



2018/19

Contents

Section	Title	Page No
1.	Foreword by Cllr Chris Dolphin, Chair of the Audit Committee	1
2.	Introduction	2
3.	Work of the Audit Committee and its Effectiveness	3
4.	Internal Audit Opinion - 2018/19	8
5.	Audit Committee Membership & Attendance	9
6.	Audit Committee Self-Assessment and Training and Development	10
7.	Future Priorities	11
Appendix A	Audit Committee Terms of Reference	12
Appendix B	Actions Raised by the Audit Committee for 2018/19	19
Appendix C	Forward Work Programme for 2019/20	23
Appendix D	Audit Committee Self-Assessment and Action Plan	25

Date	Approved By	Version
11/09/2019	Audit Committee	Draft
	Flintshire County Council	Final

1 Foreword by Councillor Chris Dolphin, Chair of the Audit Committee

I am pleased to present the Annual Report of the Audit Committee which outlines the Committees' work and activities for the year ending 31st March 2019. As I have only been appointed to this role since June 2019, I would like to express my thanks to the previous Chair, Councillor Helen Brown.

The Audit Committee is a key part in the Council's governance framework to provide an independent oversight on the effectiveness of the Council's governance, risk, financial management, and internal control arrangements.

Throughout the year, the Committee has continued to receive valued professional reports, support and advice from Accountancy, Treasury Management, Risk Management, Corporate Business and Communications, Internal Audit and External Audit (Wales Audit Office). Additionally, we have invited Chief Officers and Service Managers to attend Audit Committee to respond to concerns raised by members or through various reports, such as those presented by Internal and External Audit.

At each meeting we have reviewed our Forward Work Programme ensuring the work mirrors the level of risks and priorities of the Council. Any actions raised during previous Committee meetings are reviewed for completeness.

In September 2018, the Committee held a workshop to undertake a self-assessment of its effectiveness and through this workshop developed an action plan which is monitored. This workshop highlighted the need for awareness training on major topics. Since the workshop, half hour training sessions are provided on the key subjects at the meeting prior to when the paper is due to be received. This has proved effective and this practice will continue in the future.

I would like to thank members and officers who have supported the work of this Committee by presenting, discussing, challenging, and debating solutions to the governance, risk, financial, and control environment of the Council. The Committee has been well attended throughout the year and where apologies have been given a trained substitute member has attended on the members' behalf.

Finally, I would like to confirm that there are no areas of concern for the Committee to note or report back on which is reassuring for the Council.



Cllr Chris Dolphin
Chair of Audit Committee

2 Introduction

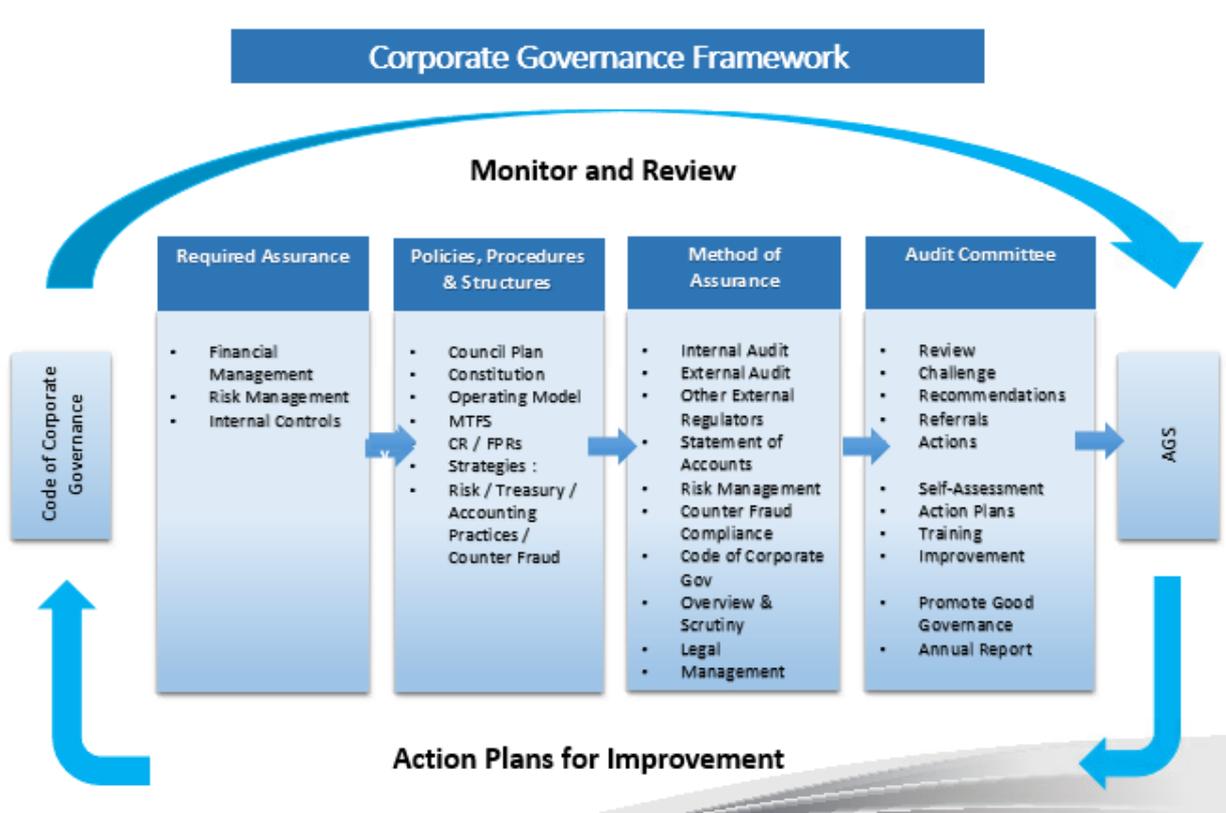
- 2.1 The Audit Committee is a key part in the Council's Governance Framework. It provides independent governance assurance over the adequacy of the Council's governance and risk management frameworks, the internal control environment, and the integrity of the financial reporting. By overseeing internal and external audit and other regulators, the Committee makes an important contribution by ensuring effective assurance arrangements are in place.
- 2.2 How the Audit Committee fulfils this role is detailed within the Committee Terms of Reference (December 2018). It states that the Audit Committee's role and functions will be to:
- A** Review the effectiveness of the Authority's systems of corporate governance, internal control and risk management, and to make reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements;
 - B** Oversee the reporting of the statutory financial statements to ensure the balance, transparency and integrity of published financial information, as well as the review of the financial statements prepared by the authority and recommendation to County Council; and

Review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the Committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.
 - C** Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context.
 - D** Report to the Council annually, summarising the Committee's activities and recommendations.
- 2.3 The full Terms of Reference for Audit Committee is detailed at Appendix A.
- 2.4 In supporting the Audit Committee deliver its terms of reference, there is a strong contribution from the independent member, the external advisors and regulators and the Internal Audit Team.

