

## INTERNAL AUDIT RECOMMENDATIONS MADE (FROM ORIGINAL AUDIT REPORTS)

## APPENDIX 2

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
<b>Medium Term Financial Strategy – FD0040P1</b>  <b>Issued April 2011</b>  <b>See Para 3.07 to 3.09</b>	4	<p>The Authority's MTFS should be a single integrated strategy that can clearly demonstrate how resources will be used to achieve priorities using differing assumptions on challenge. This needs to include details of joint plans and how theses will be achieved over the medium-term with resources available.</p> <p>Work on completing some of the policies, namely Fees and Charges and Debt Recovery should be a priority moving forward.</p>	Significant	Y	<p>The MTFS is scheduled to be published in May 2011.</p> <p>However, progress with joint plans and policy development will be driven by the North Wales Collaboration Programme Boards and the Flintshire Futures workplan – this will be more medium to longer term.</p>	<p>May 2011</p> <p>December 2011</p>	<p>Head of Finance</p> <p>Head of Finance</p>
<p>Medium Term Financial Strategy – FD0040P1</p> <p>Issued April 2011</p>	10	The MTFS should incorporate capital programme planning with sensitivity reviews based on key variables.	Significant	Y	Officers have committed to providing Members with a Prudential Borrowing Strategy post April 2011.	Summer 2011	Head of Finance in conjunction with Director of Environment

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<b>Medium Term Financial Strategy – FD0040R1</b>  <b>Issued Dec 2011</b>  <b>See Para 3.07 to 3.09</b>	9	<p>The MTFS would be enhanced by the inclusion of a full risk assessment to include key issues such as:</p> <ul style="list-style-type: none"> <li>- future available resources less than planned</li> <li>- pay awards and price inflation higher than assumed</li> <li>- future spending plans underestimated</li> <li>- anticipated efficiencies not achieved</li> <li>- revenue implications of capital programmes not fully anticipated.</li> </ul> <p>The MTFP would benefit from the modelling of different scenarios using risk management and sensitivity analysis in order to clarify potential areas of funding/shortfall using different assumptions.</p>	Fundamental	Y	<p>As part of the ongoing budget strategy our approach has been to undertake trend and sensitivity analysis, and also to utilise national, regional and local intelligence.</p> <p>The inclusion of pressures in the MTFP has been done on risk management basis.</p> <p>More formal inclusion of the above in the MTFS document can be considered as part of the agreed annual review.</p>	July 2012	Corporate Finance Manager
Medium Term Financial Strategy – FD0040R1	3	<p>We recommend that the Authority's key priorities be re-stated in the MTFS to ensure a clear and integrated strategy that can demonstrate in financial terms how the Authority's key objectives can be delivered over the medium term.</p>	Significant	Y	<p>Key priorities were not agreed in time for inclusion into the current MTFS as agreed by Council. The MTFS will be published annually and the approved list of Council Priorities can then be included.</p>	July 2012	Corporate Finance Manager

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
Medium Term Financial Strategy – FD0040R1  Issued Dec 2011	11	Single Status and Supporting People are significant pressures that will have a significant impact on the MTFP. These need to be modelled with different scenarios to ensure that the Authority has adequately assessed the potential financial impacts.	Significant	Y	Financial Modelling has already been done regarding a potential reduction in Supporting People Funding.  Work has begun on single status financial modelling and this will be completed when the implementation date is finalised.	July 2012	Corporate Finance Manager
Medium Term Financial Strategy – FD0040R1	14	A fees and charges policy needs to be formulated as soon as possible in order to facilitate the projections in the MTFP. The policy will need to be able to demonstrate how fees are to be optimised.	Significant	Y	Deloitte's have been commissioned and have started work on the Fees and Charges Flintshire Futures Project.  This project includes the production of a draft fees and charges policy.	March 2012	Corporate Finance Manager

