

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:**           **CABINET**

**DATE:**                 **TUESDAY, 15 OCTOBER 2013**

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

**SUBJECT:**           **WALES     AUDIT     OFFICE     IMPROVEMENT**  
**ASSESSMENT LETTER AND THE COUNCIL'S**  
**RESPONSE AND REGULATORY PLAN**

**1.00   PURPOSE OF REPORT**

- 1.01   To report for acceptance the proposed Regulatory Programme for Performance Audit for the Wales Audit Office (WAO) for the period April 2013 to March 2014.
- 1.02   To advise Members of the Council's Improvement Assessment Letter September 2013 from the Auditor General for Wales.
- 1.03   Members to note the letter and agree the Council's Cabinet response.

**2.00   BACKGROUND**

**Regulatory Programme for Performance Audit**

- 2.01   The Auditor General is responsible for preparing a programme of work under the Local Government (Wales) Measure 2009 (the Measure), the remaining functions of the Local Government Act 1999 and the Public Audit (Wales) Act 2004. The programme sets out the work to be delivered by and on behalf of the Auditor General for Wales and by his appointed auditors. It also covers the work of the Care and Social Services Inspectorate for Wales (CSSIW) and Estyn.
  - 2.02   The purposes of regulation are to provide assurance to the organisation, the public and government; to support the development of internal governance and assurance frameworks (e.g. risk management); to aid and support performance improvement (of governance and of public services). In addition the Local Government Act 1999 places requirement on those inspectorates named specifically in the legislation (CSSIW and Estyn) alongside the WAO and its appointed auditor to work together to co-ordinate their activity within each authority.
- Improvement Assessment Letter**
- 2.03   The Auditor General is required by the Measure to report any audit and assessment work which informs judgement as to whether the Council has discharged its duties and met the requirements of the

Measure.

- 2.04 This is the first letter that the Council has received for 2013/14. It summarises the Auditor General's view on the Council's compliance with the requirements to make arrangements to secure continuous improvement.

### **3.00 CONSIDERATIONS**

#### **Regulatory Programme for Performance Audit**

- 3.01 The Regulatory Plan is three separate documents. Two of them, the Financial Audit Outline for Flintshire County Council and the Financial Audit Outline for Clwyd Pension Fund were presented to the Audit Committee in March 2013. The Financial Audit Outlines are delivered under the Public Audit (Wales) Act 2004. The Regulatory Programme for Performance Audit for 2013/14 is attached at Appendix 1.
- 3.02 The range of performance audit work that the Auditor General and relevant regulators will carry out is detailed in a Work Plan. This reflects the Council's improvement planning arrangements and is aligned to its improvement objectives. It provides more detailed information on the nature and scope of improvement assessment activities. This will be reviewed at least every quarter and will be the subject of liaison between WAO, the relevant regulators and council officers. This is to ensure that each piece of regulatory work is clearly scoped (the type, purpose and value), provides timely and quality reports which balance minimising the fees and burden of regulation and appropriate regulation in the public interest.
- 3.03 In ongoing discussions with the regulators the council has stressed the need for value for money in regulation.
- 3.04 The Performance Audit in the main comprises the Improvement Assessment, which is separated into four parts:
- The Councils arrangements for continuous improvement.
  - Improvement studies on the effectiveness of scrutiny; the preparation of the Annual Governance Statement; and key themes that have emerged from audits of authorities' improvement objectives and self assessment of performance.
  - Local work on the Council's self assessment of its arrangements and performance; and on collaboration with partners.
  - Audits of the Improvement Plan and Assessment of Performance (the latter must be published by the Council by the end October).
- 3.05 In addition the Auditor General has a duty to undertake national

studies across local authorities. In 2013/14 there will be two studies relating to:

- Welfare Reform
- Delivering with Less – The impact on services and citizens

The 2011/12 study 'Responding to the Financial Challenge' is due to be published in October 2013 and the 2012/13 study relating to young people not in employment, education or training is due to be published early 2014.

3.06 Following the audit of the Improvement Plan, the Auditor General has written to the Council to formally report the findings of the audit (see paragraphs 3.10 to 3.13). In addition, an Annual Improvement Report will set out the finding of the audit of the Council's assessment of performance, a summary of any corporate or performance assessment work carried out by the WAO and a summary of work carried out by the relevant regulators.

3.07 Final reports, their findings, recommendations and subsequent actions are to be brought to Cabinet from Directors within three months. The role of both the Corporate Management Team and Cabinet is one of accountability; being accountable for the activity, its findings and the improvement actions presented.

3.08 The regular reviews with WAO in developing their Work Plan and Timetable will take our own audit activity into account to reduce duplication, maximise resources and ensure appropriate accountability for regulation.

3.09 Other roles within the Council in relation to the Regulatory Plan activities include that of check and challenge by Overview and Scrutiny Committees and assurance by the Council's Audit Committee. The terms of reference and adopted protocols of these bodies reflect the tripartite roles of Corporate Management Team/Cabinet, Overview and Scrutiny and Audit Committee in relation to regulation.

#### **Improvement Assessment Letter**

3.10 The letter summarises the Auditor General's views on:

- Whether the Council has discharged its statutory duties in respect of improving planning;
- Whether the Council has discharged its statutory duties in respect of improvement reporting;
- Views, and the views of relevant regulators, on the reliability of the Council's self-evaluation; and
- Further proposals for improvement.

The full letter is attached at Appendix 2.

- 3.11 The Auditor General has made no new proposals for improvement in this letter. Previous proposals for improvement are still in place which the Auditor General believes reflects the areas for improvement the Council needs to address.
- 3.12 As good practice, the Council always makes a full response. The response is attached at Appendix 3.
- 3.13 Both the letter and the Council's response will be reported to the Audit Committee and Corporate Resources Overview and Scrutiny Committee meetings in October 2013.

#### **4.00 RECOMMENDATIONS**

##### **Regulatory Programme for Performance Audit**

- 4.01 Members are requested to receive for acceptance the proposed Regulatory Programme for Performance Audit of the WAO for the period April 2013 to March 2014.

##### **Improvement Assessment Letter**

- 4.02 To advise Members of the Council's Improvement Assessment Letter received from the Auditor General for Wales.
- 4.03 Members to note the report and agree the Council's Executive response.

#### **5.00 FINANCIAL IMPLICATIONS**

- 5.01 The proposed fee for this year's regulatory performance work is £354,213

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

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

#### **7.00 ENVIRONMENTAL IMPACT**

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

#### **8.00 EQUALITIES IMPACT**

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

#### **9.00 PERSONNEL IMPLICATIONS**

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

## **10.00 CONSULTATION REQUIRED**

- 10.01 Consultation with relevant Members, Audit and Overview and Scrutiny Committees will be undertaken as a result of the implementation of the regulatory programme.

## **11.00 CONSULTATION UNDERTAKEN**

### **Regulatory Programme for Performance Audit**

- 11.01 Ongoing consultation on the status of the programme and its implications is undertaken with the regulators on a quarterly basis.

### **Improvement Assessment Letter**

- 11.02 Senior officers have had input into this report and the response to the Improvement Assessment Letter attached at Appendix 3.

## **12.00 APPENDICES**

- 12.01 Appendix 1: Regulatory Programme for Performance Audit for 2013/14
- 12.02 Appendix 2: The Auditor General's Improvement Assessment Letter (September 2013)
- 12.03 Appendix 3: The Council's response to the Auditor General's Improvement Assessment Letter (September 2013)

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

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