3 Work of the Audit Committee and its Effectiveness

- 3.1 The Committee has worked within its Terms of Reference, which includes the requirement to monitor and review governance, risk management, financial management and internal controls within the Council to ensure there is an appropriate and effective framework in place. This process is demonstrated in Graphic 1 below.
- 3.2 The Audit Committee provides the Council with an independent opinion of the effectiveness of the Governance arrangements within the Council including those of the internal and external audit function.

Graphic 1 – Corporate Governance Framework



- 3.3 As referred to 2.2, the Audit Committee’s Terms of Reference is split into four main areas referenced A-D. Within tables 1-4 below the Audit Committee demonstrates how it has met and fulfilled its Terms of Reference by receiving, reviewing, challenging and approving the following reports.

Table 1 – Terms of Reference A

TOR A : To review the effectiveness of the Authority's systems of corporate governance, internal control and risk management		
Committee Date	Report Received	Committees Resolution
06/06/2018	Annual Governance Statement (AGS) – 2017/18	The AGS to be attached to the Statement of Accounts.
06/06/2018	Internal Audit Annual Report	The report and Internal Audit Annual opinion be noted.
06/06/2018	Internal Audit Progress Report	Report be accepted and in relation to work on Disabled Facilities Grant, appreciates the work of the professional oversight board.
06/06/2018	Planning Enforcement Follow Up	The progress made in implementing the actions from the original report be noted.
12/09/2018	Annual Review of Strategic Risks	Note the status of the 2017/18 end of year summary; and Endorsing the successful management of risks, where these are in control of the Council.
21/11/2018	Annual Improvement Report (AIR) of the Auditor general for Wales	Assured by the Auditor General for Wales' Annual Improvement Report for 2017/18.
21/11/2018	Asset Disposal and Capital Receipts Generated 2017/18	Report is noted.
21/11/2018	Use of Consultants	Committee is assured that expenditure on consultants is being controlled and the Council is achieving value for money.
21/11/2018	Clwyd Pension Fund Governance	Report is noted and feedback provided to the Clwyd Pension Fund Committee.
21/11/2018	Internal Audit Progress Report	Report is noted; and Members are assured that the remedial actions identified on GDPR have and will, if implemented, address the controls weakness identified.
15/02/2019	Risk Management Update	The status of the initial overview of strategic risks of 2018/19 priorities of the Council be noted.
15/02/2019	Annual Review of the Code of Corporate Governance	Updated Code of Corporate Governance be endorsed as part of the Council's Constitution.
15/02/2019	Internal Audit Progress Report	The reported be accepted.
15/02/2019	Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan	<ul style="list-style-type: none"> • Subject to amendments, the updated Corporate Anti-Fraud & Corruption Strategy be agreed; and • The updated Fraud and Irregularity Response Plan be agreed.
15/02/2019	Whistleblowing Policy	The updated Whistleblowing Policy be approved.
27/03/2019	External Regulation Assurance	The Committee notes how reports by external auditors, other regulators and inspectors have been dealt with during 2017/18.
27/03/2019	Internal Audit Progress Report	The report be accepted.

Table 2 – Terms of Reference B

TOR B : To Oversee the reporting of the statutory financial statement's process and review and scrutinise the County Council's financial affairs		
Committee Date	Report Received	Committees Resolution
06/06/2018	Clwyd Pension Fund Statement of Accounts	That the CPF Final Statement of Accounts is considered by the Audit Committee and approved by the CPF Committee.
11/07/2018	Draft Statement of Accounts 2017/18	<ul style="list-style-type: none"> • The Draft Statement of Accounts be noted; and • Members note the ability to discuss any aspect of the Accounts with officers.
11/07/2018	Supplementary Financial Information to Draft Statement of Accounts 2017/18	Report is noted.
11/07/2018	Draft Clwyd Pension Fund Statement of Accounts 2017/18	Report is noted.
11/07/2018	Treasury Management Annual Report 2017/18	Draft Treasury Management report is noted with no matters to be drawn to the attention of Cabinet on 17 July 2018.
11/07/2018	Treasury Management Quarter 1 Update 2018/19	Report is noted.
12/09/2018	Statement of Accounts 2017/18, including WAO ISA presentation	<ul style="list-style-type: none"> • Final version of the Statement of Accounts 2017/18 be recommended for approval by County Council; and • The WAO ISA presentation be noted.
12/09/2018	School Reserves Balances Year End 31 March 2018	Report is noted.
21/11/2018	Asset Disposal and Capital Receipts Generated 2017/18	Report is noted.
21/11/2018	Treasury Management Mid-Year Review and Quarter 2 Update 2018/19	The Draft Treasury Management Mid-Year Report 2018/19 be recommended to Cabinet on 18 December 2018.
21/11/2018	Use of Consultants	Committee is assured that expenditure on consultants is being controlled and the Council is achieving value for money.
15/02/2019	Treasury Management Strategy 19/20, Treasury Management Policy Statement, Practices and Schedules 2019/20-2021/22 and Treasury Management Quarter 3 Update 2018/19	<ul style="list-style-type: none"> • After reviewing all three documents the Committee has now specific issues to be reported to Cabinet on 19 February 2019; and • The Treasury Management Quarterly update report be noted.
15/02/2019	Wales Audit Office (WAO) – Annual Audit Letter 2017/18	The Wales Audit Officer Annual Audit Letter 2017/18 be noted.
27/03/2019	Treasury Management Quarterly Update 2018/19	The Treasury Management Quarterly update report be noted.
27/03/2019	Certification of Grants and Returns 2017/18	The content of the Grant Claim Certification report 2017/18 be noted.

