joint Committee at the annual general meeting. Appointments take effect until the next annual general meeting. The quorum necessary for a Joint Committee Meeting is five members of the Joint Committee comprising at least one member from each of the Councils. Decisions at meeting of the Joint Committee are taken by simple majority vote with each elected voting member or appropriate deputy from each Council having one vote.

The Joint Committee has the powers to make decisions and recommendations within its terms of reference as set out in Schedule 2 of the Inter-Authority Agreement.

## Matters Reserved to the Councils

Each Partner Authority has its own Constitution which sets out responsibility for making decisions which can be found on each Council's website.

## Members

On taking office all elected Members are required to sign a Declaration of Acceptance of Office whereby they undertake to be guided by the National Code of Local Government Conduct in the performance of their functions as a Councillor. Each Partner Authority has an individual Members' Code that complies with the National Code and all Members are given a copy of it when taking up office. Any complaints that a Member has not complied with the Code are considered by the Public Services Ombudsman for Wales who may refer any apparent breaches to either the relevant Council's Standards Committee or to the Adjudication Panel for Wales which may apply sanctions if a breach of the Code is found.

## Officers

Officers are subject to a separate Code of Conduct, each Partner Authority has an individual Officers' Code of Conduct. Breach of the Officers' Code can lead to disciplinary action.

Copies of both the Members and Officers Codes of Conduct are available from each Partner Authority.

## Lead Council

The Councils have agreed that Flintshire County Council shall be the lead council. Responsibilities include:

- Acting on behalf of the Project in the management and supervision of the procurement exercise
- Act as the employing authority for any staff engaged in the discharge of the Project's functions
- Being the legal point of contact for the purposes of managing the procurement
- Providing such additional administrative resources and office facilities that may be necessary for the purpose of discharging the Project and hold all central funds
- Provide senior officers who will act as Secretary, Monitoring Officer, and Treasurer (who will also be the Section 151 Officer) for the Project and who will therefore act as the primary legal and financial advisers to the Project

## ANNUAL GOVERNANCE STATEMENT

continued

- Responsibility for liaison and communication with Welsh Government and co-ordination of communication and public relations
- Power to enter into contracts for Consultants as required for the purposes of the Project

### **Monitoring Officer**

Article 15 of Flintshire County Council's Constitution designates the Head of Legal and Democratic Services as the Council's Monitoring Officer under Section 5 of the Local Government & Housing Act 1989 and therefore is the Partnership's Monitoring Officer.

### **Finance**

Flintshire County Council's Head of Finance as lead council is the Partnership's Responsible Finance Officer and takes responsibility for the proper administration of the North Wales Residual Waste Partnership's financial affairs under Section 151 of the Local Government Act 1972 and in accordance with the CIPFA Statement on the role of the Chief Financial Officer.

Flintshire County Council as lead council holds all central funds, and the Partnership applies the lead council's Contract Procedure Rules and Financial Procedure Rules. Flintshire County Council treats the Partnership's funds with the same stewardship to that of its own funds and there are robust arrangements for effective financial management and control through the Council's accounting procedures, key financial systems, Financial Procedure Rules and Contract Procedure Rules as set out in Flintshire County Council's Constitution. Both the Financial Procedure Rules and Contract Procedure Rules are regularly reviewed and are available on Flintshire County Council's intranet called the infonet.

Section 9 of the Inter-Authority Agreement sets out the financial commitments each Council has agreed to make to the Project, together with arrangements for agreeing and reimbursing Project costs incurred by each Partner Council. The Joint Committee has overall responsibility for monitoring the budget, which it does by receiving regular budget status reports as part of the overall project update as a regular agenda item. The Project Board also receives a budget status report as part of the overall project update as a regular agenda item. There is a section within the Inter-Authority Agreement that sets out procedures for any expenditure not within the agreed expenditure profile; the Project Board must agree any such expenditure in advance.

Flintshire County Council as lead council has adopted the Chartered Institute of Public Finance (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with Flintshire County Council's Treasury Management Policy and Strategy Statement and Treasury Management Practices which are both reviewed annually. All borrowing and long term financing is made in accordance with CIPFA's Prudential Code. Treasury Management update reports are made to Flintshire County Council's Audit Committee and Cabinet on a quarterly basis.

### **Business Planning**

The Partnership has established a robust approach to business planning. The project is not a continuous project, but rather a specific one off process with a set outcome – the procurement of a residual waste treatment contract. The justification for the project, its outline description and indicative costs, project timetable, project governance and management arrangements and the project budget was set out in a Project Initiation Document (PID – final version dated 1 October 2008) and was agreed by all partner authorities. This allowed a dedicated project team to be employed, which allowed an Outline Business Case and Inter-Authority Agreement to be developed, and ultimately agreed by all partner authorities.

# ANNUAL GOVERNANCE STATEMENT

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The Outline Business Case (OBC) set out the strategic, economic, commercial, financial and management case for the Project, all prepared in accordance with good industry practice. It also served as a bid document to the Welsh Government (WG) for financial support for the project. The OBC was approved by WG, which led to WG committing to supporting the cost of the contract up to a value of £142.7m. There are also various stages where WG have carried out and will carry out “gateway reviews” to ensure that the project is progressing satisfactorily and that the project agreement (contract) represents value for money and does not pose unacceptable risk to the authorities,

All the partner authorities report the project’s progress to their Members that are not on the Joint Committee. WG carry out “gateway reviews” at various key stages in the project to ensure that the project is progressing satisfactorily and that the project agreement (contract) represents value for money and does not pose unacceptable risk to the authorities.

## **Risk Management**

The Partnership has a detailed risk register that is a regular item on the Project Board and Joint Committee agendas. Any new risks, any changes to existing risks and the highest level risks are highlighted to both groups at all of their meetings.