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
<b>Capital Programme - FD0090P1</b>  <b>Issued Jan 2012</b>  <b>See Para 3.10 to 3.12</b>	1	<p>The Council should develop and formally document its capital strategy which considers all aspects of capital expenditure within the Authority and which is an overarching and comprehensive planning document for capital investment.</p> <p>There should be explicit links between the Authority's asset management plans and medium term financial plans and capital strategies which can be demonstrated in practice.</p> <p>Capital risk management arrangements should be established.</p> <p>There needs to be a clear member approval and scrutiny mechanism for the Authority's Asset Management Plans.</p>	Significant	Y	<p>The development of a Capital Strategy and 10 year Capital Programme is in progress as part of the 2012/13 budget planning.</p> <p>An initial Member Workshop was held on 1<sup>st</sup> December 2011 and will be followed by further discussion in the early new year (2012).</p>	31.10.12	Head of Finance and Director of Environment
Capital Programme - FD0090P1	2	Financial Procedure rules relating to capital should be updated and strengthened to include specific guidance on capital including the Prudential Code.	Significant	Y	Will follow the development of the Capital Strategy	30.12.12	Head of Finance
Capital Programme - FD0090P1	4	The priorities for capital investment over the medium term should be identified and the options for funding should be modelled.	Significant	Y	A draft schedule of priorities and funding options is being developed for Member consideration. (See 1 above)	31.10.12	Head of Finance and Director of Environment

Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
Capital Programme - FD0090P1	5a	The Authority's policy on prudential borrowing should be strengthened and integrated with capital strategy; the policy should be considered and approved by members.	Significant	Y	A protocol on Prudential Borrowing has been drafted. This will form the basis of a policy to support the Capital Strategy.	31.10.12	Head of Finance
	5b	Training should be provided to Senior Officers and Members on prudential borrowing to ensure that a consistent understanding exists of the benefits and potential risks.	Significant		Training is being provided on an ongoing basis as the Capital Strategy is developed. The first training opportunity was at the Workshop on 1 <sup>st</sup> December 2011.	01.12.11	
Capital Programme - FD0090P1	6	<p>The prudential indicators should be used as a key tool in deciding investment policy.</p> <p>The prudential indicators should meet the requirements of the Prudential Code.</p> <p>The Audit Committee should be the lead committee on the prudential indicators and appropriate training should be provided to members to enable them to discharge this duty.</p> <p>Members and officers should undertake training on prudential indicators to ensure that their purpose is fully understood.</p>	Significant	Y	<p>The use of Prudential Indicators as part of the investment policy and the need for training is accepted. Currently, responsibility is with the Executive who recommend to Council. The role of the Audit Committee is under review as part of the L.G. measure.</p> <p>The latest Accounting Code of Practice states '<i>The body that sets the budget for the local authority will usually be the full council of that local authority. Whether or not this is the case, the setting and revising of the prudential indicators should follow the same route as the setting and revising of the budget of the local authority.</i>'</p> <p>The 2012/13 Prudential Indicators will be set according to existing arrangements. A review will be undertaken in order to establish arrangements for the new Council.</p>	30.04.12	Head of Finance

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Capital Programme - FD0090P1	7	Responsibilities for capital programme management should be clearly designated. The remit and terms of reference of the CAMG should be reviewed and strengthened. Clear reporting requirements should be established to CMT/Executive and the membership should be reviewed. The group should operate formally with a forward work plan and be appropriately minuted.	Significant	Y	The development of the Capital Strategy and a 10 year programme along with improved programme management and reporting require a review of CAMG to ensure it can support the changed approach.	30.07.12	Head of Finance and Director of Environment
Capital Programme - FD0090P1	8	Service Heads should be required to produce four year minimum capital plans. These should set out capital requirement, availability of grant funding, and outline the aims and objectives of projects.	Significant	Y	This will build on and provide more rigour to the current annual service planning process.	31.07.12	Head of Finance