Table 3 – Terms of Reference C

TOR C : To monitor the performance and effectiveness of the internal and external audit functions		
Committee Date	Report Received	Committees Resolution
06/06/2018	Internal Audit Annual Report	The report and Internal Audit Annual opinion be noted.
06/06/2018	Internal Audit Progress Report	Report be accepted and in relation to work on Disabled Facilities Grant, appreciates the work of the professional oversight board.
12/09/2018	Statement of Accounts 2017/18, including WAO ISA presentation	<ul style="list-style-type: none"> Final version of the Statement of Accounts 2017/18 be recommended for approval by County Council; and The WAO ISA presentation be noted.
21/11/2018	Annual Improvement Report (AIR) of the Auditor general for Wales	Assured by the Auditor General for Wales' Annual Improvement Report for 2017/18.
21/11/2018	Internal Audit Progress Report	<ul style="list-style-type: none"> Report is noted; and Members are assured that the remedial actions identified on GDPR have and will, if implemented, address the controls weakness identified.
15/02/2019	Wales Audit Office (WAO) – Annual Audit Letter 2017/18	The Wales Audit Officer Annual Audit Letter 2017/18 be noted.
15/02/2019	Internal Audit Progress Report	The reported be accepted.
27/03/2019	Wales Audit Office (WAO) Audit Plan 2019/20	The Wales Audit Office report be noted.
27/03/2019	Certification of Grants and Returns 2017/18	The content of the Grant Claim Certification report 2017/18 be noted.
27/03/2019	External Regulation Assurance	The Committee notes how reports by external auditors, other regulators and inspectors have been dealt with during 2017/18.
27/03/2019	Internal Audit Strategic Audit Plan 2019-2022	The Flintshire Internal Audit Strategic Plan 2019-2022 be approved.
27/03/2019	Public Sector Internal Audit Standard Compliance 2018/19	The report be noted.
27/03/2019	Internal Audit Progress Report	The report be accepted.

Table 4 – Terms of Reference D

TOR D : To report to the Council annually, summarising the Committee's activities and Recommendations (<i>demonstrating the Committees' effectiveness</i>)		
Date of Committee	Report Received	Committees Resolution
Part D of the Terms of Reference is new to 2018/19. The first Audit Committee Annual Report will be presented to Committee for consideration in September ahead of Council in October 2019.		
21/11/2018	Audit Committee Self- Assessment	Notes the results and progress on actions
21/11/2018	Audit Committee Terms of Reference and Charter	<ul style="list-style-type: none"> • That changes to the Terms of Reference be approved; and • The Audit Committee Charter be approved.
27/03/2019	Composition of Audit Committee	The Committee wishes to recommend to Council, via the Council's Annual Meeting, that the number of councillors on the Audit Committee be retained and the membership rotated to allow all political groups to participate. Also that an additional lay member be recruited.

- 3.4 Any actions raised by Audit Committee after reviewing and considering these reports are detailed at Appendix B.
- 3.5 The Committee's Forward Work programme for 2019/20 is detailed at Appendix C.

4 Internal Audit Opinion

- 4.1 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 assurance opinion is based on the matters which were identified during the work of Internal Audit and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.
- 4.2 The Audit Committee has been given assurance that there has been no limitations made on the scope of Internal Audit coverage during the year.
- 4.3 In June 2018, the Internal Audit Manager presented the Annual Internal Audit Report for the year 2018/19 to Audit Committee which includes the following assurance opinion.

For the year ending 31 March 2019, 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 internal control.

- 4.4 Two audits were given a 'Red / Limited' assurance level during the year (2017/18, three audits, 2016/17 four audits & 2015/16 six audits), where an urgent system revision was required. These audits were spread across 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.
- 4.5 To ensure the risks associated with these reviews are monitored, they have been identified for inclusion within the forward work programme of the relevant Overview and Scrutiny Committee as part of the work of the Chair and Vice Chairs Joint Committee role.
- 4.6 Overall 75% of assurance opinions issued were either Green or Amber Green providing the Committee with assurance in the main there are effective arrangements in place for governance, risk management, financial management and internal Control.
- 4.7 In order for the Internal Audit team to be in position to undertake such work and deliver this audit opinion, it has an unfettered high profile role within the Council, who has developed and holds an excellent trusted working relationship with portfolios. The breadth of the work has grown in recent years seeing a significant increase in requests for advisory, consultancy and commissioned work.

5 Audit Committee Membership and Attendance

- 5.1 The Council has determined that the membership of its Audit Committee will consist of seven elected Members and one Independent Lay Member (as required by the Local Governance (Wales) Measure 2011). The Independent Lay member is appointed for a period of four years and Council Members are reappointed annually.
- 5.2 The Committee is serviced by Council Officers, principally the Chief Executive, the Chief Officer, Governance (Council's Monitoring Officer), the Corporate Finance Manager (Section 151 Officer) and the Internal Audit Manager. Representatives from Corporate Finance, Corporate Business and Communications, and Wales Audit Office also attend Audit Committee.
- 5.3 The Audit Committee met on six separate occasions during 2018/19. For each meeting, the Committee were quorate and there were sufficient Elected Members to generate an informed discussion on the matters raised. The increase in attendance rate demonstrates the commitment to the Audit Committee is increasing.

Table 5 – Audit Committee Meeting 2018/19

Present	06/06/18	11/07/18	12/09/18	21/11/18	15/02/19	27/03/19	Total Meetings Attended
Cllr H Brown (Chair)	Yes	Yes	Yes	Yes	Yes	Yes	6
S Ellis (Independent Member & Vice-Chair)	Yes	Yes	Apology	Yes	Yes	Yes	5
Cllr G Collett	Yes	Yes	Yes	Yes	Yes	Yes	6
Cllr C Dolphin	Yes	Yes	Yes	Yes	Yes	Yes	6
Cllr A Dunbobbin	Yes	Yes	Apology	Yes	Yes	Yes	5
Cllr A Holgate	Yes	Yes	Yes	Yes	Apology	No	4
Cllr P Johnson	Yes	Yes	Yes	Yes	Yes	Yes	6
Cllr A Woolley	Yes	Yes	Yes	Apology	Yes	Yes	5
Cllr J Axworthy	-	-	-	-	-	Yes	1
Cllr M Peers (Substitute)	-	-	-	Yes	Yes	-	2
Total for Committee	8	8	6	8	8	8	46
Other Members Present as Observers	4	2	5	2	1	2	
Attendance Ratio for 2018/19				95.8%			
Attendance Ratio for 2017/18				87.5%			

- 5.4 All members of the Committee, including any substitutes have received the required Audit Committee training prior to attending their first Audit Committee meeting. All meetings were held in open sessions and papers available on the Council's website. Officers from the Council's External Auditors, Wales Audit Office (WAO) were present at each of the meetings.