## **Regulation and Assurance**

Regulation and accountability provides assurance for the effectiveness of the Partnership’s arrangements for the services it is responsible for and the achievement of its objectives. It is undertaken both internally through governance arrangements, practices and procedures and externally by various organisations such as the Wales Audit Office (WAO) which has an independent statutory role. Responsibility for procuring necessary audit and assurance checks resides with the Joint Committee.

Internally, Flintshire County Council’s Audit Committee’s role and function, as lead council, provides assurance of the systems of internal control through reviewing the effectiveness of Flintshire’s systems through which the Partnership’s funds are controlled. It also monitors the performance and effectiveness of Flintshire’s internal audit function. The Joint Committee oversees the financial reporting process to ensure the balance, transparency and integrity of published financial information, and, monitors the performance and effectiveness of the external audit functions within the wider regulatory context.

**External arrangements** for regulation and assurance are provided principally the Wales Audit Office (WAO).

Their role is independent of government and they examine and challenge the performance and effectiveness of Welsh public bodies work and produce either periodic or annual local and national reports on their findings. All formal reports are presented to the Joint Committee.

The whole project is closely supported, monitored and reviewed by WG to ensure the project is delivering part of their waste strategy as it set out to do.

## **Whistle blowing**

Each Council is committed to the highest possible standards of openness, probity and accountability. To support that commitment employees and others with serious concerns about any aspect of the Partnership’s work are encouraged to come forward and voice those concerns. It is recognised that sensitive cases have to proceed on a confidential basis. Each individual Council’s policy makes it clear that employees can do so without fear of reprisal. Policies are available from each Partner Council.

# ANNUAL GOVERNANCE STATEMENT

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## **Complaints**

Each Council has adopted a formal complaints procedure and these are periodically updated.

## **Partnerships**

The whole project is based on a partnership with a common aim of securing a residual waste treatment contract. This partnership is backed by the legally binding legal agreement (Inter-Authority Agreement), and is supported financially and in terms of policy terms by the Welsh Government,

## **4. REVIEW OF EFFECTIVENESS**

The North Wales Residual Waste Partnership has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Senior Managers within the Partner Councils who have responsibility for the development and maintenance of the governance environment, and by comments made by the external auditors and other review agencies and inspectorates.

## **Member Training**

During the latter part of the year a programme of induction was prepared ready for new Members of the Joint Committee following the County Council elections on 3rd May 2012. An induction / briefing was held for Joint Committee Members in August prior to the first Joint Committee since the May 2012 County Council elections to ensure any new Joint Committee Members were fully informed on the project.

The partnership has also carried out a number of briefing sessions and consultation sessions with Members of all five partner authorities at key stages in the procurement process. The intention is to continue, and indeed increase this direct engagement with Members across the partnership area leading up to key decisions such as appointment of preferred bidder and contract award.

## **Flintshire County Council's Internal Audit**

Flintshire County Council's Internal Audit service is provided in accordance with CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom. It will objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

In accordance with the requirements of the CIPFA Code of Practice the Internal Audit Manager reports to Flintshire County Council's Audit Committee, as the lead Council, a summary of audit findings and prepares an annual report that summarises the results of internal audit work during the year on the overall system of internal control at Flintshire County Council, through which the Partnership's funds are controlled.

The department undertook a self-assessment against the CIPFA guidelines for Internal Audit in Local Government and found a high level of compliance.

The Wales Audit Office undertake an annual review of the Council's Internal Audit service against the CIPFA Code of Practice for Internal Audit in Local Government. In its latest review they concluded that Internal Audit fully complies with eight of the eleven standards and partially complies with two. The area of non-compliance was in employee levels and did not reflect on the standard of work produced. They were content to rely on the work produced by Internal Audit.

# ANNUAL GOVERNANCE STATEMENT

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In his annual report, based on the results of internal audits undertaken during the year, the Internal Audit Manager has concluded that Flintshire's arrangements for governance, risk management and internal control are adequate and effective.

The Internal Audit Manager reviewed the role of the Flintshire Head of Finance and concluded that it meets the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government with a few minor exceptions that have no impact which will be addressed in 2012/13.

## **Flintshire County Council's Audit Committee**

The committee completed a self-assessment against CIPFA Toolkit for Local Authority Audit Committees. The results showed that in the main the Committee meets the guidelines. Some areas were highlighted where existing arrangements can be strengthened. Training for the new Audit Committee after the Council elections took place in June 2012. Further training is planned for early 2013.

## **5. SIGNIFICANT GOVERNANCE ISSUES**

The governance of the project is very clearly set out in the PID and the Inter Authority Agreement which defines key decisions throughout the project and at which level those decisions are required. This has given clarity and certainty to the governance arrangements which protect all the partner authorities, with the exception of the items listed below.

### **Statutory Financial Reporting**

The North Wales Residual Waste Partnership recognises the importance of statutory financial reporting and the requirement to produce accurate and timely financial statements. Flintshire County Council's Head of Finance as lead council will prepare the Partnership's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain in accordance with statutory deadlines.

### **Internal Audit**

The North Wales Residual Waste Partnership recognises the need for an assurance function, internal audit, which provides an independent and objective opinion to the Partnership on the control environment, by evaluating its effectiveness in achieving the Partnership's objectives. Arrangements have been made for Flintshire County Council's Internal Audit department, as lead council, to undertake a broad review of the Partnership in the 2012/13 audit plan with a view to planning more detailed reviews in specific areas as necessary from 2013/14 onwards.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....Chair of the North Wales Residual Waste Partnership  
Joint Committee

Signed.....Lead Project Officer