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Capital Programme - FD0090P1	9	<p>An improved set of corporate processes for the evaluation and implementation of capital projects should be developed and encapsulated in a Capital Manual which is made available to all officers involved in the planning and delivery of capital projects.</p> <p>The Authority needs to adopt a more rigorous approach to project management. Investment decisions should be based on a business case supported by a formal approach to option appraisal.</p> <p>Staff training should be provided on options appraisal to officers who are responsible for submitting capital bids.</p> <p>Formal reviews of a sample of completed schemes should be undertaken and reported to the Corporate Asset Management Group.</p>	Significant	Y	<p>The work has already begun by the Director of Environment (with Finance support) visiting Directorates to review processes for programme and project management.</p> <p>The need for a training programme for staff related to various aspects of capital is recognised.</p> <p>This work needs to be built on, documented and training provided to link in with the new 10 year programme.</p>	31.10.12	Head of Finance and Director of Environment
Capital Programme - FD0090P1	10	<p>Senior Officers should consider whether the bidding process provides an effective mechanism for capital prioritisation.</p> <p>There should be much more rigorous entry requirements to the capital programme.</p>	Significant	Y	<p>The development of the Capital Strategy has started a move away from bidding to capital being linked to Council priorities. This will be developed further in conjunction with 9 above.</p>	31.10.12	Head of Finance and Director of Environment





Reference	Para	Recommendation	Categorisation	Accepted Y/N	Management comment	Implementation date	Manager responsible
<b>Main Accounting – FD0080P1</b>  <b>Issued Dec 2011</b>  <b>See para 3.13 to 3.15</b>	22	Historic data should be in place to justify and support each of the recovery rates used within the new bad debt provision providing a sound rationale for the change in the basis of calculation.	Significant	Y	This will be considered as part of the corporate debt review assisted by Deloitte as per 20 above.	31 <sup>st</sup> March 12	Revenues and Benefits Manager
Main Accounting – FD0080P1	24	<p>For each earmarked (specific) reserve held by the Authority there should be a clear protocol setting out:</p> <p>The reason for / purpose of the reserve;  How and when the reserve can be used;  Procedures for the reserve's management and control; and  A process and timescale for review of the reserve to ensure continuing relevance and adequacy.</p> <p>Detailed procedures and guidance for the creation, management and control of earmarked reserves should be included in the Financial Procedure Rules. In addition the Financial Procedure Rules should include references to the controls around the year end carry forward and subsequent spend of earmarked service balances.</p>	Significant	Y	<p>A summary of all Earmarked Reserves is provided in the annual Budget Reports to Executive, in which the Head of Finance has to confirm that the level held is appropriate.</p> <p>Reference within the Finance Procedure rules will be looked at as part of the annual review.</p>	31 <sup>st</sup> March 12	Corporate Finance Manager





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Housing Benefits – FD6150R1  Issued Aug 2012  See Para 3.22 to 3.24	4.2	Comprehensive written procedures need to be produced to ensure that Officers involved in the accounting process for Housing Benefit are fully informed and aware of the duties required. A formal handover of duties should be performed for accounting staff now involved in Housing Benefits to address the problems and ensure staff are fully trained and informed on their individual tasks and the rationale behind them.	Significant	Y	A procedure document will be finalised and ready for training up the newly appointed staff as part of implementation of FFR. Current timescale is November for implementation of FFR. In the interim there will be a handover of procedures by Howard Cox to the members of staff currently involved in the Housing Benefit reconciliations.	Timescale linked to FFR. Should be complete by December 2012.  August 2012.	Steve Gadd / Sian Peters  Steve Gadd
Housing Benefits – FD6150R1	4.3	It is recommended that the process for producing the Year-End Notifications is 'leaner' cutting back the number of processes involved to reduce costs and eliminate added risks. A Flat file could be created with 'walk-sort' and sequence numbers and sent to Breeze with the template, printed off by Breeze and posted, hence streamlining the whole process.	Significant	Y	This is fully recognised and a project has been set up to re-visit year end procedures and protocols. The current system is recognised to be unwieldy inefficient and lends itself to errors being made as it is so complex	31 <sup>st</sup> March 2013	Sian Peters/David Barnes /Sally Grieve
Housing Benefits – FD6150R1	9.1	The Housing Benefit Department would benefit from added resource to concentrate efforts on reducing the amount of sundry debt and ensure adequate time is being spent on ensuring all monies due to the Authority are being recovered.	Significant	Y	Business case will be put forward to Senior Management	1 <sup>st</sup> September 2012	Sian Peters