6 Self-Assessment, Training & Development

Audit Committee Self-Assessment

- 6.1 In September 2018, the Audit Committee held a self-assessment workshop where the performance and effectiveness of the Committee was reviewed against the best practice set out by CIPFA.
- 6.2 The workshop was interactive with a positive discussion taking place regarding the delivery of the Committee's core role and function. Following the self-assessment an action plan (Appendix D) was developed and will be used to monitor performance.
- 6.3 During the workshop the Committee's Terms of Reference and Audit Committee Charter were reviewed and brought up to date to mirror the best practice set out by CIPFA. The revised Terms of Reference and Charter were approved by Audit Committee, Constitution and Democratic Services Committee in November 2018 and Council in December 2018.

Audit Committee Training and Development

- 6.4 During the year members of the Audit Committee attended and received a number of formal training courses and awareness sessions. Table 6 provides details of this.

Table 6 – Audit Committee Training & Development

Topic	Date	Type of Training	Coverage
Audit Committee Member Training	16/05/2018	Governance; Risk; Financial; Control; Fraud Awareness; & External Audit	Training provided to new members and future substituting members of the Audit Committee.
Audit Committee Facilitation Workshop	26/09/2018	Governance; Risk Financial; Control; & Fraud Awareness	Half day session reviewing the effectiveness of the Audit Committee, refresher training on the role and responsibilities of the Audit Committee as well as the identification of training needs.
Code of Corporate Governance	21/11/2018	Governance	Presentation and explanation of the Code of Corporate Governance and how this feeds into the Governance framework.
Treasury Management	29/01/2019	Financial	Half day external training session provided on the Council's approach to Treasury Management.
Audit Committee Member Training	04/03/2019	Governance; Risk; Financial; Control; Fraud Awareness; & External Audit	Training provided to a new substituting member of the Audit Committee.
Annual Governance Statement	27/03/2019	Governance	Presentation and explanation of the Annual Governance Statement .
Statement of Accounts	05/06/2019	Accounts	Presentation and explanation of the Statement of Accounts .

7 Future Priorities

- 7.1 The Committee's Forward Work Programme (Appendix C) will continue to be reviewed to ensure the contribution to governance, risk management, financial management and internal control is maximised.

Audit Committee's Terms of Reference

Appendix A

7.00 Article 7 - Statement of Purpose:

The terms of reference sets out the Audit Committee's position in the governance structure of the Council.

The Audit Committee is a key component of Flintshire County Council's (the Council's) corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

7.01 Role:

The Audit Committee's role and functions will be to:

- A.** Review the effectiveness of the Authority's systems of corporate governance, internal control and risk management, and to make reports and recommendations to the County Council on the adequacy and effectiveness of these arrangements.
- B.** Oversee the reporting of the statutory financial statement's process to ensure the balance, transparency and integrity of published financial information, and to review the financial statements prepared by the authority and recommend them to County Council; and

Review and scrutinise the County Council's financial affairs, and to make reports and recommendations on them. The role of the Committee is to assure the budgetary control systems of the Council rather than the scrutiny of the use and value for money of expenditure which is the role of the respective Overview and Scrutiny Committees.

- C.** Monitor the performance and effectiveness of the internal and external audit functions within the wider regulatory context.
- D.** Report to the Council annually, summarising the Committee's activities and recommendations.

A. Corporate Governance, Risk Management and Internal Control

1. Evaluate whether Senior Accountable Officers and service teams are setting the appropriate "control culture" by communicating the importance of internal control and risk management.
2. Consider and assure the annual update of the Code of Corporate Governance against the 'Delivering Good Governance Framework (Wales)'.
3. Consider and assure the draft Annual Governance Statement and make appropriate recommendations/observations prior to its submission to the Council's Regulators.

4. Evaluate the overall effective development and operation of the internal control and risk management frameworks and consider whether actions raised by the internal and external auditors have been implemented by Senior Accountable Officers.
5. Review and assure the Risk Management Strategy through regular reports on risk management and business continuity plans, processes and outcomes.
6. Monitor progress in addressing risk related issues reported to the Committee.
7. Consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
8. Keep under review the Council's Anti-Fraud and Corruption Strategy, Fraud Response Plan and Whistleblowing Policy and the assessment of fraud risks and potential harm to the Council from Fraud and Corruption.
9. Consider the Council's arrangements to secure value for money and review assurances and assessment on the effectiveness of these arrangements.
10. Receive reports on all fraud identified and any other special investigations, and action taken.
11. Consider how Senior Accountable Officers are held to account for the security of computer systems and applications to protect against computer fraud or misuse.
12. Ensure the rigorous application of the agreed protocol for the reporting and decision making over business cases for collaborative projects, the management of the transition for approved collaborations, and the subsequent performance management arrangements for the new collaborative services.
13. Obtain regular updates from Senior Accountable Officers and legal advice regarding compliance matters, and be satisfied that all compliance matters have been considered in preparing the financial statements.
14. The Chair and Vice Chair of the Audit Committee together with the Chairs and Vice Chairs of the six Overview and Scrutiny Committees will attend the Chair and Vice Chair Liaison Group with the primary aim to reduce duplication of work, ensure there is a shared coverage of the Council's risk profile and escalate poor performance between respective Committees.

Appendix A of the Audit Charter provides a diagram of the co-ordination of work between the Overview and Scrutiny Committees and Audit Committee.

B. Financial:

Statutory Financial Statements

1. Receive the draft Annual Statement of Accounts, together with the underlying accounting policies for information. Consider and comment on the final

Statement of Accounts following the receipt of the proposed audit opinion from the Wales Audit Office prior to recommending their approval to the Council.

2. Understand the controls and processes implemented by Senior Accountable Officers to ensure the financial statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate review.
3. Meet with management and external auditors to review the financial statements, the key accounting policies and judgements, significant accounting and reporting issues and their impact on financial reports, and the results of the audit.
4. Ensure that significant adjustments, unadjusted differences, disagreements with Senior Accountable Officers and critical accounting policies and practice are discussed with the external auditor.

Financial Affairs

5. Understand the internal control systems implemented by Senior Accountable Officers and service team for the approval of transactions and the recording and processing of financial data.
6. Gain an understanding of the current areas of greatest risk around financial controls and advise and assure on risk management.
7. Keep under review the Council's financial procedure rules, contract procedure rules and all other corporate directions concerning financial control.
8. Review and assure the Treasury Management Strategy and Policy, consider quarterly updates on Treasury Management, and make appropriate recommendations / observations to the Cabinet.

C. Internal and External Audit

1. Keep under review the joint working arrangements of the Council's Internal and External Auditors.

Internal Audit

2. Promote the role of internal audit within the Council, as a key element of its control environment.
3. Review and approve the Internal Audit Charter, outlining the role, scope, independence, authority, responsibility and reporting of the department.
4. Keep under review the organisational structure and resource requirements of the Internal Audit Section and consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Internal Audit Manager. To approve and periodically review safeguards to limit such impairments.

-
5. Make appropriate enquiries of both Senior Accountable Officers and the Internal Audit Manager to determine if there are any inappropriate scope or resources limitations.
 6. Review, approve (but not direct) and monitor the delivery of the risk-based internal audit plan, the approach to using other sources of assurance, and any work required to place reliance upon those other sources. Ensure the plan considers changes arising from Government, Assembly or Council initiatives.
 7. Approve significant interim changes to the risk based Internal Audit Plan and resources requirements.
 8. Receive summaries of all internal audit reports issued, highlighting key actions with corporate control implications.
 9. Consider reports from the Internal Audit Manager on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - Updates on the work of internal audit including key findings, issues of concern including monitoring the implementation of agreed actions contained within internal audit reports, receive report on actions not implemented within agreed timescales and seek explanations from officers where required.
 - Regular reports on the results of the Quality Assurance Improvement Programme (QAIP);
 - Reports on instances where the Internal Audit service does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Governance Advice Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the AGS.
 10. Receive and consider the Internal Audit Manager's annual report:
 - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of Internal Audit.
 - The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement (AGS).
 - Keep performance indicators under review and evaluate, on an annual basis, the performance and effectiveness of Internal Audit and its compliance with best practice.
 11. Consider summaries of specific internal audit reports as requested.
 12. Receive reports outlining the action taken where the Internal Audit Manager has concluded that Senior Accountable Officers and service teams have accepted a

level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.

13. Contribute to the Quality Assurance Improvement Programme (QAIP) and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.
14. Meet separately with the Internal Audit Manager to discuss any matters that the Committee or internal auditors believe should be discussed privately.
15. Should the need arise, arbitrate in the event of any failure to agree between a Senior Accountable Officers and Internal Audit.
16. Discuss with the external auditor the standard of work of internal audit.

External Audit and External Regulatory Bodies

External Audit

17. Support the independence of external audit through consideration of the external auditors' annual assessment of its independence.
18. Review the external auditors' proposed audit scope and approach for the current year in the light of the Authority's present circumstances and changes in regulatory and other requirements arising from Government, Assembly or Council initiatives.
19. Ensure that the annual audit is undertaken in compliance with statutory requirements.
20. Receive all audit reports, and the annual audit letter, issued by the external auditor, and ensure that all agreed recommendations are implemented.
21. Consider specific reports as agreed with the external auditor.
22. Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
23. Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately. Ensure the auditors have access to the chair of the Audit Committee when required.
24. Review, annually, the performance of external audit and co-ordinate any feedback requested from the Wales Audit Office.

External Regulation: Performance

25. External arrangements for regulation and assurance are provided by a number of statutorily appointed bodies such as the Wales Audit Office (WAO), Estyn and the Care Inspectorate Wales (CIW), plus a number of other external regulatory bodies. To examine how the organisation manages and spends

public money including achieving value in delivery. This work is co-ordinated by the Chief Executive's Business and Communications team and a shared protocol for these working arrangements is in place.

26. To gain assurance and confidence of the Council's response to the external regulatory findings, the Audit Committee will:
 - a) Receive periodic reports from external regulators which will include the Council's response to the reports and ensure that effective processes are in place for setting and monitoring against proportionate and effective action plans.
 - b) Receive an annual report collating external regulatory activity on improvement assessment work which is supplemented by local risk based audit work; and
 - c) Receive the Annual Improvement Report from the Auditor General.

D. Accountability Arrangements

1. Require the attendance at the Committee of any officer or member, or the submission of a report from any officer, to provide further explanation in connection with any of the above Terms of Reference.
2. Evaluate the Committee's own performance, both of individual members and collectively, on a regular basis.
3. The Committee must meet at least once a year and must also do so if the Council decides or if at least a third of the Committee's members require a meeting. Beyond those requirements, the Committee can meet whenever it likes.
4. The Audit Committee will keep the above Terms of Reference under annual review and propose any amendment to the County Council.
5. Report to full council and publish an annual report on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

7.02 Composition

1. The Chair and Vice-Chair of the Audit Committee will be chosen by the Committee itself at its first meeting following each annual general meeting. The Chair and Vice Chair of the Audit Committee will be chosen from amongst the opposition group(s), non-aligned Councillors or lay member on the Council (that is to say from amongst the group(s) none of whose members are included in the Cabinet).
2. The County Council shall appoint one person who is neither a serving Councillor nor an officer of the County Council or any other Council to serve as a lay member of the Committee with full voting rights. The lay member's term of office shall be from the first County Council meeting following the annual

general meeting following the County Council elections until the first County Council meeting after the annual general meeting following the next County Council elections. No more than one member of the Committee shall be on the Council's Cabinet. The Council Leader cannot be a member of the Committee.

3. It is the express wish of the Council that there should be continuity of membership of the Audit Committee so as to build up a body of expertise and maintain a consistency of approach.
4. In recognising the express wish of the Council, but observing the requirements of the legislation for political balance, the Audit Committee will comprise seven Members with the seats allocated in accordance with the legislation to the appropriate political groups and one lay member. Any proposed substitution shall comply with Council Procedure Rule 22.4 and the proposed substitute shall have attended relevant training. Substitutes will only be permitted where the Audit Committee, at the commencement of its meeting, agrees that good reasons exist for substitution.
5. Members will receive induction training on appointment to the Committee. Ongoing training will be provided as necessary to meet the requirements of the Committee, based on the skills and experience of the members.
6. The business of the Committee shall be conducted apolitically.

Audit Committee Actions Raised – 2018/19

Appendix B

Item No.	Report	Action Required	Action Taken	Status
6th June 2018				
5	Annual Governance Statement	To insert the word 'positive' before 'engagement with Trade Unions' in the AGS.	AGS updated to reflect these changes.	Closed
8	IA Progress Report	To make available to Members a full written update on progress with Greenfield Valley Heritage Park within 7-10 days.	Update emailed to Committee members 11 July 2018	Closed
11	Forward Work Programme	To move 'Asset Disposals & Capital Receipts' and 'Annual Report on External Inspections' to the November meeting or later. To remove the Internal Audit Progress Report from the September meeting.	Forward work programme updated to reflect these changes.	Closed
11th July 2018				
17	Draft Clwyd Pension Fund Accounts 2017/18	To schedule a future report and presentation on governance of the Clwyd Pension Fund.	Included within the forward work plan for 21 st November 2018.	Closed
18	Treasury Management Annual Report 2017/18 & Treasury Management Qtr1 Update 2018/19	To respond to the Committee on Cllr Johnson's request for information on FMS, the loan provider for LOBOs.	A response emailed to all committee members on 3 August 2018.	Closed
12th September 2018				
23	School Reserve Balances Year Ending 31/03/18	That a deteriorating deficit position on school balances be recorded as a live ongoing corporate risk in the Medium Term Financial Strategy.	This risk is now reflected in the monthly budget monitoring report to Cabinet and Scrutiny Committee.	Closed
21st November 2018				
32	Asset Disposal and Capital Receipts	That a private briefing note be shared with the Committee on the site disposal in Mold referred to by Cllr Peers.	A briefing note has been circulated to all members of the Audit Committee on 17 th January 2019.	Closed
32	Asset Disposal and Capital	To remove the item on Asset Disposals & Capital	This item has been removed from the Forward	Closed

Item No.	Report	Action Required	Action Taken	Status
	Receipts	Receipts from the January meeting.	Work Programme.	
32	Asset Disposal and Capital Receipts	The projected capital receipts supporting the Capital Programme to form part of the MTFS refresh in January/February.	The Capital Strategy continues to state that whenever capital receipts are received they will be used to fund the capital programme. Capital receipts are subject to considerable risk and uncertainty, and it is considered imprudent to recognise capital receipts until they have actually been received. In addition they are often subject to commercial sensitivity. The Council is therefore unable to include any specific estimates of receipts in the Capital Strategy or in considering the MTFS position.	Closed
32	Asset Disposal and Capital Receipts	The projected capital receipts supporting the Capital Programme to be reflected in the updated Capital Strategy.	The statement above also applies to this action.	Closed
35	Clwyd Pension Fund Governance	That the report be noted and feedback provided to the Clwyd Pension Fund Committee.	This was reported to the Pension Fund Committee in November 2018.	Closed
35	Clwyd Pension Fund Governance	That the Clwyd Pension Fund annual report be circulated to the Audit Committee.	Annual Report for the Clwyd Pension Fund was circulated to the Audit Committee members via email on 21 November 2018.	Closed
35	Clwyd Pension Fund Governance	Officers to consider the regularity of reporting and a possible future presentation on governance arrangements to give further assurance to the Committee without duplicating the work of the Pensions Board.	Included as an item to at the February Clwyd Pension Fund Committee.	Closed
36	Internal Audit Progress Report incl. GDPR compliance	That officers advise the Chair and Vice-Chair of the completion dates for the two issues outstanding from the 2016/17 Payroll audit.	The Chair and Vice Chair were notified on 14 th January that all actions for 16/17 Payroll audit have now been implemented.	Closed
36	Internal Audit Progress Report incl. GDPR compliance	To provide Cllr Dolphin with an update on progress with the final version of the legal agreement for the Greenfield Valley Trust.	An update has been provided to Cllr Dolphin on Greenfield Valley Trust.	Closed

Item No.	Report	Action Required	Action Taken	Status
36	Internal Audit Progress Report incl. GDPR compliance	To schedule an update report on Planning Enforcement.	A meeting took place on the 21 st December to review the outstanding actions and a further update is included within the covering report for Internal Audit Progress report para 1.06.	Closed
36	Internal Audit Progress Report incl. GDPR compliance	To consider Planning Enforcement at the next meeting of the Audit and Overview & Scrutiny liaison group.	This was raised at the last Chairs and Vice Chairs Liaison Group meeting.	Closed
15th February 2019				
46	WAO - Annual Audit Letter 2017/18	To circulate a link to WAO reports on the financial position of Welsh councils.	Circulated on 18/02/19	Closed
47	Risk Management Update	In developing the Council Plan 2019/20, review the wording on the debt level risk to capture a broader range of people who may be impacted outside Council tenants or those on Universal Credit.	The issue has been picked up in relation to Poverty within the Council Plan proposals for 2019/20.	Closed
49	Internal Audit Progress Report	To escalate those overdue actions with no responses to the Chief Officer team.	An email has been sent to all Chief Officers requesting an update for all actions. The outstanding actions report accompanying this email has also been amended to identify when the service provided the last update, if any.	Closed
49	Internal Audit Progress Report	To note that names of individuals should not be shown in future reports (p.199).	Noted. Future progress reports will not include an individual's name.	Closed
50	Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan	That subject to the amendments, the updated Corporate Anti-Fraud & Corruption Strategy be agreed.	The Anti-Fraud and Corruption Strategy has been amended to reflect the comments made by Committee was presented to the Constitution and Democratic Services Committee for approval in June 2019.	Closed
50	Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan	That the Fraud & Irregularity Response Plan be updated to include the suggestions raised by the Vice Chair at the briefing: Section 2.6 - remove double negative	The Fraud & Irregularity Response Plan has been amended to reflect the comments made by Committee and presented to the Constitution and Democratic Services Committee for approval in June 2019.	Closed

Item No.	Report	Action Required	Action Taken	Status
		Section 8.15 - remove 'where applicable'		
50	Corporate Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan	To consider what else could be put in the 'Cabinet Member' box at the top of future reports.	This line has now been removed from the report.	Closed
51	Whistleblowing Policy	To action the suggestions raised by the Vice Chair at the briefing.	The Whistleblowing Policy has been mended to reflect the comments made by Committee and presented to the Constitution and Democratic Services Committee for approval in June 2019.	Closed
27th March 2019				
59	WAO Audit Plan 2019	Regulatory reports to be included on the Forward Work Programme when received from WAO.	The Forward Work Programme will include future regulatory reports from WAO.	Ongoing
61	External Regulations Assurance	To forward to Sally Ellis recent performance reports on DFGs and Homelessness.	An update on the performance of DFGs Homelessness has been provided to Sally Ellis.	Closed
64	Internal Audit Progress Report	For future reports to include a footnote on Appendix C on which services the Red and Amber/Red assurance reports relate to.	The Internal Audit Progress Report has been updated to include this information.	Closed
65	Composition of Audit Committee	That the Committee wishes to recommend to Council, via the Council's Annual Meeting, that the number of councillors be retained on the Audit Committee and the membership rotated to allow all political groups to participate. Also that an additional lay member be recruited.	The composition of the Audit Committee was discussed at the Council's Annual meeting and approval given for the recruitment of an additional lay member. A new Lay Member has now been appointed.	Closed
65	Composition of Audit Committee	To send condolences to Paul Williams, the former lay member, on behalf of the Committee.	Condolences has been sent to Paul Williams.	Closed
67	Forward Work Programme	Corporate Grants and WAO regulatory reports to be scheduled.	The forward work programme will include Corporate Grants and WAO regulatory reports.	Closed

Audit Committee Forward Work Programme – 2019/20

Appendix C

Meeting Date	Agenda Item	Assurance Type	Int. / Ext. Assurance
05/06/2019	Draft Annual Governance Statement Internal Audit Annual Report 2018/19 Internal Audit Progress Report 2019/20 Audit Charter Audit Committee Action Tracking Forward Work Programme	Corporate Governance Governance, Risk, Financial & Control Governance, Risk, Financial & Control Internal Audit - -	Internal Internal Internal Internal - -
10/07/2019	Treasury Management 2019/20 Q1 Update & Annual Report 2018/19 Supplementary Financial Information to Draft Statement of Accounts 2018/19 Risk Management update 2019/20	Financial Management Accounts Risk Management	Internal Internal Internal
11/09/2019	School Reserves – Annual Report on School Balances Statement of Accounts 2018/19 Annual Improvement Report (WAO) (2018/19) Audit Committee Annual Report Contract Management Internal Audit Progress Report 2019/20 Audit Committee Action Tracking Forward Work Programme	Financial Management Accounts Corporate Governance Corporate Governance Internal Control Governance, Risk, Financial & Control - -	Internal Internal External Internal Internal Internal - -
20/11/2019	Asset Disposals and Capital Receipts Corporate Grants Treasury Management 2019/20 – Mid Year Report Risk Management Update – Mid Year Report Financial Procedural Rules (Biennial) Use of Consultancy Report Internal Audit Progress Report 2019/20	Financial Management Financial Management Financial Management Risk Management Financial Management Internal Control Governance, Risk, Financial & Control	Internal Internal Internal Internal Internal Internal Internal

Meeting Date	Agenda Item	Assurance Type	Int. / Ext. Assurance
	Audit Committee Action Tracking	-	-
	Forward Work Programme	-	-
29/01/2020	Treasury Management 2019/20 Q3 Update and 2020/21 Strategy	Financial Management	Internal
	Risk Management Update	Risk Management	Internal
	Code of Corporate Governance	Corporate Governance	Internal
	Annual Audit Letter	Accounts	External
	Internal Audit Progress Report 2019/20	Governance, Risk, Financial & Control	Internal
	Anti-Fraud & Corruption Strategy and Fraud & Irregularity Response Plan	Anti-Fraud & Corruption	Internal
	Whistleblowing Policy	Anti-Fraud & Corruption	Internal
	Audit Committee Action Tracking	-	-
	Forward Work Programme	-	-
25/03/2020	Treasury Management 2018/19 Q4 Update	Financial Management	Internal
	Audit Plan (WAO)	External Audit	External
	Annual Report on External Inspections 2018	Corporate Governance	External
	Certification of Grants and Returns Report (WAO)	Financial Management	External
	Internal Audit Strategic Plan 2019/2022	Internal Audit	Internal
	Public Sector Internal Audit Standards Compliance 2018/19	Internal Audit	Internal
	Internal Audit Progress Report 2018/19	Governance, Risk, Financial & Control	Internal
	Audit Committee Action Tracking	-	-
	Forward Work Programme		
	Private Meeting (WAO and Internal Audit)	Corporate Governance	Internal & External

Audit Committee Self-Assessment and Action Plan

Appendix D

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree		
Purpose of Audit Committee:								
1	Each Audit Committee member understands the Committee has different roles and responsibilities to those of Overview & Scrutiny?	2	4	0	0	0	Action: None	Status: Implemented & Ongoing - The joint committee of Chairs and Vice chairs will now assign risks to one of the Overview & Scrutiny Committees.
2	The Audit Committee's Terms of Reference clearly defines and accurately reflects its responsibilities in promoting good governance and acting independent and objective at all times?	2	4	0	0	0	Action: Update and present revised TOR and Charter to the November Audit Committee.	Status: Implemented - Revised TOR and Charter presented to Audit Committee and Constitution and Democratic Services Committee in November and approved by Council in December 2018.
							Action: Review the timing of the meetings should new members join the Committee.	Status: Ongoing
Governance:								
3	The Audit Committee is regarded as being an essential part of the Council's corporate governance framework?	2	2	2	0	0	Action: It was agreed that next year the same question would be ask of Overview & Scrutiny Committees, Cabinet Members and Chief Officers.	Status: Outstanding - This will be undertaken for next year's self-assessment.

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree		
4	The Audit Committee provides meaningful assurance to Council and management as to the effectiveness of areas such as <i>Corporate Governance, Risk Management, Financial management and Internal Control?</i>						<p>Action: Given the Audit Committee members are relatively new to the Committee guidance on the areas to consider / focus in relation to the statement of accounts would greatly benefit the members. Any major paper to be presented to AC, a short briefing on the subject is to take place at the Committee meeting before (statement of accounts and AGS).</p>	<p>Status: Implemented – also this continue on an ongoing basis.</p>
		1	2	2	1	0	<p>Action: The Committee discussed the overall assurance opinion determined by the Internal Audit Manager at the year end. The Committee felt that it would be useful to have a cumulative picture of this. It was agreed that the Internal Audit Progress report would provide an on-going summary of the assurance provided throughout the year.</p>	<p>Status: Implemented - The Internal Audit Progress Report has been revised to provide a summary of the assurance opinions given on an ongoing basis.</p>
							<p>Action: The risk profile of the Council was discussed on how the Committee could obtain assurance in relation to those strategic risks which effectively out of the Council of the Council. It was agreed that areas such as the Council's response to continuity plans e.g. BREXIT, could be explored.</p>	<p>Status: Implemented & Ongoing - this forms part of the work of the Joint Chair and Vice Chairs Committee.</p>
							<p>Action: The impact on decision making was discussed and the consequential impact on services and the will do versus the does. This could form part of additional work of IA but it also falls under the responsibility of the O&S committees.</p>	<p>Status: Ongoing - This will be taken up by the Chairs & Vice Chairs of Overview and Scrutiny and Audit Committee Liaison Group.</p>

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or	Disagree	Strongly Disagree		
							<p>Action: IT Priorities was another topic explored by the Committee as a number of actions appear to be on hold due to IT priorities. The Committee agreed with it would be helpful if IT could share with the Committee their approach to demand planning and how management actions fit into this.</p>	<p>Status: Outstanding.</p>
							<p>Action: The Audit Committee commented that sometimes is was difficult to 'see the wood for the trees' with the information they received. Example the AGS is long a wordy when they really need to feel assured. Need to liaise with key officers to share feedback.</p>	<p>Status: Implemented – presentation of the AGS provided to the Audit Committee.</p>
							<p>Action: The Audit Committee also suggested there may be times they need additional information (as and when) to support the subject they are gaining assurance from.</p>	<p>Status: Implemented & Ongoing – training will be provided as and when required on an ongoing basis.</p>
Financial Statements								
5	The Audit Committee obtains sufficient information to provide assurance and make recommendations over the quality and accuracy of the Financial Statements?	0	4	2	0	0	<p>Action: Given the Audit Committee members are relatively new to the Committee guidance on the areas to consider / focus in relation to the statement of accounts would benefit the Committee – it was agreed that any major paper to be presented to AC, a short briefing on the subject to take place the Committee meeting before.</p>	<p>Status: Implemented & Ongoing - Short briefing session on the statement of accounts has been held at the Committee meeting prior to the statement of accounts being presented for consideration.</p>

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly Disagree		
Assurance: - Internal Audit								
6	The Audit Committee obtains sufficient assurance over the quality of the Internal Audit service?	1	5	0	0	0	Action: Develop reporting method to demonstrate further the value of work IA undertakes.	Status: Implemented - To be completed as part of the internal Audit annual report.
7	The Audit Committee obtains sufficient assurance over the Council's approach to Counter Fraud?	0	5	1	0	0	Action: None	Status: N/A
Assurance – External Audit								
8	The Audit Committee obtains sufficient assurance over the quality of the External Audit service?	1	4	0	1	0	Action: None	Status: N/A
Audit Committee - Accountability								
9	Each Audit Committee member has a good understanding of the Council's priorities, statutory obligations and how their role as an Audit Committee member supports them?	1	4	1	0	0	Action: None	Status: N/A
10	Audit Committee members are provided with sufficient training and information?	1	3	0	2	0	Action: Due to the technicality of Treasury Management it was questioned why all members attend the session rather than it session being tailored to the needs of the Audit Committee members and for the training to cover both local and national level.	Status: Implemented - all Members are invited as the responsibility for approving the Strategy sits with full Council. However the training could be tailored to meet any training needs of audit committee members.

Ref	Topic	1	2	3	4	5	Action	Status of Action
		Strongly agree	Agree	Neither agree or	Disagree	Strongly Disagree		
							Action: The Committee felt it would be beneficial to have ½ hour training on key topics (ahead of when they are due at AC). 9.30-10.00 is the preferred timing for the training.	Status: Implemented and ongoing. Training sessions provided to the Committee.
11	The Audit Committee collectively possesses an appropriate skills mix to enable it to fulfil its role.	0	2	3	1	0	Action: None	Status: N/A
12	The Audit Committee communicates effectively with Full Council, Scrutiny Committees, the Internal Audit Manager, External Audit and other stakeholders?	0	0	4	1	1	Action: The Audit Committee felt committees do not currently operate as a 'whole' at the moment and welcome the re-establishment of the Chairs / Vice Chair liaison meetings.	Status: Implemented – The Joint Chairs and Vice Charis Group has now been re-established.
							Action: The Committee explored how risks raised by Audit Committee to Chairs / Vice Chairs will be monitored. The Committee was reassured that this would take place through action tracking due to the success with Audit Committees action tracking.	Status: Ongoing
							Action: The Committee raised the need to Overview & Scrutiny Committees, particularly the Cabinet Portfolio holders, to be made aware of any RED / Limited audit reports. It was confirmed that each Chief Officer is advised to present their audit report to O&S prior to attending AC.	Status: Implemented and ongoing – all Chief Officers are advised that their Cabinet Portfolio holder and Overview & Scrutiny are made aware of any Red / limited assurance report issued within their portfolio.

Ref	Topic	1	2	3	4	5	<ul style="list-style-type: none"> ▪ Action ▪ Status of Action
		Strongly agree	Agree	Neither agree or	Disagree	Strongly Disagree	
							<p>Action: Communicate further with Council – through the annual report The Audit Committee also felt it would be beneficial to meet all members of the Internal Audit team 'Who's Who?' This will be arranged for in an informal setting prior to the next AC meeting.</p> <p>Status: Implemented - the Audit Committee has met all members of the Internal Audit team.</p>
							<p>Action: A similar approach to be applied for finance / asset disposals etc limiting this to key officers within the service.</p> <p>Status: Outstanding</p>
13	The Audit Committee adequately accounts for how well it undertakes its roles and meets its terms of reference?	0	2	2	2	0	<p>Action: This will be addressed through the Chair presenting the Annual Report to demonstrate their accountability.</p> <p>Status: Implemented – Draft annual report for Audit Committee presented to September Committee in readiness for Council.</p>
Overall Score		11	41	17	8	1	